

METROCENTRE LANCASTER NO.1 LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Company number 8160413



METROCENTRE LANCASTER NO.1 LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their Strategic Report of Metrocentre Lancaster No.1 Limited ("the company") for the year ended 31 December 2016.

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 2016 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 £17,546 (2015 £229,347). Net assets at 31 December 2016 are £22,201 (2015 £4,655).

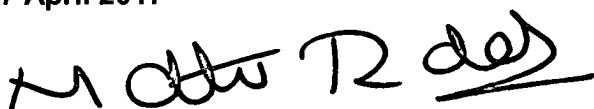
Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

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 2017



Matthew Roberts
Director
27 April 2017

METROCENTRE LANCASTER NO.1 LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and audited financial statements of the company for the year ended 31 December 2016. The company is incorporated and registered in England and Wales (company number 8160413). The company's registered office is 40 Broadway, London, England and Wales, United Kingdom, SW1H 0BU.

DIVIDENDS

During the year the company paid a dividend of £nil (2015 £224,693).

CAPITAL MANAGEMENT

The directors consider the capital of the company to be the ordinary share capital of £1. Management of this capital is performed at a group level.

FINANCIAL RISK MANAGEMENT

The company's approach to financial risk management is explained in note 10 to the financial statements.

GOING CONCERN

The directors have assessed the risk that the company is not a going concern and concluded that the going concern assumption is appropriate and prepared the annual report and financial statements on that basis. Further information regarding the adoption of the going concern can be found in note 1 to the financial statements.

DIRECTORS IN THE YEAR

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Kate Bowyer	resigned 30 September 2016
David Fischel	
Barbara Gibbes	appointed 16 January 2017
Kathryn Grant	
Matthew Roberts	

DIRECTORS' INDEMNITY PROVISION

A qualifying third party indemnity provision (as defined in S234 of the Companies Act 2006) was in force for the benefit of the directors of the company during the financial year and at the date of the approval of the financial statements. The company's ultimate parent, intu properties plc, maintains directors' and officers' insurance which is reviewed annually.

METROCENTRE LANCASTER NO.1 LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors 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.

DISCLOSURE OF INFORMATION TO AUDITORS

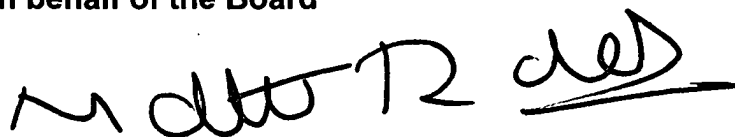
In the case of each director in office at the date the Directors' Report is approved:

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

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, were appointed during the year and 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 behalf of the Board

A handwritten signature in black ink, appearing to read 'Matthew Roberts', with a horizontal line underneath.

Matthew Roberts
Director
27 April 2017

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 2016 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 2016;
- 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.

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

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

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.

METROCENTRE LANCASTER NO.1 LIMITED

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

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.

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

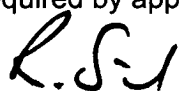
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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 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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Ranjan Sriskandan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 April 2017

METROCENTRE LANCASTER NO.1 LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Investment income	4	-	224,693
Operating result/profit		-	224,693
Finance income		17,546	4,654
Profit before tax	2	17,546	229,347
Taxation	3	-	-
Profit for the year		17,546	229,347

Other than the items in the income statement above, there are no other items of comprehensive income (2015 £nil), and accordingly a separate statement of comprehensive income has not been prepared.

METROCENTRE LANCASTER NO.1 LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2016

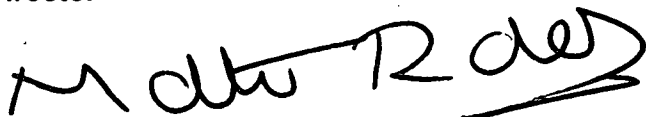
	Notes	2016 £	2015 £
Non-current assets			
Investment in subsidiary	6	<u>60</u>	<u>60</u>
Current assets			
Trade and other receivables	7	<u>1,826,077</u>	<u>1,828,429</u>
Total assets		<u>1,826,137</u>	<u>1,828,489</u>
Current liabilities			
Trade and other payables	8	<u>(1,803,936)</u>	<u>(1,823,834)</u>
Total liabilities		<u>(1,803,936)</u>	<u>(1,823,834)</u>
Net assets		<u>22,201</u>	<u>4,655</u>
Equity			
Share capital	9	<u>1</u>	<u>1</u>
Retained earnings		<u>22,200</u>	<u>4,654</u>
Total equity		<u>22,201</u>	<u>4,655</u>

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

The financial statements on pages 6 to 16 were approved by the Board of Directors on 27 April 2017 and signed on its behalf by



David Fischel
Director



Matthew Roberts
Director

METROCENTRE LANCASTER NO.1 LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital £	Retained earnings £	Total equity £
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
At 1 January 2016	1	4,654	4,655
Profit for the year	-	17,546	17,546
Total comprehensive income for the year	-	17,546	17,546
At 31 December 2016	1	22,200	22,201

METROCENTRE LANCASTER NO.1 LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 £	2015 £
Profit before tax	17,546	229,347
Remove:		
Investment income	-	(224,693)
Finance income	(17,546)	(4,654)
Change in trade and other receivables	2,352	(4,654)
Change in trade and other payables	(19,898)	-
Cash used in operations	(17,546)	(4,654)
Interest received	17,546	4,654
Cash flows from operating activities	-	-
Investment income	-	224,693
Cash flows from investing activities	-	224,693
Dividends paid	-	(224,693)
Cash flows used in 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	-	-

METROCENTRE LANCASTER NO.1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. 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 IFRS 10 not to prepare consolidated financial statements. The financial statements of Metrocentre Lancaster No.1 Limited and its subsidiary undertaking 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. 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.

A number of standards have been issued but are not yet adopted by the EU and so are not available for early adoption. Based on the company's current circumstances these standards are not expected to have a material impact on the financial statements.

Estimates and assumptions

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.

Interest income

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

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.

METROCENTRE LANCASTER NO.1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies (continued)

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.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

METROCENTRE LANCASTER NO.1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Profit before tax

The profit before tax of £17,546 (2015 £229,347) did not include any fees in respect of auditors' remuneration or directors' remuneration. The directors did not receive or waive any emoluments (2015: £nil) in respect of their services to the company. No deduction is made for auditors' remuneration of £1,645 (2015 £1,597) in respect of the audit of the financial statements which was settled on behalf of the company by the ultimate parent company, intu properties plc, and has not been recharged. No non-audit services were provided during the current or prior years.

There were no employees during the year (2015 none).

3. Taxation

The tax expense for the year is lower (2015 lower) than the standard rate of corporation tax in the UK. The differences are explained below.

	2016 £	2015 £
Profit before tax	<u>17,546</u>	<u>229,347</u>
Profit before tax multiplied by the standard rate of corporation tax in the UK of 20% (2015 20.25%)	3,509	46,443
Non-taxable income	-	(45,500)
Transfer pricing adjustment	(644)	(10,686)
Partnership profit taxed in company	36,467	22,237
Group relief	837	-
REIT exemption - corporation tax	(16,169)	(12,494)
REIT exemption - deferred tax	<u>(24,000)</u>	<u>-</u>
Tax expense	<u>-</u>	<u>-</u>

4. Investment income

	2016 £	2015 £
Dividends received from subsidiary	<u>-</u>	<u>224,693</u>

5. Dividend paid

	2016 £	2015 £
Dividend of £nil per ordinary share (2015 £224,693)	<u>-</u>	<u>224,693</u>

METROCENTRE LANCASTER NO.1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

6. Investment in subsidiary

	2016 £	2015 £
Cost:		
At 1 January and 31 December	<u>60</u>	<u>60</u>

The company holds a 60% interest in Metrocentre Lancaster LLP¹, a limited liability partnership incorporated in England and Wales which owns, manages and develops the Former Federation Brewery site, Dunston, Tyne and Wear.

¹ The Partnership's registered office is 40 Broadway, London, England and Wales, United Kingdom, SW1H 0BT.

7. Trade and other receivables

	2016 £	2015 £
Amount due from subsidiary	1,823,775	1,823,775
Amount due from related party	<u>2,302</u>	<u>4,654</u>
Total trade and other receivables	<u>1,826,077</u>	<u>1,828,429</u>

8. Trade and other payables

	2016 £	2015 £
Amounts owed to group undertakings	<u>1,803,936</u>	<u>1,823,834</u>

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

9. Share capital

	2016 £	2015 £
Issued, allotted and fully paid		
1 (2015 1) ordinary share of £1 each	<u>1</u>	<u>1</u>

METROCENTRE LANCASTER NO.1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

10. Financial risk management

The company is exposed to a variety of financial risks arising from the company's operations being principally liquidity risk.

The majority of the company's financial risk management is carried out by intu properties plc's treasury department and the policies for managing each of these risks and the principal effects of these policies on the results for the year are summarised below. Further details of the intu properties plc's financial risk management are disclosed in the group's publicly available financial statements.

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	
	2016	2015
	£	£
Amounts owed to group undertakings	<u>1,803,936</u>	<u>1,823,834</u>

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 2016 and 31 December 2015.

	Carrying value	Fair value
2016	£	£
Trade and other receivables	<u>1,826,077</u>	<u>1,826,077</u>
Total loans and receivables	<u>1,826,077</u>	<u>1,826,077</u>
Trade and other payables	<u>(1,803,936)</u>	<u>(1,803,936)</u>
Total loans and payables	<u>(1,803,936)</u>	<u>(1,803,936)</u>

METROCENTRE LANCASTER NO.1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

10. Financial risk management (continued)

2015	Carrying value £	Fair value £
Trade and other receivables	1,823,775	1,823,775
Total loans 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 (2015 £nil).

11. Related party transactions

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

		2016 £	2015 £
	Nature of transaction		
Metrocentre Lancaster LLP	Receipt of dividend	-	224,693
Metrocentre Lancaster LLP	Interest on shareholder loan	2,302	4,654

During the year the company entered into the following transaction with the parent company:

		2016 £	2015 £
	Nature of transaction		
Intu Shopping Centres plc ²	Payment of dividend	-	224,693

² The company's registered office is 40 Broadway, London, England and Wales, United Kingdom, SW1H 0BT.

METROCENTRE LANCASTER NO.1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

11. Related party transactions (continued)

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

	Amounts owed by	
	2016	2015
	£	£
Metrocentre Lancaster LLP	<u>1,823,775</u>	<u>1,823,775</u>

	Amounts owed to	
	2016	2015
	£	£
Liberty International Group Treasury Limited ³	<u>1,803,936</u>	<u>1,823,834</u>

³ The company's registered office is 40 Broadway, London, SW1H 0BT.

12. Ultimate parent company

The ultimate parent company is intu properties plc, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained from the Company Secretary, 40 Broadway, London, SW1H 0BT. The immediate parent company is Intu Shopping Centres plc, a company incorporated and registered in England and Wales whose financial statement may be obtained as above.