METROCENTRE LANCASTER NO.1 LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

Company number 8160413

METROCENTRE LANCASTER NO.1 LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their Strategic Report of Metrocentre Lancaster No 1 Limited ("the company") for the year ended 31 December 2015

PRINCIPAL ACTIVITIES
The principal activities of the company are to act as a member of Metrocentre Lancaster LLP, a limited liability partnership incorporated on 3 August 2012 which owns, manages and develops the Former Federation Brewery site, Dunston, Tyne and Wear

BUSINESS REVIEW
The directors expect the current level of activity to continue into the foreseeable future

The company's results and financial position for the year ended 31 December 2015 are set out in full in the income statement, balance sheet, statement of changes in equity, statement of cash flows and notes to the financial statements

Profit before tax is £229,347 (2014 Result before tax £nil) Net assets at 31 December 2015 are £4,655 (2014 £1)

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

As the company is a wholly owned subsidiary of the Intu Properties plc group, the company faces largely those risks and uncertainties faced by the group These risks and uncertainties, including financial risks and the management thereof, are disclosed in the group financial statements

On behalf of the Board

David Fischel
Director
27 April 2016

Matthew Roberts
Director
27 April 2016

METROCENTRE LANCASTER NO.1 LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

The dırectors present theır report and audıted financıal statements of the company for the year ended 31 December 2015 The company ıs ıncorporated and regıstered ın England and Wales (company number 8160413) The company's regıstered office ıs 40 Broadway, London, SW1H 0BU

DIVIDENDS
Durıng the year the company paıd a dıvıdend of £224,693 (2014 £nıl)

CAPITAL MANAGEMENT
The dırectors consıder the capıtal of the company to be the ordınary share capıtal of £1 Management of thıs capıtal ıs performed at a group level

DIRECTORS IN THE YEAR
The dırectors who held office durıng the year and untıl the date of thıs report are gıven below

Kate Bowyer	
Mıchael Butterworth	(resıgned 31 December 2015)
Davıd Fıschel	
Kathryn Grant	
Matthew Roberts	

DIRECTORS' INDEMNITY PROVISION
A qualıfyıng thırd party ındemnıty provısıon (as defined ın S234 of the Companıes Act 2006) was ın force for the benefit of the dırectors of the company durıng the financıal year and at the date of the approval of the financıal statements The company's ultımate parent, Intu Propertıes plc, maıntaıns dırectors' and officers' ınsurance whıch ıs revıewed annually

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The dırectors are responsıble for preparıng the Strategıc Report, Dırectors' Report and the fınancıal statements ın accordance wıth applıcable law and regulatıons

Company law requıres the dırectors to prepare financıal statements for each financıal perıod Under that law the dırectors have prepared the financıal statements ın accordance wıth Internatıonal Fınancıal Reportıng Standards (IFRSs) as adopted by the European Unıon Under company law the dırectors must not approve the fınancıal statements unless they are satısfied that they gıve a true and faır vıew of the state of affaırs of the company and of the profit or loss of the company for that perıod In preparıng these financıal statements, the dırectors are requıred to

- select suıtable accountıng polıcıes and then apply them consıstently,
- make ȷudgements and accountıng estımates that are reasonable and prudent,
- state whether applıcable Internatıonal Fınancıal Reportıng Standards (IFRSs) as adopted by the European Unıon have been followed, subȷect to any materıal departures dısclosed and explaıned ın the financıal statements, and
- prepare the financıal statements on the goıng concern basıs unless ıt ıs ınapproprıate to presume that the company wıll contınue ın busıness

The dırectors are responsıble for keepıng adequate accountıng records that are sufficıent to show and explaın the company's transactıons and dısclose wıth reasonable accuracy at any tıme the financıal posıtıon of the company and enable them to ensure that the financıal statements comply wıth the Companıes Act 2006 They are also responsıble for safeguardıng the assets of the company and hence for takıng reasonable steps for the preventıon and detectıon of fraud and other ırregularıtıes

METROCENTRE LANCASTER NO.1 LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information of which the auditors are unaware and each director has taken all reasonable steps to make himself or herself aware of any relevant audit information and to establish that the auditors are aware of that information

INDEPENDENT AUDITORS
The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office Under the provisions of the Companies Act 2006, the company is not required to hold an annual general meeting Elective Resolutions are in force to dispense with the appointment of auditors annually The auditors, PricewaterhouseCoopers LLP, will therefore be deemed to be reappointed for each succeeding financial year

On behalfof the Board

David Fischel
Director
27 April 2016

METROCENTRE LANCASTER NO.1 LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF METROCENTRE LANCASTER NO.1 LIMITED

Report on the financial statements

Our opinion
In our opinion, Metrocentre Lancaster No 1 Limited's financial statements (the "financial statements")

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

What we have audited
The financial statements, included within the Report and Financial Statements (the "Annual Report"), comprise

- the Balance Sheet as at 31 December 2015,
- the Income Statement for the year then ended,
- the Statement of Cash Flows for the year then ended,
- the Statement of Changes in Equity for the year then ended, and
- the Notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory information

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates In making such estimates, they have made assumptions and considered future events

Opinion on other matter prescribed by the Companies Act 2006
In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received
Under the Companies Act 2006 we are required to report to you if, in our opinion

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

We have no exceptions to report arising from this responsibility

Directors' remuneration
Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made We have no exceptions to report arising from this responsibility

METROCENTRE LANCASTER NO.1 LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF METROCENTRE LANCASTER NO.1 LIMITED

Responsibilities for the financial statements and the audit
Our responsibilities and those of the directors
As explained more fully in the Statement of Directors' Responsibilities set out on page 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) ("ISAs (UK & Ireland)") Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

What an audit of financial statements involves
We conducted our audit in accordance with ISAs (UK & Ireland) 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

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both

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 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

R.S.S.

Ranjan Sriskandan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 April 2016

METROCENTRE LANCASTER NO.1 LIMITED

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 £	2014 £
Investment income	4	224,693	-
Operating profit/result		224,693	-
Finance income		4,654	-
Profit/result before tax	2	229,347	-
Taxation	3	-	-
Profit/result for the year		229,347	-

Other than the items in the income statement above, there are no other items of comprehensive income and accordingly a separate statement of comprehensive income has not been prepared

METROCENTRE LANCASTER NO.1 LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2015

	Note	2015 £	2014 £
Non-current assets			
Investment in subsidiary	6	60	60
		60	60
Current assets			
Trade and other receivables	7	1,828,429	1,823,775
		1,828,429	1,823,775
Total assets		1,828,489	1,823,835
Current liabilities			
Trade and other payables	8	(1,823,834)	(1,823,834)
		(1,823,834)	(1,823,834)
Total liabilities		(1,823,834)	(1,823,834)
Net assets		4,655	1
Equity			
Share capital	9	1	1
Retained earnings		4,654	-
Total equity		4,655	1

The notes on pages 10 to 16 form part of these financial statements

The financial statements on pages 6 to 16 have been approved by the Board of Directors on 27 April 2016 and signed on its behalf by

David Fischel
Director
27 April 2016

Matthew Roberts
Director
27 April 2016

METROCENTRE LANCASTER NO.1 LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital £	Retained earnings £	Total equity £
At 1 January 2014	1	-	1
Result for the year	-	-	-
Total comprehensive income for the year	-	-	-
At 31 December 2014	1	-	1
At 1 January 2015	1	-	1
Profit for the year	-	229,347	229,347
Total comprehensive income for the year	-	229,347	229,347
Dividends paid	-	(224,693)	(224,693)
At 31 December 2015	1	4,654	4,655

METROCENTRE LANCASTER NO.1 LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 £	2014 £
Profit/result before tax	229,347	-
Remove		
Investment income	(224,693)	-
Finance income	(4,654)	-
Change in trade and other receivables	(4,654)	-
Cash generated from operations	(4,654)	-
Interest received	4,654	-
Cash flows from operating activities	-	-
Investment income	224,693	-
Cash flows from investing activities	224,693	-
Dividends paid	(224,693)	-
Cash flows from financing activities	(224,693)	-
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at 1 January	-	-
Cash and cash equivalents at 31 December	-	-

1. Principal accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"), interpretations issued by the International Financial Reporting Standards Interpretations Committee and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS

The financial statements have been prepared under the historical cost convention A summary of the accounting policies is set out below

The company takes advantage of the exemption available under IAS 27 not to prepare consolidated financial statements The financial statements of Metrocentre Lancaster No 1 Limited and its subsidiary undertakings are included in the consolidated financial statements of the ultimate parent company, Intu Properties plc

In assessing whether the going concern basis of preparation is appropriate to adopt, the directors considered a number of factors including financial projections of the company and the level of financial support that may be made available to the company by its ultimate parent, Intu Properties plc In addition, the directors assessed the risk of group companies related to the company requesting settlement of the balances due to them Based on this review the directors have concluded that there is a reasonable expectation that the company will have sufficient resources to continue in operational existence for the foreseeable future and have therefore prepared the financial statements on a going concern basis

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates Where such judgements are made they are included within the accounting policies given below

The accounting policies used are consistent with those applied in the last financial statements, as amended to reflect the adoption of new standards, amendments and interpretations which became effective in the year During the year, amendments arising from the Annual Improvements Cycle to IFRSs 2011-2013 were endorsed by the EU became effective for the first time for the company's 31 December 2015 financial statements This amendment has not had a material impact on the financial statements, but has resulted in changes to presentation or disclosure

A number of standards have been issued but are not yet adopted by the EU and so are not available for early adoption The most significant of these are IFRS 9 Financial Instruments along with related amendments to other IFRSs, IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases Based on the company's current circumstances these standards are not expected to have a material impact on the financial statements

Interest income
Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate

1. Principal accounting policies (continued)

Investments in subsidiaries
Investments in Limited Liability Partnerships are carried in the balance sheet at cost less accumulated impairment losses

Impairment of assets
The company's assets are reviewed at each balance sheet date to determine whether events or changes in circumstances exist that indicate that their carrying amount may not be recoverable If such an indication exists, the asset's recoverable amount is estimated The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows

Taxation
Current tax is the amount payable on the taxable income for the year and any adjustment in respect of prior years It is calculated using rates that have been enacted or substantively enacted by the balance sheet date

Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost

Trade payables
Trade payables are recognised initially at fair value and subsequently at amortised cost

Current/non-current classification
Current assets include assets held primarily for trading purposes, cash and cash equivalents, and assets expected to be realised in, or intended for sale or consumption in, the course of the company's operating cycle All other assets are classified as non-current assets

Current liabilities include liabilities held primarily for trading purposes, liabilities expected to be settled in the course of the company's operating cycle and those liabilities due within one year from the reporting date All other liabilities are classified as non-current liabilities

2. Profit/result before tax

The profit before tax of £229,347 (2014 Result before tax £nil) did not include any fees in respect of auditors' remuneration or directors' remuneration The directors' remuneration for services to the company has been borne by other entities that are part of the Intu Properties plc group No deduction is made for auditors' remuneration of £1,600 (2014 £1,550) which was settled on behalf of the company by the ultimate parent company, Intu Properties plc, and has not been recharged

There were no employees during the year (2014 none)

3. Taxation

The tax expense for the year is lower than (2014 equal to) the standard rate of corporation tax in the UK The differences are explained below

	2015 £	2014 £
Profit/result before tax	229,347	-
Profit/result before tax multiplied by the average rate of corporation tax in the UK of 20 25% (2014 21 5%)	46,443	-
Non-taxable income	(45,500)	-
Expenses disallowed	-	328
Transfer pricing adjustment	(10,686)	(11,320)
Partnership profit taxed in company	22,237	47,554
REIT exemption - corporation tax	(12,494)	(4,312)
REIT exemption - deferred tax	-	(32,250)
Tax expense	-	-

4. Investment income

	2015 £	2014 £
Dividends received from subsidiary	224,693	-

5. Dividend paid

	2015 £	2014 £
Dividend of £224,693 per ordinary share (2014 £nil)	224,693	-

6. Investment in subsidiary

	2015	2014
	£	£
Cost		
At 1 January and 31 December	60	60

The company holds a 60% interest in Metrocentre Lancaster LLP, a limited liability partnership incorporated in England and Wales which owns, manages and develops the Former Federation Brewery site, Dunston, Tyne and Wear

7. Trade and other receivables

	2015	2014
	£	£
Amount due from subsidiary	1,823,775	1,823,775
Amount due from related party	4,654	-
	1,828,429	1,823,775

8. Trade and other payables

	2015	2014
	£	£
Amounts owed to group undertakings	1,823,834	1,823,834

Amounts owed to group undertakings are unsecured, non-interest bearing and payable on demand

9. Share capital

	2015	2014
	£	£
Issued, allotted and fully paid		
1 (2014 1) ordinary share of £1 each	1	1

10. Financial risk management

The majority of the company's financial risk management is carried out by the group treasury department and the policies for managing each of these risks and the principal effects of these policies on the results for the period are summarised below

Liquidity risk
Liquidity risk is managed to ensure that the company is able to meet future payment obligations when financial liabilities fall due Liquidity analysis is conducted to ensure that sufficient headroom is available to meet the operational requirements and committed investments The group treasury policy aims to meet this objective through maintaining adequate cash, marketable securities and committed facilities to meet these requirements The group's policy is to seek to optimise its exposure to liquidity risk by balancing its exposure to interest rate risk and to refinancing risk In effect the group seeks to borrow for as long as possible at the lowest acceptable cost

The tables below set out the maturity analysis of the company's financial liabilities based on the undiscounted contractual obligations to make payments of interest and to repay principal

	Repayable within 1 year or on demand	
	2015	2014
	£	£
Amounts owed to group undertakings	1,823,834	1,823,834

Classification of financial assets and liabilities
The table below sets out the company's accounting classification of each class of financial assets and liabilities, and their fair values at 31 December 2015 and 31 December 2014

2015	Carrying value £	Fair value £
Trade and other receivables	1,828,429	1,828,429
Total cash and receivables	1,828,429	1,828,429
Trade and other payables	(1,823,834)	(1,823,834)
Total loans and payables	(1,823,834)	(1,823,834)

10. Financial risk management (continued)

2014	Carrying value £	Fair value £
Trade and other receivables	1,823,775	1,823,775
Total cash and receivables	1,823,775	1,823,775
Trade and other payables	(1,823,834)	(1,823,834)
Total loans and payables	(1,823,834)	(1,823,834)

There are no financial assets or liabilities recognised at fair value

There were no gains or losses arising on financial assets or liabilities recognised in either the income statement or direct to equity (2014 £nil)

11. Related party transactions

During the year the company entered into the following transactions with other group undertakings

	Nature of transaction	2015 £	2014 £
Metrocentre Lancaster LLP	Receipt of dividend	224,693	-
Intu Shopping Centres plc	Payment of dividend	224,693	-
Metrocentre Lancaster LLP	Interest on shareholder loan	4,654	-

Significant balances outstanding between the company and other group undertakings are shown below

	Amounts owed by 2015 £	Amounts owed by 2014 £
Metrocentre Lancaster LLP	1,823,775	1,823,775

	Amounts owed to 2015 £	Amounts owed to 2014 £
Liberty International Group Treasury Limited	1,823,834	1,823,834

12. Ultimate parent company

The ultımate parent company ıs ıntu propertıes plc, a company ıncorporated and regıstered ın England and Wales, copıes of whose financıal statements may be obtaıned from the Company Secretary, 40 Broadway, London, SW1H 0BT The ımmedıate parent company ıs Intu Shoppıng Centres plc, a company ıncorporated and regıstered ın England and Wales whose financıal statement may be obtaıned as above