

WEDNESDAY



L70Q3YC9

LD1

28/02/2018

#60

COMPANIES HOUSE

AFG Stirling Limited

Annual report and financial statements

for the year ended 31 August 2017

Registered number: SC206470

AFG Stirling Limited

Annual report and financial statements for the year ended 31 August 2017

| | Page |
|---|-------------|
| Directors' report for the year ended 31 August 2017 | 1 |
| Independent auditor's report to the members of AFG Stirling Limited | 4 |
| Profit and loss account for the year ended 31 August 2017..... | 7 |
| Balance sheet as at 31 August 2017..... | 8 |
| Statement of changes in equity as at 31 August 2017 | 9 |
| Notes to the financial statements for the year ended 31 August 2017..... | 10 |

AFG Stirling Limited

Directors' report for the year ended 31 August 2017

The directors present their annual report and audited financial statements of the company for the year ended 31 August 2017.

The directors' report has been prepared in accordance with section 415A of the Companies Act 2006 relating to small entities.

The immediate parent company, AFE Group Limited, has confirmed its intention to give continued financial support to the company whilst the company continues to be a member of the Ali S.p.A Group. As a result the directors continue to adopt the going concern basis in preparing the accounts. Further details of this are shown in Note 1 of the financial statements.

Results for the year

The profit and loss account is set out on page 7. The directors do not recommend payment of a dividend (2016: £Nil).

Review of activities and future developments

The principal activity of the company is that of property holding.

The level of business and the year end position were satisfactory and the directors expect that an acceptable level of activity will be sustained in the foreseeable future.

Directors

The directors of the company during the year under review and up to the date of signing the financial statements were:

T Smith
V Rallo

AFG Stirling Limited

Directors' report for the year ended 31 August 2017 (continued)

Directors' qualifying third party indemnity provisions

The company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force during the year and remains in force as at the date of approving the directors' report.

Directors' responsibilities statement

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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 UK 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.

AFG Stirling Limited

Directors' report for the year ended 31 August 2017 (continued)

Disclosure of Information to the auditor

In the case of each director in office at the date the directors' report is approved, the following applies:

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- (b) he 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 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.

Auditor

Deloitte LLP were appointed as auditor during the year. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

On behalf of the Board



T Smith
Director

26 February 2018

AFG Stirling Limited

Independent auditor's report to the members of AFG Stirling Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of AFG Stirling Limited (the 'company') which comprise:

- the profit and loss account;
- the balance sheet
- the statement of changes in equity; and
- the related notes 1 to 13.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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.

AFG Stirling Limited

Independent auditor's report to the members of AFG Stirling Limited (continued)

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

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 respect of these matters.

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.

AFG Stirling Limited

Independent auditor's report to the members of AFG Stirling Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

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

Use of our 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.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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 any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.



Lee Welham FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Cambridge, United Kingdom

27 February 2018

AFG Stirling Limited

Profit and loss account for the year ended 31 August 2017

| | Notes | 2017 | 2016 |
|--|-------|------------------|----------|
| | | £ | £ |
| Turnover | | 335,000 | 335,000 |
| Administrative expenses | 2 | - | - |
| Operating profit | | 335,000 | 335,000 |
| Interest payable and similar expenses | 4 | (40,680) | (53,910) |
| Profit on ordinary activities before taxation | | 294,320 | 281,090 |
| Tax on profit on ordinary activities | 5 | (343,500) | (87,981) |
| (Loss)/profit for the financial year | | (49,180) | 193,109 |

The above results relate to continuing activities.

The company has no other comprehensive income other than the (losses)/profits above and therefore no separate statement of other comprehensive income has been presented.

AFG Stirling Limited

Balance sheet as at 31 August 2017

| | Notes | 2017 | 2016 |
|---|-------|--------------------|--------------------|
| | | £ | £ |
| Fixed assets | | | |
| Tangible assets | 6 | 2,500,000 | 2,500,000 |
| Current assets | | | |
| Debtors | 7 | 58,547 | 1,356,947 |
| Creditors: amounts falling due within one year | 8 | (45,637) | (1,294,857) |
| Net current assets | | 12,910 | 62,090 |
| Total assets less current liabilities | | 2,512,910 | 2,562,090 |
| Creditors: amounts falling due after more than one year | 9 | (3,725,000) | (3,725,000) |
| Net liabilities | | (1,212,090) | (1,162,910) |
| Capital and reserves | | | |
| Called-up share capital | 11 | 100 | 100 |
| Profit and loss account | 11 | (1,212,190) | (1,163,010) |
| Total shareholders' deficit | | (1,212,090) | (1,162,910) |

The financial statements on pages 7 to 18 were approved by the Board of Directors on 26 February 2018 and were signed on its behalf by:



T Smith
Director

Company Registered Number: SC206470

AFG Stirling Limited

Statement of changes in equity as at 31 August 2017

| | Share Capital | Profit and Loss account | Total Equity |
|---|---------------|-------------------------|--------------------|
| | £ | £ | £ |
| Balance as at 1 September 2016 | 100 | (1,163,010) | (1,162,910) |
| Loss for the financial year and total comprehensive loss for the year | - | (49,180) | (49,180) |
| Balance as at 31 August 2017 | 100 | (1,212,190) | (1,212,090) |

| | Share Capital | Profit and Loss account | Total Equity |
|---|---------------|-------------------------|--------------------|
| | £ | £ | £ |
| Balance as at 1 September 2015 | 100 | (1,356,119) | (1,356,019) |
| Profit for the financial year and total comprehensive income for the year | - | 193,109 | 193,109 |
| Balance as at 31 August 2016 | 100 | (1,163,010) | (1,162,910) |

AFG Stirling Limited

Notes to the financial statements for the year ended 31 August 2017

1 Accounting policies

The following statements outline the principal accounting policies of the company, which have been applied consistently.

General information and basis of preparation

AFG Stirling Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in Scotland. The address of the company's registered office is Wallaceview, Hillfoots Road, Stirling, FK9 5PY.

The financial statements have been prepared under the historical cost convention, and in accordance with applicable Accounting Standards in the United Kingdom and the Companies Act 2006.

- The financial statements have been prepared on the going concern basis, notwithstanding the net liabilities of £1,212,090 (2016: £1,162,910), for the following reason: An amount included within creditors falling due after more than one year of £3,725,000 is due to the company's immediate parent who have provided a letter of support confirming they will continue to provide financial support to allow AFG Stirling Limited to continue trading for the foreseeable future.
- These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The presentation currency of these financial statements is sterling.
- The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its parent, Ali S.p.A, which may be obtained at Via Gobetti, 2a – Villa Fiorita, 20063 Cernusco sul Naviglio (Milano) Italy. Exemptions have been taken in these separate Company financial statements in relation to, financial instruments, presentation of a cash flow statement, presentation of a reconciliation of the number of shares outstanding at the beginning and at the end of the period, and remuneration of key management personnel.

Turnover

Rental income from operating leases is recognised on a straight line basis over the term of the lease and is all receivable from a related party, AFE Group Limited. The Finance and Leasing Association Statement of Recommended Accounting Practice ("SORP") is fully complied with. There are no unguaranteed residual interests, contingent liabilities or uncertainties arising from leasing transactions.

Tangible assets

Tangible assets are held at historical cost less provision for any impairment. The carrying value of assets is reviewed when events or changes in circumstances indicate the carrying value may not be recoverable. Depreciation is provided on tangible assets, other than freehold land and assets in the course of construction, at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life as follows:

Freehold buildings over 33 years.

AFG Stirling Limited

Notes to the financial statements for the year ended 31 August 2017 (continued)

1 Accounting policies (continued)

Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition

i. investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise; and

ii. no depreciation is provided in respect of investment properties applying the fair value model. If a reliable measure is not available without undue cost or effort for an item of investment property, this item is thereafter accounted for as tangible fixed assets in accordance with section 17 until a reliable measure of fair value becomes available.

Basic Financial Instruments

Trade and other debtors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Other Financial Instruments

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except for investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment.

AFG Stirling Limited

Notes to the financial statements for the year ended 31 August 2017 (continued)

1 Accounting policies (continued)

Current taxation

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Deferred taxation

Deferred tax is provided on all temporary differences, using the liability method. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Income tax is provided for using current rates. Deferred tax balances are not discounted.

Significant accounting estimates and assumptions and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The directors do not consider that there are any areas of significant estimates or assumptions that require further disclosure.

The directors do not consider that there are any areas of significant judgement that require further disclosure.

AFG Stirling Limited

Notes to the financial statements for the year ended 31 August 2017 (continued)

2 Administrative expenses

Fees payable to the company's auditor for the audit of the company financial statements amounting to £2,000 (2016: £2,000) has been paid without recharge by another group company.

3 Employees

There were no employees (2016: none) during the year other than directors.

Directors' emoluments

There were no emoluments paid to the directors in the year (2016: £nil) in respect of their services to the company.

4 Interest payable and similar expenses

| | 2017 | 2016 |
|---|---------------|---------------|
| | £ | £ |
| Interest payable to immediate holding company | 40,680 | 53,910 |
| Interest payable and similar charges | 40,680 | 53,910 |

AFG Stirling Limited

Notes to the financial statements for the year ended 31 August 2017 (continued)

5 Tax on profit on ordinary activities

| | 2017 | 2016 |
|--|----------------|---------------|
| | £ | £ |
| Current tax on income for the year | 57,630 | 56,218 |
| Current tax charge | 57,630 | 56,218 |
| Effect of tax rate change on deferred tax balances | - | 31,763 |
| Adjustment in respect of prior year | 285,870 | - |
| Deferred tax charge | 285,870 | 31,763 |
| Total tax charge | 343,500 | 87,981 |

The total tax assessed for the year is higher (2016: higher) than the standard rate of corporation tax in the UK as explained below:

| | 2017 | 2016 |
|--|----------------|---------------|
| | £ | £ |
| Profit on ordinary activities before taxation | 294,320 | 281,090 |
| Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.58% (2016: 20%) | 57,630 | 56,218 |
| Effects of: | | |
| Adjustment for tax rate change on deferred tax balances | - | 31,763 |
| Adjustment in respect of prior year (see note 10) | 285,870 | - |
| Total tax charge for the year | 343,500 | 87,981 |

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates substantively enacted by the balance sheet date being 20% with effect from 1 April 2015, 19% effective from 1 April 2017 and 17% effective from 1 April 2020. The closing deferred tax assets and liabilities have been calculated at 17%, on the basis that this is the rate at which those assets and liabilities are expected to unwind.

AFG Stirling Limited

Notes to the financial statements for the year ended 31 August 2017 (continued)

6 Tangible assets

| | Investment properties |
|--|--------------------------|
| | £ |
| Valuation | |
| At 1 September 2016 and 31 August 2017 | 2,500,000 |
| Net book value | |
| At 31 August 2017 | 2,500,000 |
| At 31 August 2016 | 2,500,000 |

Investment properties, which are all freehold, were revalued to fair value at 31 August 2016 based on a valuation undertaken by Clark Weightman, an independent valuer, on the basis of market value in accordance with the RICS Valuation – Professional Standards 2014, published by The Royal Institution of Chartered Surveyors.

The directors believe the fair value is not materially different as at 31 August 2017 due to the continued upkeep and maintenance of the property carried out by the group company that occupies the property.

Under historical cost accounting rules the value of Investment Properties would be £3,127,996 (2016: £3,205,641).

At the balance sheet date, the company had contracted with tenants for the following future minimum lease payments:

| | 2017 | 2016 |
|--|----------------|----------------|
| | £ | £ |
| Within one year | 335,000 | - |
| In the second to fifth years inclusive | - | 670,000 |
| | 335,000 | 670,000 |

AFG Stirling Limited

Notes to the financial statements for the year ended 31 August 2017 (continued)

7 Debtors

| | 2017 | 2016 |
|--------------------------------------|---------------|------------------|
| | £ | £ |
| Amounts falling due within one year: | | |
| Amounts owed by fellow subsidiaries | 58,547 | 1,071,077 |
| Deferred tax asset (see note 10) | - | 285,870 |
| | 58,547 | 1,356,947 |

8 Creditors: amounts falling due within one year

| | 2017 | 2016 |
|---|---------------|------------------|
| | £ | £ |
| Corporation tax | 28,887 | 28,107 |
| Other creditors | 16,750 | 16,750 |
| Amounts owed to the company's immediate holding company | - | 1,250,000 |
| | 45,637 | 1,294,857 |

Amounts owed to company's immediate holding company are unsecured, bears interest at a floating rate of 0.50% above LIBOR (2016: 0.50% above LIBOR).

9 Creditors: amounts falling due after more than one year

| | 2017 | 2016 |
|---|------------------|------------------|
| | £ | £ |
| Amounts owed to the company's immediate holding company | 3,725,000 | 3,725,000 |

The above amount is unsecured, bears interest at a floating rate of 0.50% above LIBOR (2016: 0.50% above LIBOR), and is repayable between one and two years.

AFG Stirling Limited

Notes to the financial statements for the year ended 31 August 2017 (continued)

10 Deferred Taxation

Deferred tax is calculated on temporary differences under the liability method using a tax rate of 17% (2016: 18%). The movement on the deferred tax account is shown below:

Deferred tax asset

| | 2017 | 2016 |
|--|-----------|------------------|
| | £ | £ |
| Deferred tax asset at 1 September | (285,870) | (317,633) |
| Charge in year | 285,870 | 31,763 |
| Deferred tax asset at 31 August | - | (285,870) |

In the prior year a deferred tax asset was recognized in respect of tax losses as it was considered probable that the asset would be recovered. Due to a lack of certainty this has been reversed in the current year.

11 Called-up share capital and reserves

| | Allotted, called-up and fully paid |
|--|---|
| | £ |
| At 1 September 2016 and 31 August 2017 | |
| 85 'A' ordinary shares of £1 each | 85 |
| 15 'B' ordinary shares of £1 each | 15 |
| Total share capital | 100 |

The A and B shares rank pari-passu.

The company's other reserve is as follows:

| | 2017 | 2016 |
|---|-------------|-------------|
| | £ | £ |
| The profit and loss reserve represents cumulative profits or losses | (1,212,190) | (1,163,010) |

AFG Stirling Limited

Notes to the financial statements for the year ended 31 August 2017 (continued)

12 Related party transactions

As the company is a wholly owned subsidiary of Ali UK Limited, which is a wholly owned subsidiary of Ali S.p.A, it has taken advantage of the exemption permitted by FRS 102 section 33 Paragraph 1A not to disclose any transactions or balances with entities that are part of the Ali S.p.A Group.

13 Ultimate holding company

The immediate parent undertaking is AFE Group Limited.

The company's ultimate holding and controlling company is Ali S.p.A, a company registered in Italy. Copies of the ultimate holding company's financial statements may be requested from the registered office address, Via Gobetti, 2a – Villa Fiorita, 20063 Cernusco sul Naviglio (Milano) Italy. This entity is consolidated in the group financial statements of Ali S.p.A, the smallest and largest group in which this entity is consolidated.