

METROCENTRE LANCASTER NO.1 LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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METROCENTRE LANCASTER NO.1 LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors submit their Strategic Report of Metrocentre Lancaster No.1 Limited ('the company') for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The principal activity of the company is 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 company's results and financial position for the year ended 31 December 2017 are set out in full in the income statement, the balance sheet, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

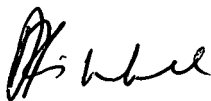
The company recorded a profit before taxation of £15,690 compared with a profit before taxation of £17,546 for the previous year. Net assets at 31 December 2017 were £37,891, an increase of £15,690 from the 31 December 2016 figure of £22,201.

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

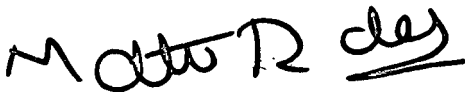
Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

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
26 April 2018



Matthew Roberts
Director
26 April 2018

METROCENTRE LANCASTER NO.1 LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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

The company is incorporated and registered in England and Wales (company number 8160413). The company's registered office is 40 Broadway, London, United Kingdom, SW1H 0BT.

DIVIDENDS

The directors do not recommend a dividend for the year (2016 £nil).

FINANCIAL RISK MANAGEMENT

The company's approach to financial risk management is explained in note 7 to the financial statements.

CAPITAL MANAGEMENT

The directors consider the capital of the company to be the ordinary share capital of £1 (2016 £1). Management of this capital is performed at a group level.

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

The directors who held office during the year and until the date of this report are given below:

David Fischel

Barbara Gibbes

Kathryn Grant

Matthew Roberts

(Appointed 16 January 2017)

DIRECTORS' INDEMNITY PROVISION

A qualifying 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 (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

STATEMENT OF 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 prepared the financial statements in accordance with International Financial Reporting Standards ('IFRS') 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 these 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.

STATEMENT OF DISCLOSURE 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 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, 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



David Fischel
Director
26 April 2018

METROCENTRE LANCASTER NO.1 LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE DIRECTORS OF METROCENTRE LANCASTER NO.1 LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Metrocentre Lancaster No.1 Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2017; the income statement, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

METROCENTRE LANCASTER NO.1 LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE DIRECTORS OF METROCENTRE LANCASTER NO.1 LIMITED

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; 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 (CONTINUED)

TO THE DIRECTORS OF METROCENTRE LANCASTER NO.1 LIMITED

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Robert Hawkins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 April 2018

METROCENTRE LANCASTER NO.1 LIMITED

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
Finance income		15,690	17,546
Profit before taxation		15,690	17,546
Taxation	3	-	-
Profit for the year		15,690	17,546

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 2017

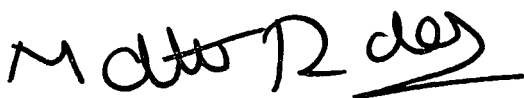
	Notes	2017 £	2016 £
Non-current assets			
Investment in subsidiaries	4	60	60
Current assets			
Trade and other receivables	5	1,830,580	1,826,077
Total assets		1,830,640	1,826,137
Current liabilities			
Trade and other payables	6	(1,792,749)	(1,803,936)
Total liabilities		(1,792,749)	(1,803,936)
Net assets		37,891	22,201
Equity			
Share capital	8	1	1
Retained earnings		37,890	22,200
Total equity		37,891	22,201

The notes on pages 11 to 17 form part of these financial statements

The financial statements were approved by the Board of directors and authorised for issue on 26 April 2018 and were 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 2017

	Notes	Share capital £	Retained earnings £	Total equity £
Balance 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
Balance at 31 December 2016		1	22,200	22,201
Balance at 1 January 2017		1	22,200	22,201
Profit for the year		-	15,690	15,690
Total comprehensive income for the year		-	15,690	15,690
Balance at 31 December 2017		1	37,890	37,891

METROCENTRE LANCASTER NO.1 LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
Cash flows from operating activities			
Cash used in operations	9	(15,690)	(17,546)
		<hr/>	<hr/>
Net cash outflow from operating activities		(15,690)	(17,546)
Investing activities			
Interest received		15,690	17,546
		<hr/>	<hr/>
Net cash generated from investing activities		15,690	17,546
Net cash used in financing activities		<hr/> -	<hr/> -
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of year		<hr/> -	<hr/> -
Cash and cash equivalents at end of year		<hr/> -	<hr/> -

METROCENTRE LANCASTER NO.1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Principal accounting policies

These 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 on the historical cost basis. The principal accounting policies adopted are set out below.

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.

The company takes advantage of the exemption available under IFRS 10 not to prepare consolidated financial statements. The financial statements of the company and its subsidiary undertakings are included in the financial statements of the ultimate parent company, intu properties plc.

A number of standards and amendments to standards have been issued but are not yet effective for the current year. 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 management to make judgements and use estimates 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 judgements and estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Interest income

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

Investments

Investments in Limited Liability Partnerships are carried on the balance sheet at cost less any provision for impairment.

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.

Trade receivables

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

The directors exercise judgement as to the collectability of the trade receivables and determine if it is appropriate to impair these assets. Factors such as days past due, credit status of the counterparty and historical evidence of collection are considered.

METROCENTRE LANCASTER NO.1 LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

1 Principal accounting policies (continued)

Trade payables

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

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.

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.

2 Operating profit

The profit before taxation of £15,690 (2016 profit before taxation of £17,546) did not include any amounts in respect of auditors' remuneration or directors' remuneration (2016 £nil). The directors' remuneration for services to the company has been borne by other entities that are part of intu properties plc group. No deduction is made for auditors' remuneration of £1,694 (2016 £1,645) 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 (2016 none).

METROCENTRE LANCASTER NO.1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

3 Taxation

The tax expense for the year is lower than (2016 lower than) the standard rate of corporation tax in the UK. The differences are explained below:

	2017 £	2016 £
Profit before taxation	15,690	17,546
Profit before tax multiplied by the standard rate of tax in the UK of 19.25% (2016 20.00%)	3,020	3,509
Group relief (without payment)	820	837
Transfer pricing adjustment	(11,812)	(644)
Partnership profit taxed in company	10,691	36,467
REIT exemption - corporation tax	746	(16,169)
REIT exemption - deferred tax	(3,465)	(24,000)
Tax expense	-	-

4 Investments in subsidiaries

	2017 £	2016 £
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.

* The Partnership's registered office is 40 Broadway, London, United Kingdom, SW1H 0BT.

5 Trade and other receivables

	2017 £	2016 £
Amounts owed by subsidiary undertakings	1,827,926	1,823,775
Interest receivable on amounts owed by subsidiary undertakings	2,654	2,302
	1,830,580	1,826,077

METROCENTRE LANCASTER NO.1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

6 Trade and other payables

	2017 £	2016 £
Amounts owed to group undertakings	<u>1,792,749</u>	<u>1,803,936</u>

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

7 Financial risk management

The company is exposed to a variety of 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 group's policies for managing each of these risks as they apply to the company and the principal effects of these policies on the results for the year are summarised below. Further details of 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. Where interest payment obligations are based on a floating rate the rates used are those implied by the par yield curve.

	Repayable within 1 year or on demand £	Total £
At 31 December 2017		
Amounts owed to group undertakings	<u>1,792,749</u>	<u>1,792,749</u>
At 31 December 2016		
Amounts owed to group undertakings	<u>1,803,936</u>	<u>1,803,936</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 2017 and 31 December 2016.

METROCENTRE LANCASTER NO.1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

7 Financial risk management (continued)

	Carrying value £	Fair value £
2017		
Trade and other receivables	1,830,580	1,830,580
Total cash and receivables	<u>1,830,580</u>	<u>1,830,580</u>
Trade and other payables	(1,792,749)	(1,792,749)
Total loans and payables	<u>(1,792,749)</u>	<u>(1,792,749)</u>
	Carrying value £	Fair value £
2016		
Trade and other receivables	1,826,077	1,826,077
Total cash and receivables	<u>1,826,077</u>	<u>1,826,077</u>
Trade and other payables	(1,803,936)	(1,803,936)
Total loans and payables	<u>(1,803,936)</u>	<u>(1,803,936)</u>

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 (2016 £nil).

8 Share capital	2017 £	2016 £
<i>Issued, called up and fully paid</i>		
1 (2016 1) Ordinary share of £1 each	<u>1</u>	<u>1</u>

METROCENTRE LANCASTER NO.1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

9 Cash generated from operations

	2017 £	2016 £
Profit before tax	15,690	17,546
Adjustments for:		
Finance income	(15,690)	(17,546)
Movements in working capital:		
(Increase)/decrease in trade and other receivables	(4,503)	2,352
Decrease in trade and other payables	(11,187)	(19,898)
Cash used in operations	<u>(15,690)</u>	<u>(17,546)</u>

10 Related party transactions

During the year the company entered into the following transactions with subsidiary undertakings:

	Nature of transaction	2017 £	2016 £
Metrocentre Lancaster LLP	Interest on shareholder loan	<u>2,654</u>	<u>2,303</u>

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

	Amounts owed by	
	2017 £	2016 £
Metrocentre Lancaster LLP	<u>1,827,926</u>	<u>1,823,775</u>

	Amounts owed to	
	2017 £	2016 £
Liberty International Group Treasury Limited*	<u>1,792,749</u>	<u>1,803,936</u>

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

METROCENTRE LANCASTER NO.1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

11 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, copies of whose financial statements may be obtained as above.