Company Registration No. 3482521

ANNINGTON SUBSIDIARY HOLDINGS LIMITED

Annual Report and Financial Statements

For the year ended 31 March 2016

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ANNINGTON SUBSIDIARY HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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ANNINGTON SUBSIDIARY HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2016. The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption under the Companies Act 2006. A Strategic Report has not been prepared in accordance with the exemption entitled to small companies under s414 of the Companies Act 2006.

DIVIDENDS

No dividends have been paid or proposed during the year (2015: £nil).

PRINCIPAL ACTIVITIES

The Company is a subsidiary of Annington Homes Limited, which is part of the Annington Limited Group. Annington Subsidiary Holdings Limited was established as a holding company.

FUTURE DEVELOPMENTS

Future developments and other factors not under the control of the Company may impact on the ongoing operations of the business, however, the directors expect the business to continue, for the foreseeable future, in a manner consistent with its historical operations.

FINANCIAL RISK MANAGEMENT

The Company is financed by another group company and has no third party debt.

GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Further details regarding the adoption of the going concern basis are to be found in Note 1 to the financial statements.

DIRECTORS

The directors who served throughout the year and to the date of this report were:

A P Chadd
J C Hopkins
N P Vaughan

AUDITOR

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and arrangements have been put in place for them to be reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board



A P Chadd
Director
3 August 2016

REGISTERED OFFICE
1 James Street
London, United Kingdom
W1U 1DR

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANNINGTON SUBSIDIARY HOLDINGS LIMITED

We have audited the financial statements of Annington Subsidiary Holdings Limited for the year ended 31 March 2016 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes 1 to 10. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

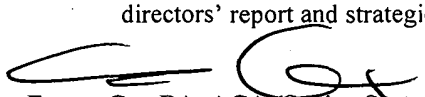
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report and strategic report.



Emma Cox BA, ACA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
3 August 2016

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2016

	Note	2016 £'000	2015 £'000
OTHER COMPREHENSIVE INCOME			
Change in fair value of investment through other comprehensive income	4	(155,300)	1,061,400
TOTAL (LOSS)/PROFIT FOR THE FINANCIAL YEAR		(155,300)	1,061,400

All activities derive from continuing operations.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2016

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
At 1 April 2015	-	4,371,275	4,371,275
Other comprehensive income for the year	-	(155,300)	(155,300)
At 31 March 2016	-	4,215,975	4,215,975

BALANCE SHEET
At 31 March 2016

	Note	2016 £'000	2015 £'000
FIXED ASSETS			
Investments	4	4,216,000	4,371,300
CREDITORS: amounts falling due within one year	5	(25)	(25)
NET CURRENT LIABILITIES		(25)	(25)
TOTAL ASSETS LESS CURRENT LIABILITIES, BEING NET ASSETS		4,215,975	4,371,275
CAPITAL AND RESERVES			
Called up share capital	6	-	-
Retained earnings	7	4,215,975	4,371,275
SHAREHOLDER'S FUNDS		4,215,975	4,371,275

The notes on pages 6 to 10 should be read in conjunction with these financial statements.

The financial statements of Annington Subsidiary Holdings Limited, registered number 3482521, were approved by the Board of Directors and authorised for issue on 3 August 2016.

Signed on behalf of the Board of Directors



A P Chadd

Director

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

1. SIGNIFICNAT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ("FRS 102"), and with the Companies Act 2006. The financial statements have been prepared under the historical cost basis except for the modification to a fair value basis for certain investments. This is the first year in which the financial statements have been prepared under FRS 102. The last financial statements were prepared under the previous UK GAAP were for the year ended 31 March 2015. This is the first year in which the financial statements have been prepared under FRS 102. Details of the transition to FRS 102 are disclosed in note 10.

The financial statements are presented in pounds sterling (£).

Exemptions for qualifying entities under FRS 102

FRS 102 permits a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been applied by the Company. The Company has taken advantage of the following exemptions:

- from preparing a statement of cash flows, as the Company is a wholly owned subsidiary of Annington Limited and is included in the consolidated financial statements of Annington Limited which includes a consolidated statement of cash flows which are publicly available; and
- from the financial instrument disclosures required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the Annington Limited consolidated financial statement disclosures.

Going concern

As a holding company, the results of the Company's investments are dependent on the conditions of the markets in which the Company's subsidiaries operate. Hence the Company is exposed to areas of potential risks and uncertainty in relation to fluctuating property values and rental levels and market related interest rate changes.

As the Company is a holding company, it has no day to day working capital requirements.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Dividend income

Dividend income is recognised when the right the right to receive payment is established.

Group financial statements

The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 400 of the Companies Act 2006 because it is a wholly owned subsidiary of another company for which consolidated financial statements are prepared.

Investment in subsidiary undertaking

The Company has elected to account for its investments in subsidiaries at fair value. Fair value is determined by estimating implied values through an analysis of similar publicly traded companies' trading and operating metrics.

If the carrying amount is increased or decreased as a result of a revaluation, the change is recognised in other comprehensive income and accumulated in equity. If a revaluation decrease exceeds the accumulated revaluation gains in equity, the excess is recognised in profit or loss. Any subsequent increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is not recognised on timing differences arising from the accounting for investments in subsidiaries at fair value, as the Company is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the Company has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Accounting judgements and estimates

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom be exactly the same as the related actual results.

In the calculation of the fair value of investments in subsidiaries, the selection of comparable companies is made subjectively by reviewing publicly available information. Further, the underlying asset values within the group are subject to judgements and estimates, changes in which could change the valuation base.

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors' emoluments are borne by another group company in the current and preceding year.

The Company had no employees of its own during the year (2015: nil).

3. RESULT ON ORDINARY ACTIVITIES BEFORE TAXATION

Auditor's remuneration was £4,100 (2015: £3,800) for the audit of the Company's annual financial statements and was borne by another group company in the current and preceding year.

In accordance with SI 2008/489 the Company has not disclosed the fees payable to the Company's auditor for 'Other services' as this information is included in the consolidated financial statements of Annington Limited.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016 (continued)

4. INVESTMENTS

	2016 £'000	2015 £'000
Valuation		
At 1 April 2015	4,371,300	3,309,900
Change in fair value of investments	(155,300)	1,061,400
At 31 March 2016	4,216,000	4,371,300

The historical cost investments in subsidiary undertakings as at 31 March 2016 was £25,004 (2015: £25,004).

Fair value is measured by applying to the net asset value of investees an estimated discount or premium determined through an analysis of comparable FTSE 100 and FTSE 250 companies. The selection criteria for comparable companies was applied to entities operating within the property sector and took into account factors including the size of the company and the presence of residential operations within the company. The discount or premium was determined based on market capitalisation and the resultant discount to/premium over the net asset value. The result, a 12% discount (2015: 9% premium), was applied to the net asset values (adjusted to bring book values to fair values for classes of assets and liabilities carried at book value) of each of the Company's subsidiaries to arrive at fair value.

Of the fair value movement, a loss of £155.3 million (2015: profit of £1,061.4 million) was recognised through other comprehensive income.

The principal undertakings at 31 March 2016, all of which are wholly owned, in which the Company holds all the ordinary share capital and which are wholly owned, are shown below:

Name of subsidiary undertaking	Country of incorporation	Principal activity
Annington Property Limited	Great Britain	Property investment
Annington Finance No.1 plc	Great Britain	Finance
Annington Finance No.4 plc	Great Britain	Finance

The registered office for all subsidiary undertakings is 1 James Street, London W1U 1DR.

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £'000	2015 £'000
Amounts due to group undertakings	25	25

Amounts due by the Company to group undertakings are unsecured, interest free and repayable on demand.

6. CALLED UP SHARE CAPITAL

	2016 £	2015 £
Called up, allotted and fully paid		
100 ordinary shares of £1 each	100	100

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016 (continued)

7. RETAINED EARNINGS

Retained earnings include all current and prior period retained profits and losses. The components of this are:

	2016 £'000	2015 £'000
Non-distributable earnings	4,215,975	4,371,275
	4,215,975	4,371,275

8. RELATED PARTY TRANSACTIONS

The Company is a wholly owned subsidiary within the Annington Limited Group and is included in the consolidated financial statements of Annington Limited. The Company has taken advantage of the exemption provided in FRS 102 section 33 not to make disclosure of transactions with other wholly-owned entities that are part of the same group.

9. ENTITY INFORMATION AND CONTROLLING PARTY

The Company is incorporated in Great Britain and the address of its registered office is 1 James Street, London W1U 1DR.

Annington Homes Limited, a company incorporated in Great Britain, is the immediate parent company.

The directors regard Terra Firma Holdings Limited, a company registered in Guernsey, as the ultimate parent entity. The ultimate controlling party is Guy Hands.

Annington Limited is the parent company of the largest and smallest group of which the Company is a member and for which group financial statements are drawn up. The Annual Report and Financial Statements for Annington Limited are available on request from the registered office at 1 James Street, London W1U 1DR.

10. TRANSITION TO FRS 102

This is the first year that the Company has presented its results under FRS 102. The last financial statements prepared under the previous UK GAAP were for the year ended 31 March 2015. The date of transition to FRS 102 was 1 April 2014. Set out overleaf are the changes in accounting policies which reconcile profit for the financial year ended 31 March 2015 and the total equity as at 1 April 2014 and 31 March 2015 between UK GAAP as previously reported and FRS 102.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016 (continued)

10. TRANSITION TO FRS 102 (continued)

RESTATED BALANCE SHEET	Note	At 1 April 2014 £'000 As previously stated	Effect of transition	FRS 102 (as restated)	At 31 March 2015 £'000 As previously stated	Effect of transition	FRS 102 (as restated)
Fixed Assets							
Investments	A	4,498,993	(1,189,093)	3,309,900	5,305,078	(933,778)	4,371,300
		4,498,993	(1,189,093)	3,309,900	5,305,078	(933,778)	4,371,300
CREDITORS: amounts falling due within one year		(25)	-	(25)	(25)	-	(25)
Total Assets Less Current Liabilities		4,498,968	(1,189,093)	3,309,875	5,305,053	(933,778)	4,371,275
Net Assets		4,498,968	(1,189,093)	3,309,875	5,305,053	(933,778)	4,371,275
Capital And Reserves							
Called up share capital		-	-	-	-	-	-
Revaluation reserve		4,498,968	(4,498,968)	-	5,305,053	(5,305,053)	-
Retained earnings	A	-	3,309,875	3,309,875	-	4,371,275	4,371,275
Shareholder's Funds		4,498,968	(1,189,093)	3,309,875	5,305,053	(933,778)	4,371,275

RESTATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2015	Note	31 March 2015 £'000
Original other comprehensive income		-
Revaluation of investments through other comprehensive income	A	1,061,400
Restated other comprehensive income		1,061,400

A Investments in subsidiaries

FRS 102 requires an entity to account for its investments in subsidiaries either at cost less impairment or at fair value. The Company has elected to account for its investments in subsidiaries at fair value through other comprehensive income. If a revaluation decrease exceeds the accumulated revaluation gains in equity, the excess is recognised in profit or loss. Any subsequent increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. The fair value of the investments at 31 March 2015 has been determined as £4,371.3 million. Refer to note 4 for further details.