

COMPANY REGISTRATION NUMBER 02659766

CENTRO GROUP LIMITED

FINANCIAL STATEMENTS

31ST MARCH 2014

BROOKS & CO.

Chartered Accountants & Statutory Auditor

Mid-Day Court
20-24 Brighton Road
Sutton
Surrey
SM2 5BN



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CENTRO GROUP LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2014

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CENTRO GROUP LIMITED
STRATEGIC REPORT
YEAR ENDED 31ST MARCH 2014

The Strategic report has been incorporated into the Directors' Report.

CENTRO GROUP LIMITED
DIRECTORS' REPORT *(continued)*
YEAR ENDED 31ST MARCH 2014

The directors present their report and the financial statements of the company for the year ended 31st March 2014.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the ownership and management of a freehold portfolio generating ground rents.

RESULTS AND DIVIDENDS

The operating profit for the year was £62,680 which after interest of £20,464 and tax of £8,483, amounted to £33,733. The directors have not recommended a dividend.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company holds or issues financial instruments in order to achieve three main objectives, being:

- (a) to finance its operations
- (b) to manage its exposure to interest risks arising from its operations and from its sources of finance; and
- (c) for trading purposes

The company's financial instruments consist of cash, liquid resources, mortgages, trade debtors and creditors and other debtors and creditors arising directly from its business operations.

The significant financial assets and liabilities that the company had at the year end, other than short term debtors and creditors were amounts owed by group undertakings and mortgage which is subject to LIBOR rates plus 1.2%. Further details of these financial assets and liabilities are shown in notes 10, 11 and 12.

DIRECTORS

The directors who served the company during the year were as follows:

R. P. Harwood FRICS
P. R. Harwood
D. E. Walker

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, Directors' 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 year.

CENTRO GROUP LIMITED
DIRECTORS' REPORT *(continued)*
YEAR ENDED 31ST MARCH 2014

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;
- 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.

STRATEGIC REPORT

Pursuant to the statement in the previous eight financial years, in connection with the company being authorised to transact general insurance, we have again procured and received reimbursement for such activity in the order of £156,736 (2013-£159,005). Such ancillary income has been included within the company's turnover and is shown with comparative figures. We are aware that the inclusion of this turnover is not consistent with United Kingdom Generally Accepted Accounting Practice and we have again discussed the matter with our auditors and accept that they will make an appropriate statement in their report. We fully understand their position and do not disagree with their obligation to make a qualified opinion, but consider the activity and income to be a representative part of our trading income.

The slightly more stable property market improvement is encouraging as a platform for future trading expansion.

Overall turnover has been increased in every activity.

The directors anticipate further controlled expansion in the foreseeable future.

AUDITOR

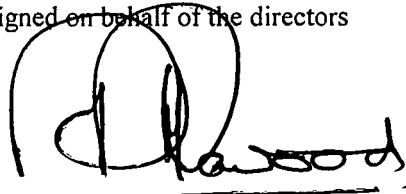
Each of the persons who is a director at the date of approval of this report confirm that:

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

CENTRO GROUP LIMITED
DIRECTORS' REPORT *(continued)*
YEAR ENDED 31ST MARCH 2014

Registered office:
Mid-Day Court
30 Brighton Road
Sutton
Surrey
SM2 5BN

Signed on behalf of the directors

A handwritten signature in black ink, appearing to read 'R.P. Harwood', written over a horizontal line.

R.P. Harwood FRICS

Director

Approved by the directors on 23rd September 2014

CENTRO GROUP LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
CENTRO GROUP LIMITED
YEAR ENDED 31ST MARCH 2014

We have audited the financial statements of Centro Group Limited for the year ended 31st March 2014. 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).

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 Directors' Responsibilities Statement set out on pages 2 to 3, 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 (APB'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.

CENTRO GROUP LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
CENTRO GROUP LIMITED *(continued)*
YEAR ENDED 31ST MARCH 2014

BASIS FOR QUALIFIED OPINION ON FINANCIAL STATEMENTS

In our opinion, the turnover and cost of sales given in the Profit and Loss Account are not consistent with the United Kingdom Generally Accepted Accounting Practice.

The turnover of £822,951 (2013-£698,305) includes an amount of £156,736 (2013-£159,005) which did not arise from a revenue activity but arose from reimbursements from lessees for their buildings insurance premiums paid by the company.

The cost of sales of £190,090 (2013-£173,637) includes the buildings insurance premiums paid of £156,736 (2013-£159,005) which had been recovered from the lessees.

The reporting profit for the financial year is not affected by the accounting treatment of the property insurance premiums receivable and payable.

QUALIFIED OPINION ARISING FROM DISAGREEMENT ABOUT ACCOUNTING TREATMENT

Except for the disagreement shown in the above paragraphs, in our opinion the financial statements:

- give a true and fair view of the company's affairs as at 31st March 2014 and of its profit 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

CENTRO GROUP LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
CENTRO GROUP LIMITED *(continued)*

YEAR ENDED 31ST MARCH 2014

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



Mid-Day Court
20-24 Brighton Road
Sutton
Surrey
SM2 5BN

MICHAEL HARDING ACA, FCCA
(Senior Statutory Auditor)
For and on behalf of
BROOKS & CO.
Chartered Accountants
& Statutory Auditor

20th September 2014

CENTRO GROUP LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31ST MARCH 2014

	Note	2014 £	2013 £
TURNOVER	2	822,951	698,305
Cost of sales		190,090	173,637
GROSS PROFIT		632,861	524,668
Administrative expenses		570,181	451,294
OPERATING PROFIT	3	62,680	73,374
Interest payable and similar charges	6	20,464	24,260
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		42,216	49,114
Tax on profit on ordinary activities	7	8,483	9,823
PROFIT FOR THE FINANCIAL YEAR		33,733	39,291

All of the activities of the company are classed as continuing.

CENTRO GROUP LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31ST MARCH 2014

	2014	2013
	£	£
Profit for the financial year attributable to the shareholders	33,733	39,291
Unrealised profit on revaluation of certain fixed assets	337,000	120,000
Total gains and losses recognised since the last annual report	<u>370,733</u>	<u>159,291</u>

CENTRO GROUP LIMITED

BALANCE SHEET

31ST MARCH 2014

	Note	2014 £	2013 £
FIXED ASSETS			
Tangible assets	8	4,203,155	3,857,000
CURRENT ASSETS			
Stocks	9	1,500	1,500
Debtors	10	1,032,141	1,004,647
Cash at bank		4	4
TOTAL CURRENT ASSETS		<u>1,033,645</u>	<u>1,006,151</u>
CREDITORS: Amounts falling due within one year			
Trade creditors		2,184	504
Other creditors including taxation and social security	11	50,364	51,004
Accruals and deferred income		45,629	44,762
TOTAL CURRENT LIABILITIES		<u>98,177</u>	<u>96,270</u>
NET CURRENT ASSETS		<u>935,468</u>	<u>909,881</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,138,623</u>	<u>4,766,881</u>
CREDITORS: Amounts falling due after more than one year			
Amounts owed to group undertakings		384,765	374,811
Mortgage		900,099	900,097
Directors' loan accounts		7,669	16,569
Other creditors		21,883	21,930
		<u>3,824,207</u>	<u>3,453,474</u>
CAPITAL AND RESERVES			
Called-up equity share capital	15	75	75
Revaluation reserve	16	3,511,653	3,174,653
Profit and loss account	17	312,479	278,746
SHAREHOLDERS' FUNDS	18	<u>3,824,207</u>	<u>3,453,474</u>

These accounts were approved by the directors and authorised for issue on 23rd September 2014, and are signed on their behalf by:



P.R. Harwood

Director

Company Registration Number: 02659766

CENTRO GROUP LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31ST MARCH 2014

	2014	2013
	£	£
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	38,433	(18,833)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest paid	(20,464)	(24,260)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(20,464)	(24,260)
TAXATION	(9,823)	(17,315)
CAPITAL EXPENDITURE		
Payments to acquire tangible fixed assets	(9,155)	–
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	(9,155)	–
CASH OUTFLOW BEFORE FINANCING	(1,009)	(60,408)
FINANCING		
Repayment of long-term amounts owed to group undertakings	9,954	33,929
Net (outflow)/inflow from other long-term creditors	(45)	18,105
Repayment of directors' long-term loans	(8,900)	8,370
NET CASH INFLOW FROM FINANCING	1,009	60,404
DECREASE IN CASH	–	(4)
RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		
	2014	2013
	£	£
Operating profit	62,680	73,374
Increase in debtors	(27,494)	(73,661)
Increase/(decrease) in creditors	3,247	(18,546)
Net cash inflow/(outflow) from operating activities	38,433	(18,833)

CENTRO GROUP LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31ST MARCH 2014

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2014 £	2013 £
Decrease in cash in the period	–	(4)
Net cash (inflow) from long-term amounts owed to group undertakings	(9,954)	(33,929)
Net cash outflow from/(inflow) from other long-term creditors	45	(18,105)
Cash outflow from/(inflow) from directors' long-term loans	8,900	(8,370)
	<u>(1,009)</u>	<u>(60,408)</u>
Change in net debt	(1,009)	(60,408)
Net debt at 1 April 2013	(1,313,403)	(1,252,995)
Net debt at 31 March 2014	<u>(1,314,412)</u>	<u>(1,313,403)</u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Apr 2013 £	Cash flows £	At 31 Mar 2014 £
Net cash:			
Cash in hand and at bank	4	–	4
Debt:			
Debt due after 1 year	(1,313,407)	(1,009)	(1,314,416)
Net debt	<u>(1,313,403)</u>	<u>(1,009)</u>	<u>(1,314,412)</u>

CENTRO GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2014

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets and in accordance with applicable accounting standards.

Turnover

Turnover shown in the profit and loss account represents amounts receivable for services provided including ground rent, lease extension and property insurance. The turnover also includes estimates of work done but not yet invoiced in respect of contracts for on-going services.

Fixed assets

All fixed assets are recorded at cost or market value.

Investment properties

Investment properties are shown at their open market value. The surplus or deficit arising from the annual revaluation is transferred to the investment revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

This is in accordance with SSAP 19 which, unlike the Companies Act 2006, does not require depreciation of investment properties. Investment properties are held for their investment potential and not for use by the company and so their current value is of prime importance. The departure from the provisions of the Act is required in order to give a true and fair view.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

CENTRO GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2014

2. TURNOVER

The turnover and profit before tax are attributable to the activities described in note 1 above.
 An analysis of turnover is given below:

	2014	2013
	£	£
United Kingdom	<u>822,951</u>	<u>698,305</u>

3. OPERATING PROFIT

Operating profit is stated after charging:

	2014	2013
	£	£
Operating lease costs:		
- Other	6,501	6,676
Auditor's remuneration	<u>3,480</u>	<u>3,900</u>

	2014	2013
	£	£
Auditor's remuneration - audit of the financial statements	<u>3,480</u>	<u>3,900</u>

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2014	2013
	No	No
Number of administrative staff	2	2
Number of management staff	1	1
	<u>3</u>	<u>3</u>

The aggregate payroll costs of the above were:

	2014	2013
	£	£
Wages and salaries	175,407	161,969
Social security costs	20,398	18,579
	<u>195,805</u>	<u>180,548</u>

5. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were:

	2014	2013
	£	£
Remuneration receivable	<u>60,000</u>	<u>24,000</u>

CENTRO GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2014

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2014	2013
	£	£
Other similar charges payable	<u>20,464</u>	<u>24,260</u>

7. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2014	2013
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 20% (2013 - 20%)	<u>8,483</u>	<u>9,823</u>
Total current tax	<u>8,483</u>	<u>9,823</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 20% (2013 - 20%).

	2014	2013
	£	£
Profit on ordinary activities before taxation	<u>42,216</u>	<u>49,114</u>
Profit on ordinary activities by rate of tax	8,443	9,823
Expenses not deductible for tax purposes	40	-
Total current tax (note 7(a))	<u>8,483</u>	<u>9,823</u>

(c) Factors that may affect future tax charges

No provision has been made for deferred tax of £647,421. Such tax would become payable only if the property were sold. At present, it is not envisaged that any tax will become payable in the foreseeable future.

CENTRO GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2014

8. TANGIBLE FIXED ASSETS

	Freehold Investment Property £
COST OR VALUATION	
At 1st April 2013	3,857,000
Additions	9,155
Revaluation	337,000
At 31st March 2014	<u><u>4,203,155</u></u>
DEPRECIATION	
At 1st April 2013 and 31st March 2014	—
NET BOOK VALUE	
At 31st March 2014	<u><u>4,203,155</u></u>
At 31st March 2013	<u><u>3,857,000</u></u>

Freehold investment properties were revalued at open market value of £4,203,155 at the year end by the Managing Director R P Harwood FRICS. The historical cost of these properties was £691,502. The aggregate surplus of £3,511,653 on revaluation has been transferred to the revaluation reserve.

9. STOCKS

	2014 £	2013 £
Stock	<u><u>1,500</u></u>	<u><u>1,500</u></u>

10. DEBTORS

	2014 £	2013 £
Trade debtors	225	470
Amounts owed by group undertakings	1,006,008	984,564
Other debtors	1,839	1,839
Prepayments and accrued income	24,069	17,774
	<u><u>1,032,141</u></u>	<u><u>1,004,647</u></u>

The debtors above include the following amounts falling due after more than one year:

	2014 £	2013 £
Amounts owed by group undertakings	<u><u>1,006,008</u></u>	<u><u>984,564</u></u>

CENTRO GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2014

11. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

	2014	2013
	£	£
Corporation tax	8,483	9,823
PAYE and social security	6,143	5,443
Other creditors	35,738	35,738
	<u>50,364</u>	<u>51,004</u>

Creditors: Amounts falling due within one year includes an amount of £583 (2013-£503) which was paid within one month of the year end.

12. CREDITORS: Amounts falling due after more than one year

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2014	2013
	£	£
Mortgage	<u>900,099</u>	<u>900,097</u>

The mortgage is secured by legal charges over the property assets of the company. The loan is interest only and the capital amount that falls due for payment after four years is £900,099 (2013-£900,097). The interest rate is equal to LIBOR plus 1.2% and the mortgage redemption date is 29 March 2017.

13. TRANSACTIONS WITH THE DIRECTORS

Rent of £6,501 (2013-£6,675) was payable to Core Property representing the freehold interests of the directors, R P Harwood and D E Walker.

14. RELATED PARTY TRANSACTIONS

The company was under the immediate control of Centro PLC and the ultimate control of R.P. Harwood FRICS throughout the current and previous year.

Other members of the group controlled by Centro PLC are Centro Services Limited, Centro Security Limited and Centro Commercial Limited. The amounts owed by and to the group undertakings at the year end through payments made by one company in the group on behalf of another, are disclosed in the Debtors and Creditors notes to the balance sheet respectively.

Included in the Administrative Expenses is an amount of £345,000 (2013-£206,000) payable to Centro PLC and £10,000 (2013-£34,000) payable to Centro Commercial Ltd in respect of management services. The Banking facility during the year was secured by an unlimited guarantee provided by group companies.

Included in the Creditors falling due after more than one year on the balance sheet is an amount of £21,883 (2013-£21,930) owed to Centro Residential Sales & Lettings Ltd, a company associated by control.

CENTRO GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2014

15. SHARE CAPITAL

Allotted, called up and fully paid:

	2014		2013	
	No	£	No	£
Ordinary shares of £1 each	<u>75</u>	<u>75</u>	<u>75</u>	<u>75</u>

16. REVALUATION RESERVE

	2014	2013
	£	£
Balance brought forward	3,174,653	3,054,653
Revaluation of fixed assets	<u>337,000</u>	<u>120,000</u>
Balance carried forward	<u>3,511,653</u>	<u>3,174,653</u>

No provision has been made for deferred taxation on gains recognised on revaluing property to its market value. The total amount unprovided for is £647,421. Such tax would be payable only if the property were sold. At present, it is not envisaged that any tax will become payable in the foreseeable future.

17. PROFIT AND LOSS ACCOUNT

	2014	2013
	£	£
Balance brought forward	278,746	239,455
Profit for the financial year	<u>33,733</u>	<u>39,291</u>
Balance carried forward	<u>312,479</u>	<u>278,746</u>

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014	2013
	£	£
Profit for the financial year	33,733	39,291
Other net recognised gains and losses	<u>337,000</u>	<u>120,000</u>
Net addition to shareholders' funds	370,733	159,291
Opening shareholders' funds	<u>3,453,474</u>	<u>3,294,183</u>
Closing shareholders' funds	<u>3,824,207</u>	<u>3,453,474</u>

19. ULTIMATE PARENT COMPANY

The company is a 76% subsidiary of Centro Plc which is also the ultimate parent company.