

Company Registration No. 09060077 (England and Wales)

A.I.P. (ASHFIELD ROAD AND ELLERBECK LANE) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

A.I.P. (ASHFIELD ROAD AND ELLERBECK LANE) LIMITED

COMPANY INFORMATION

Directors	Mr M A Woodall	{Appointed 7 November 2018}
	Mrs A J Simpson	{Appointed 7 November 2018}
	Ms M C Fitzgerald	{Appointed 31 May 2019}
	Mr M I Jenkinson	{Appointed 31 May 2019}

Company number	09060077
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Registered office	Eversheds House 70 Great Bridgewater Street Manchester M1 5ES
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Auditor	Morris & Co Chester House Lloyd Drive Cheshire Oaks Business Park Ellesmere Port Cheshire CH65 9HQ
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A.I.P. (ASHFIELD ROAD AND ELLERBECK LANE) LIMITED

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A.I.P. (ASHFIELD ROAD AND ELLERBECK LANE) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The directors present their annual report and financial statements for the year ended 31 March 2019.

Principal activities

The principal activity of the company is that of the buying and selling of real estate.

The company has been set up as a special purpose vehicle to undertake a development project at a site referred to as Ashfield Road and Ellerbeck Lane by the parent LLP, Allerdale Investment Partnership LLP. This is a 50:50 joint venture partnership between Allerdale Partnership SARL and Allerdale Borough Council.

The Group is effectively financed through loans made available by the designated members in the parent LLP, which can be for land or finance. It is the parent LLP that then provides financial support to the subsidiary to meet its direct costs and overheads.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr E Battey	(Resigned 22 October 2018)
Mr A Smith	(Resigned 31 May 2019)
Mr M Fryer	(Resigned 31 May 2019)
Mr P Pavli	(Resigned 3 May 2018)
Mr M P Martindale	(Appointed 3 May 2018 and resigned 22 October 2018)
Mr M A Woodall	(Appointed 7 November 2018)
Mrs A J Simpson	(Appointed 7 November 2018)
Ms M C Fitzgerald	(Appointed 31 May 2019)
Mr M I Jenkinson	(Appointed 31 May 2019)

All the director who are eligible offer themselves for re-election at the forthcoming Annual General Meeting.

Auditor

In accordance with the company's articles, a resolution proposing that Morris & Co be reappointed as auditor of the company will be put at a General Meeting.

A.I.P. (ASHFIELD ROAD AND ELLERBECK LANE) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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.

Statement of disclosure to auditor

Each director in office 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 auditors are unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415a of the Companies Act 2006.

On behalf of the board

Mrs A J Simpson
Director
4 August 2019

Ms M C Fitzgerald
Director
4 August 2019

A.I.P. (ASHFIELD ROAD AND ELLERBECK LANE) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF A.I.P. (ASHFIELD ROAD AND ELLERBECK LANE) LIMITED

Opinion

We have audited the financial statements of A.I.P. (Ashfield Road and Ellerbeck Lane) Limited (the 'company') for the year ended 31 March 2019 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

A.I.P. (ASHFIELD ROAD AND ELLERBECK LANE) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF A.I.P. (ASHFIELD ROAD AND ELLERBECK LANE) LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditors-responsibilities>. This description forms part of our auditor's report.

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.

Mr William Benoy BSc FCA (Senior Statutory Auditor)
for and on behalf of Morris & Co

15 August 2019

Chartered Accountants
Statutory Auditor

Chester House
Lloyd Drive
Cheshire Oaks Business Park
Ellesmere Port
Cheshire
CH65 9HQ

A.I.P. (ASHFIELD ROAD AND ELLERBECK LANE) LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2018 £
Revenue	3	450,000	-
Cost of sales		(335,782)	-
		<hr/>	<hr/>
Gross profit		114,218	-
Administrative expenses		(502,079)	297,701
		<hr/>	<hr/>
Operating (loss)/profit	4	(387,861)	297,701
Investment revenues	6	50	-
		<hr/>	<hr/>
(Loss)/profit before taxation		(387,811)	297,701
Income tax expense		-	-
		<hr/>	<hr/>
(Loss)/profit for the year	15	(387,811)	297,701
		<hr/> <hr/>	<hr/> <hr/>

The income statement has been prepared on the basis that all operations are continuing operations.

The notes form part of these financial statements.

A.I.P. (ASHFIELD ROAD AND ELLERBECK LANE) LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

		2019	2018
	Notes	£	£
Current assets			
Inventories	8	1,430,000	1,860,000
Trade and other receivables	9	2,456	2,950
Cash and cash equivalents		55,169	77
		<hr/>	<hr/>
		1,487,625	1,863,027
		<hr/>	<hr/>
Total assets		1,487,625	1,863,027
		<hr/>	<hr/>
Current liabilities			
Trade and other payables	12	69,384	10,631
Borrowings	10	196,416	40,361
		<hr/>	<hr/>
		265,800	50,992
		<hr/>	<hr/>
Non-current liabilities			
Borrowings	10	1,008,636	1,211,035
		<hr/>	<hr/>
Total liabilities		1,274,436	1,262,027
		<hr/>	<hr/>
Equity			
Called up share capital	13	1	1
Capital redemption reserve	14	722,004	722,004
Retained earnings	15	(508,816)	(121,005)
		<hr/>	<hr/>
Total equity		213,189	601,000
		<hr/>	<hr/>
Total equity and liabilities		1,487,625	1,863,027
		<hr/>	<hr/>

The financial statements were approved by the Board of directors and authorised for issue on 4 August 2019

Signed on its behalf by:

Mrs A J Simpson
Director

Ms M C Fitzgerald
Director

Company Registration No. 09060077

The notes form part of these financial statements.

A.I.P. (ASHFIELD ROAD AND ELLERBECK LANE) LIMITED**STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 MARCH 2019**

	Share capital	Capital reserve	Retained earnings	Total
	£	£	£	£
Balance at 1 April 2017	1	722,004	(418,706)	303,299
	<hr/>	<hr/>	<hr/>	<hr/>
Profit for the year	-	-	297,701	297,701
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	297,701	297,701
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2018	1	722,004	(121,005)	601,000
	<hr/>	<hr/>	<hr/>	<hr/>
Loss for the year	-	-	(387,811)	(387,811)
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	(387,811)	(387,811)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2019	1	722,004	(508,816)	213,189
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes form part of these financial statements.

A.I.P. (ASHFIELD ROAD AND ELLERBECK LANE) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	£	2018 £	£
Cash generated from/(absorbed by) operations	18		55,042		(4,033)
Net cash inflow/(outflow) from operating activities			55,042		(4,033)
Investing activities					
Interest received		50		-	
Net cash generated from/(used in) investing activities			50		-
Net cash used in financing activities			-		-
Net increase/(decrease) in cash and cash equivalents			55,092		(4,033)
Cash and cash equivalents at beginning of year			77		4,110
Cash and cash equivalents at end of year			55,169		77

The notes form part of these financial statements.

A.I.P. (ASHFIELD ROAD AND ELLERBECK LANE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, (except as otherwise stated).

The financial statements have been prepared on the historical cost basis, with the exception of financial instruments. The principal accounting policies adopted are set out below.

1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 New and amended standards adopted

IFRS 9 Financial Instruments has been adopted for the first time in the year ended 31 March 2019. As previously reported the adoption of this standard which effectively addresses the classification, measurement and recognition of loans from the parent entity has had no material impact on the results of the company.

1.4 Revenue

Revenue represents the fair value of the consideration received or receivable in respect of land transactions entered into in the normal course of business, net of discounts and VAT. This is recognised on legal completion.

1.5 Borrowing costs

Borrowing costs directly attributable to the acquisition and development of a qualifying asset are added to the cost of those assets, until such time as the assets are ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Interest accruing on capital borrowed to fund the production of long term contracts is carried forward within long term contract balances.

1.7 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The resulting calculations under IFRS 13 affected the principles that the Company uses to assess the fair value, but the assessment of fair value under IFRS 13 has not materially changed the fair values recognised or disclosed. IFRS 13 mainly impacts the disclosures of the Company. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

1.8 Cash and cash equivalents

A.I.P. (ASHFIELD ROAD AND ELLERBECK LANE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.10 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

A.I.P. (ASHFIELD ROAD AND ELLERBECK LANE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

2 Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities. The estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and constitute management's best judgement at the date of the financial statements. In the future, actual experience could differ from those estimates.

The principal estimates and judgements that could have a significant effect upon the financial results are inter company balances and loan account positions between the parent LLP and the company. It is assumed that fair value can be based on their carrying value of amortised cost which is calculated based on an effective rate of interest of 12%. The estimated repayment period is less than twelve months, therefore the amortised cost is now equal to their face value.

3 Revenue

An analysis of the company's revenue is as follows:

	2019	2018
	£	£
Revenue analysed by class of business		
Sales	450,000	-
	<u> </u>	<u> </u>

	2019	2018
	£	£
Other significant revenue		
Interest income	50	-
	<u> </u>	<u> </u>

4 Loss for the year

Loss for the year is stated after charging/(crediting):

	2019	2018
	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	2,950	2,950
Cost of inventories recognised as an expense	335,782	-
Impairment of inventories	435,560	-
Reversal of write downs of inventories recognised in the period	-	(308,368)
	<u> </u>	<u> </u>

A.I.P. (ASHFIELD ROAD AND ELLERBECK LANE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

5 Employees

There were no staff costs for the year ended 31 March 2019 or 31 March 2018.

6 Investment income

	2019	2018
	£	£
Interest income		
Bank deposits	50	-
	<u>50</u>	<u>-</u>

Total interest income for financial assets that are not held at fair value through profit or loss is £50 (2018 - £-).

7 Finance costs

Total finance costs of £308,086 relate to interest on financial liabilities held at amortised cost and have been capitalised in total to a qualifying asset, namely inventories.

8 Inventories	2019	2018
	£	£
Work in progress	1,430,000	1,860,000
	<u>1,430,000</u>	<u>1,860,000</u>

9 Trade and other receivables

	2019	2018
	£	£
Trade receivables	540	-
VAT recoverable	1,916	2,012
Prepayments	-	938
	<u>2,456</u>	<u>2,950</u>

A.I.P. (ASHFIELD ROAD AND ELLERBECK LANE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

10	Borrowings	2019 £	2018 £
	Secured borrowings at amortised cost		
	Loan notes due to parent undertaking	1,008,636	804,078
	Amounts due to parent undertaking	196,416	406,957
	Loans from fellow group undertakings	-	40,361
		<u>1,205,052</u>	<u>1,251,396</u>
		<u><u>1,205,052</u></u>	<u><u>1,251,396</u></u>

Analysis of borrowings

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2019 £	2018 £
Current liabilities	196,416	40,361
Non-current liabilities	1,008,636	1,211,035
	<u>1,205,052</u>	<u>1,251,396</u>
	<u><u>1,205,052</u></u>	<u><u>1,251,396</u></u>

The above debts are secured by way of a fixed and floating charge over all assets and undertakings of the company.

A.I.P. (ASHFIELD ROAD AND ELLERBECK LANE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

11 Financial instruments

Financial instruments include amounts due to the parent undertaking and fellow subsidiary. Financial instruments can give rise to liquidity, credit and interest rate risk. Information about these risks and how they are managed is set out below.

	2019	2018
	£	£
Financial assets		
Cash and cash equivalents	55,169	77
Trade and other receivables	2,456	2,012
	<u> </u>	<u> </u>
Loans and receivables	57,625	2,089
	<u> </u>	<u> </u>
Financial liabilities	£	£
Loan notes issued to parent undertaking	1,008,636	804,078
Amounts owed to parent undertaking	196,416	406,957
Amounts due to fellow group undertakings	-	40,361
Trade and other payables	6,678	5,764
	<u> </u>	<u> </u>
Liabilities at amortised cost	1,211,730	1,257,160
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
Total net financial instruments	(1,154,105)	(1,255,071)
	<u> </u>	<u> </u>

A.I.P. (ASHFIELD ROAD AND ELLERBECK LANE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

11 Financial instruments

(Continued)

The directors consider that the carrying amounts of financial liabilities carried at amortised cost in the financial statements approximate to their fair values.

Liquidity risk

The ultimate responsibility for liquidity risk management lies with the board of directors, which has developed an appropriate liquidity management framework for the management of the company's liquidity risk. The company manages liquidity risk by maintaining inter-company borrowing facilities.

Liquidity risk arises from the company's ongoing financial obligations being amounts owed to group undertakings of £1,008,636 which is repayable after more than one year and £196,416 which is repayable within one year.

Credit risk

Credit risk arises when one party to a financial instrument causes loss for the other party by failing to discharge an obligation.

The credit risk on liquid funds is limited because a leading high street bank is used.

Interest rate risk

Interest rate risk arises from cash and cash equivalents and interest bearing investments and loans.

Interest is earned on cash deposits of £55,169.

Loan notes included within amounts due to group undertakings are interest free. As a consequence the board does not consider interest rate risk to be relevant.

Capital Contribution

Amounts due to group undertakings, including loan notes and inter-company loans, have been recognised initially at fair value. The difference between the face value and the fair value of the loans on initial recognition has been recognised as a capital contribution in reserves.

12 Trade and other payables

	2019	2018
	£	£
Trade payables	6,498	5,584
Accruals	62,706	4,867
Other payables	180	180
	<u>69,384</u>	<u>10,631</u>

A.I.P. (ASHFIELD ROAD AND ELLERBECK LANE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

13	Share capital	2019 £	2018 £
	Ordinary share capital <i>Issued and fully paid</i> 1 Ordinary of £1 each	1	1
		<u>1</u>	<u>1</u>
		<u><u>1</u></u>	<u><u>1</u></u>
14	Capital reserve		£
	At 1 April 2017		722,004
			<u>722,004</u>
	At 31 March 2018 & at 31 March 2019		722,004
			<u><u>722,004</u></u>
	The capital reserve represents the difference between face value and amortised cost at initial recognition of the intercompany loans and intercompany loan notes together with an adjustment in 2016 of £375,829 arising from a reassessment of the estimated repayment date.		
15	Retained earnings		£
	At 1 April 2017		(418,706)
	Loss for the period ended 31 March 2018		297,701
			<u>(121,005)</u>
	At 31 March 2018		(121,005)
	Loss for the year		(387,811)
			<u>(508,816)</u>
	At 31 March 2019		<u><u>(508,816)</u></u>
16	Ultimate controlling party		
	Allerdale Investment Partnership LLP has the direct interest by virtue of its shareholding of 100%.		
	Allerdale Investment Partnership LLP has been set up as a 50:50 joint venture partnership between Allerdale Partnership SARL and Allerdale Borough Council.		

A.I.P. (ASHFIELD ROAD AND ELLERBECK LANE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

17 Related party transactions

Other transactions with related parties

During the period ended 31 March 2015 the company issued loan notes to the value of £1,008,636 to the parent entity Allerdale Investment Partnership LLP and at the 31 March 2019 the amount due to the parent was £1,008,636 (2018: £1,008,636) at face value.

During the year Allerdale Investment Partnership LLP paid costs on behalf of the company to the value of £61,849 (2018: £Nil) and at the statement of financial position date the amount outstanding was £196,416 (2018: £510,485) at face value.

The amounts due at the year-end are disclosed at face value, as follows:

Loan notes issued - £1,008,636
Inter-company loan - £196,416
Total - £1,205,052

No interest is payable by the company on the loan notes or the inter-company loan.

The loan notes are to be repaid in full on the twentieth anniversary of 23 September 2014. The company shall be entitled by not less than 30 days' written notice, to prepay some or all of the loan notes in accordance with the members' agreement.

At the statement of financial position date there was an amount of £180 (2018: £180) owing to Allerdale Partnership SARL. The amount is interest free and repayable on demand.

18 Cash generated from operations	2019 £	2018 £
{Loss}/profit for the year after tax	(387,811)	297,701
Adjustments for:		
Investment income recognised in profit or loss	{50}	-
Movements in working capital:		
Decrease/(increase) in inventories	430,000	(460,000)
Repayment of intercompany borrowings	(416,279)	
Finance costs included within inventories	308,086	129,828
Decrease in trade and other receivables	494	5,111
Increase/(decrease) in trade and other payables	58,753	(17,034)
New intercompany loans in the period	61,849	40,361
Cash generated from/(absorbed by) operations	55,042	(4,033)

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