

# **Westfield MH Group Limited**

## **Report and Financial Statements**

**31 December 2011**

THURSDAY



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27/09/2012  
COMPANIES HOUSE

**DIRECTORS**

Michael Gutman  
Brian Mackrill  
Philip Slavin  
Peter Miller

(resigned 1 January 2011)  
(appointed 1 January 2011)

**SECRETARY**

Leon Shelley

**AUDITOR**

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

**REGISTERED OFFICE**

6th Floor  
MidCity Place  
71 High Holborn  
London  
WC1V 6EA

## DIRECTORS' REPORT

The Directors present their report and financial statements for the year ended 31 December 2011

## RESULTS AND DIVIDENDS

The loss for the year after taxation amounted to £747,227 (2010 £766,714)

The Directors do not recommend the payment of a dividend (2010 £nil)

## PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The Company's principal activity is investment in companies which hold interests in the Merry Hill shopping centre, West Midlands

The Company's key financial and performance indicators during the year were as follows

	2011 £	2010 £	Change £	Change %
Operating loss	(1,930)	(2,500)	570	23
Loss on ordinary activities after taxation	(747,227)	(766,714)	19,487	3
Shareholder's funds	171,820,801	172,568,028	(747,227)	0

The operating loss decreased as a result of reduced professional fees

The loss on ordinary activities after taxation decreased during the year This is primarily as a result of a decrease in interest payable to related parties

Shareholder's funds decreased in line with the loss for the year

## PRINCIPAL RISKS AND UNCERTAINTIES

The Directors have identified the following key risk and mitigating factor affecting the Company and its investments

### Going concern

The Company is dependent for its working capital on funds provided to it by other group entities. Another group entity has provided the Company with an undertaking that for at least twelve months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for repayment. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Based on this undertaking, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

### Property market risk

As a company with an indirect investment in property for retail and leisure tenants the business is exposed to a downturn in consumer spending. This could reduce the profitability of occupiers, which would lead to an increase in vacancies, bad debts and an associated decrease in demand and revalue of investment property which would impact the value of the Company's investments.

**DIRECTORS' REPORT (continued)****EVENTS SINCE THE BALANCE SHEET DATE**

There have been no significant events after the balance sheet date

**FUTURE DEVELOPMENTS**

The Directors anticipate that the activity of the Company will continue for the foreseeable future

**DIRECTORS, THEIR INTERESTS AND INDEMNITY**

The present membership of the Board is set out on page 1

None of the Directors had any interest in the share capital of the Company during the year

Each Director of the Company shall be indemnified by the Company against all liabilities, costs and expenses incurred in the execution and discharge of their duties

**EMPLOYEE INVOLVEMENT**

The Company has no employees (2010 nil)

**POLITICAL AND CHARITABLE DONATIONS**

The Company made no political or charitable donations during the year (2010 £nil)

**DISCLOSURE OF INFORMATION TO THE AUDITOR**

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. The Directors have taken all the steps that they are obliged to take as a Director in order to make themselves aware of any relevant information and to establish that the auditor is aware of that information

**AUDITOR**

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office

Signed on behalf of the Board of Westfield MH Group Limited

Director



Philip Slavin

Date

24 September

2012

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the 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 period. In preparing those financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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 proper 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 WESTFIELD MH GROUP LIMITED**

We have audited the financial statements of Westfield MH Group Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 12. 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 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 as set out on Page 4, 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 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 Report and Financial Statements to identify material inconsistencies with the audited financial statements. 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 December 2011 and of its loss 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**

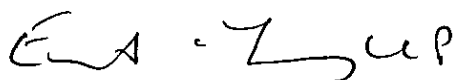
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WESTFIELD MH GROUP LIMITED**  
**(Continued)**

**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



Nick Gomer (Senior Statutory Auditor)  
*For and on behalf of Ernst & Young LLP, Statutory Auditor*  
London

Date 25 SEPTEMBER 2012

**PROFIT AND LOSS ACCOUNT**  
**for the year ended 31 December 2011**

	<b>Note</b>	<b>2011 £</b>	<b>2010 £</b>
Administrative expenses		<u>(1,930)</u>	<u>(2,500)</u>
<b>Operating loss</b>	2	(1,930)	(2,500)
Interest payable and similar charges	5	<u>(745,297)</u>	<u>(764,214)</u>
<b>Loss on ordinary activities before taxation</b>		(747,227)	(766,714)
Tax on loss on ordinary activities	6	<u>-</u>	<u>-</u>
<b>Loss on ordinary activities after taxation</b>	10	<u><u>(747,227)</u></u>	<u><u>(766,714)</u></u>

All amounts relate to continuing activities

There are no recognised gains or losses in the current or prior year, other than those stated above  
Accordingly no Statement of Total Recognised Gains and Losses has been presented



**BALANCE SHEET**  
as at 31 December 2011

	Note	2011 £	2010 £
<b>FIXED ASSETS</b>			
Investments	7	219,106,624	219,106,624
<b>CREDITORS</b> amounts falling due within one year	8	<u>(47,285,823)</u>	<u>(46,538,596)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(47,285,823)</u>	<u>(46,538,596)</u>
<b>NET ASSETS</b>		<u>171,820,801</u>	<u>172,568,028</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	225,000,000	225,000,000
Profit and loss account	10	<u>(53,179,199)</u>	<u>(52,431,972)</u>
<b>SHAREHOLDER'S FUNDS</b>	10	<u>171,820,801</u>	<u>172,568,028</u>

Approved by the Board on 24 September

2012 and signed on its behalf by

Director



Philip Slavin

**NOTES TO THE FINANCIAL STATEMENTS**  
**as at 31 December 2011****1. ACCOUNTING POLICIES****BASIS OF ACCOUNTING**

The financial statements are prepared under the historical cost convention. They are prepared in accordance with applicable United Kingdom accounting standards and in accordance with the Companies Act 2006.

The Company has taken exemption from preparing group financial statements as permitted under section 401 of the Companies Act 2006, as consolidated financial statements are prepared by the ultimate parent undertaking Westfield Holdings Limited. Accordingly these financial statements present information about the Company as an individual undertaking and not its group.

**GOING CONCERN**

The Directors' report set out the basis upon which the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

**CASH FLOW STATEMENT**

The Company has taken advantage of the exemption available under FRS 1 'Cash flow statements' from publishing its own Cash Flow Statement, as a consolidated Cash Flow Statement is published in the group Financial Statements of Westfield Holdings Limited, the ultimate parent company.

**INVESTMENTS**

Investments are stated at cost, less any provision for diminution in value, where applicable. The carrying value of investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

**CURRENT TAX**

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**

Full provision has been made for deferred taxation in respect of timing differences that have originated but not reversed at the balance sheet date where an event has occurred that results in an obligation to pay more or less tax in the future by the balance sheet date except that

- No provision is made for gains on disposal of assets that have been rolled over into replacement assets, and

**NOTES TO THE FINANCIAL STATEMENTS**  
**as at 31 December 2011**

**1. ACCOUNTING POLICIES (continued)**

**DEFERRED TAX (continued)**

- Deferred tax assets are recognised to the extent that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates enacted at the balance sheet date

**2. OPERATING LOSS**

This is stated after charging auditor's remuneration for the audit of financial statements of £1,930 (2010 £2,500) No non-audit services were provided during the current or prior year

**3. DIRECTORS' EMOLUMENTS**

The Directors did not receive any remuneration during the year in respect of their services provided to the Company (2010 £nil)

**4. STAFF COSTS**

The Company has no employees (2010 nil)

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	2011	2010
Interest payable to related parties	<u>745,297</u>	<u>764,214</u>

**6. TAX ON LOSS ON ORDINARY ACTIVITIES**

	2011 £	2010 £
(i) Analysis of tax charge for the year		
Current tax		
UK corporation tax on loss for the year	<u>-</u>	<u>-</u>
Tax charge for the year (note 6(ii))	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
as at 31 December 2011

**6. TAX ON LOSS ON ORDINARY ACTIVITIES (continued)**

	2011 £	2010 £
(ii) Factors affecting tax charge for the year		
Loss on ordinary activities before taxation	<u>(747,227)</u>	<u>(766,714)</u>
Tax on loss on ordinary activities at the standard UK rate of corporation tax of 26.5% (2010: 28%)	(198,015)	(214,680)
Effect of Expected transfer of losses to other group companies unless otherwise restricted or carried forward	<u>198,015</u>	<u>214,680</u>
Current tax charge for the year (note 6(i))	<u>-</u>	<u>-</u>

(iii) Deferred tax

The Company has tax losses arising in the UK of £1,581,658 (2010: £814,944) that are available for offset against future taxable profits. No deferred tax asset has been recognised in respect of these losses as the Directors do not expect there to be sufficient taxable profits against which these losses can be used in the near future.

(iv) Factors that may affect future tax charges

The main rate of corporation tax was reduced from 28% to 26% from 1 April 2011. At the balance sheet date, the tax rate applicable for calculating deferred tax was 25%, being the rate substantively enacted on 5 July 2011. Legislation was substantively enacted on 29 March 2012 to reduce the main rate of corporation tax to 24% from 1 April 2012 and to 23% from 1 April 2013. A subsequent reduction is planned to be enacted next year to reduce the main rate to 22% from 1 April 2014. As no deferred tax has been recognised or provided in the accounts, there is no effect for this year.

**7. INVESTMENTS**

Cost and Net Book Value	£
At 1 January 2011 and 31 December 2011	<u>219,106,624</u>

The investment in subsidiary undertakings represents 100% of the issued share capital of Westfield MH Acquisitions Limited, Westfield MH Holdings Limited and Westfield MH Participations Limited, all of which are incorporated and registered in England and Wales.

Westfield MH Participations Limited is currently dormant. The principal activity of Westfield MH Acquisitions Limited and Westfield MH Holdings Limited is property investment.

**NOTES TO THE FINANCIAL STATEMENTS**  
as at 31 December 2011

**8. CREDITORS' amounts falling due within one year**

	2011 £	2010 £
Amounts due to related parties	47,283,893	46,536,096
Accruals	<u>1,930</u>	<u>2,500</u>
	<u><u>47,285,823</u></u>	<u><u>46,538,596</u></u>

**9. SHARE CAPITAL**

	2011 £	2010 £
<b>Allotted, called up and fully paid</b>		
225,000,000 Ordinary shares of £1 each (2010 225,000,000)	<u><u>225,000,000</u></u>	<u><u>225,000,000</u></u>

**10. RECONCILIATION OF SHAREHOLDER'S FUNDS AND MOVEMENT IN RESERVES**

	Share capital £	Profit and loss account £	Shareholder's funds £
Balance at 1 January 2010	225,000,000	(51,665,258)	173,334,742
Loss for the year	<u>-</u>	<u>(766,714)</u>	<u>(766,714)</u>
Balance at 1 January 2011	225,000,000	(52,431,972)	172,568,028
Loss for the year	<u>-</u>	<u>(747,227)</u>	<u>(747,227)</u>
Balance at 31 December 2011	<u><u>225,000,000</u></u>	<u><u>(53,179,199)</u></u>	<u><u>171,820,801</u></u>

**11. RELATED PARTY TRANSACTIONS**

All related party balances and transactions are with group undertakings

The Company has taken advantage of the exemption under FRS 8 'Related party disclosures', and has not disclosed transactions made with other group undertakings

**12. PARENT UNDERTAKING AND CONTROLLING PARTY**

The immediate parent undertaking of the Company is Westfield Merry Hill Limited, a company incorporated in Great Britain and registered in England and Wales

The ultimate parent undertaking and controlling entity of the Company is Westfield Holdings Limited, a company incorporated in Australia. Westfield Holdings Limited is the parent of the smallest and largest group in which the Company is consolidated. Copies of the accounts of Westfield Holdings Limited are available from Level 30, 85 Castlereagh Street, Sydney, NSW 2000, Australia