

**NORTHERN RETAIL ESTATES LIMITED**

**FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2010**

**Registered number: 3312326**

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# **NORTHERN RETAIL ESTATES LIMITED**

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**NORTHERN RETAIL ESTATES LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISORS**

**DIRECTORS**

I E Baker  
F M Harnetty  
R A Gilchrist  
R M. Plummer  
N A Shegog

**SECRETARY AND REGISTERED OFFICE**

Cornhill Secretaries Limited  
St Paul's House  
Warwick Lane  
London  
EC4P 4BN

**AUDITOR**

Deloitte LLP  
Chartered Accountants  
London

# **NORTHERN RETAIL ESTATES LIMITED**

## **DIRECTORS' REPORT**

The directors present their report and the audited financial statements for the year ended 31 December 2010

The Directors' Report has been prepared in accordance with the provisions applicable to companies entitled to small companies' exemption

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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. 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.

### **Principal activity and review of business and future developments**

The principal activity of the company during the year was the development and letting of commercial property.

### **Results and dividends**

The profit for the year amounted to £256,906 (2009 £127,215). The directors do not recommend the payment of a dividend for the year (2009 £nil). An amount of £256,906 has been transferred to reserves (2009 £127,215).

### **Directors and their interests**

The directors who served throughout the year are shown on page 1.

### **Financial Risk Management objectives and policy**

The directors meet periodically to discuss financial risks. The directors do not feel that the company is exposed to significant price or credit risk. No hedging arrangements have been entered into.

### **Basis for preparation of the financial statement**

The company's financial statements have been prepared on a basis other than going concern. This is based on the assumption that the process of liquidation / striking off will commence within 12 months from the date of their approval. The sole property in the company – Whitechapel, Liverpool was sold in June 2010. The company has no long term financial liabilities.

# **NORTHERN RETAIL ESTATES LIMITED**

## **DIRECTORS' REPORT**

### **Auditor**

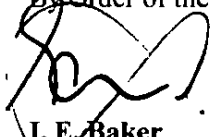
Each of the persons who is a director at the date of approval of this report confirms that

- 1 so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- 2 the director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of the information

This confirmation is given and should be interpreted in accordance with the provisions of s416 of the Companies Act 2006

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting

By Order of the Board



**I. E. Baker**  
**Director**

25 March 2011

# **NORTHERN RETAIL ESTATES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE SOLE MEMBER OF NORTHERN RETAIL ESTATES LIMITED**

We have audited the financial statements of Northern Retail Estates Limited for the year ended 31 December 2010 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 19. 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 Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **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 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Emphasis of matter – Financial statements prepared other than on a going concern basis**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

### **Opinion on other matters 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.

## **NORTHERN RETAIL ESTATES LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE SOLE MEMBER OF NORTHERN RETAIL ESTATES LIMITED**

#### **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, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime or take advantage of the small companies exemption in preparing the directors' report



Mark Beddy (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
London  
United Kingdom

25 March 2011

# NORTHERN RETAIL ESTATES LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 £	2009 £
Turnover	2	2,603,973	213,509
Cost of sales	3	<u>(2,279,119)</u>	<u>(1,388)</u>
Net operating income		324,854	212,121
Administrative expenses	4	<u>(15,940)</u>	<u>(26,957)</u>
Operating profit	5	308,914	185,164
Interest receivable and similar income		20,173	172
Interest payable and similar charges	7	<u>(784)</u>	<u>(24,304)</u>
Profit on ordinary activities before taxation		328,303	161,032
Tax charge on profit on ordinary activities	8	<u>(71,397)</u>	<u>(33,817)</u>
Retained profit for the financial year transferred to reserves	13	<u>256,906</u>	<u>127,215</u>

There are no recognised gains or losses other than the profit for both the current and preceding years. Accordingly, no statement of total recognised gains and losses is presented.

# NORTHERN RETAIL ESTATES LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2010

### Current assets

Stock - properties held for resale	9	-	2,277,940
Debtors	10	2,425,514	-
Cash at bank and in hand		<u>75,167</u>	<u>66,958</u>
		2,500,681	2,344,898

### Current liabilities

Creditors amounts falling due within one year	11	<u>(78,587)</u>	<u>(105,781)</u>
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### Net current assets

2,422,094                      2,239,117

Creditors amounts falling due after more than one year	11	<u>-</u>	<u>(73,929)</u>
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### Net assets

2,422,094                      2,165,188

### Represented by:

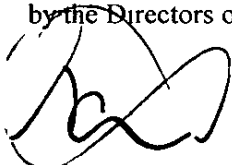
### Capital and reserves

Called-up share capital	12	2	2
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Profit and loss account	13	<u>2,422,092</u>	<u>2,165,186</u>
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Shareholder's funds	14	<u>2,422,094</u>	<u>2,165,188</u>
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The financial statements of Northern Retail Estates Limited, registration number 3312324, were approved by the Directors on 25 March 2011



**I. E. Baker**  
Director

**NORTHERN RETAIL ESTATES LIMITED**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 £	2009 £
Net cash inflow from operating activities	15	43,643	31,426
Returns on investment and servicing of finance	16	(1,640)	(27,169)
Taxation paid		<u>(33,974)</u>	<u>(24,343)</u>
Increase / (decrease) in cash in the year	17	<u>8,209</u>	<u>(20,086)</u>
<b>Reconciliation of net cash flow to movement in net funds</b>		<b>2010 £</b>	<b>2009 £</b>
Increase / (decrease) in cash in the year		<u>8,209</u>	<u>(20,086)</u>
Change in net funds		8,209	(20,086)
Net funds at 1 January		<u>66,958</u>	<u>87,044</u>
Net funds at 31 December		<u>75,167</u>	<u>66,958</u>

# **NORTHERN RETAIL ESTATES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010**

### **1. Principal accounting policies**

#### **a) Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding year.

#### **b) Turnover**

Rents receivable represents rental income from freehold properties in the normal course of business and is stated net of VAT. Where a lease includes a rent free period the rental income from that lease is credited to the revenue account equally over the period from inception to the first open market rent review in the lease. Rents receivable in respect of properties disposed of in the period are included up to the point of disposal. Other rents are credited to the profit and loss account when earned. Turnover also includes amounts receivable on the disposal of trading properties net of selling expenses.

#### **c) Stock - properties held for resale**

These assets are included in the accounts at the lower of cost and net realisable value. Cost for this purpose comprises the purchase cost of freehold land and buildings, development expenditure, attributable interest up to the date of completion and attributable overheads.

#### **d) Taxation**

UK corporation tax payable is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

#### **e) Financial liabilities and equity**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **f) Basis for preparation of financial statements**

As explained in the directors' report, the company ceased trading at the year end. The financial statements have been prepared on a basis other than that of a going concern which includes, where appropriate, writing down the company's assets to net realisable value. Provision has also been made for any onerous contractual commitments at the balance sheet date. The financial statements do not include any provision for the future costs of terminating the business of the company except to the extent that such were committed at the balance sheet date.

# NORTHERN RETAIL ESTATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

### 2. Turnover

The company's entire turnover originated within the United Kingdom

	2010 £	2009 £
Turnover represents the following		
Rents receivable	103,973	213,509
Net amount receivable on disposal of trading property	<u>2,500,000</u>	<u>-</u>
	<u>2,603,973</u>	<u>213,509</u>

### 3. Cost of sales

	2010 £	2009 £
Property operating costs		
Cost of trading properties disposed of	(2,277,941)	-
Other property operating costs	<u>(1,178)</u>	<u>(1,388)</u>
	<u>(2,279,119)</u>	<u>(1,388)</u>

Other property operating costs represent non-recoverable property costs as follows

	2010 £	2009 £
Property management fees	(1,125)	(2,634)
Valuation and insurance (charge) / refund	<u>(53)</u>	<u>1,246</u>
	<u>(1,178)</u>	<u>(1,388)</u>

### 4. Administrative expenses

	2010 £	2009 £
These expenses comprise the operating costs of the company		
Administration costs	(11,877)	(8,716)
Property manager's fees (see note 19)	<u>(4,063)</u>	<u>(18,241)</u>
	<u>(15,940)</u>	<u>(26,957)</u>

# NORTHERN RETAIL ESTATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

### 5. Operating profit

Operating profit is stated after charging	2010 £	2009 £
Fees payable to the company's auditor for the audit of the company's financial statements	<u>(4,000)</u>	<u>(4,000)</u>

No non-audit fees were paid to the company's auditor in the year ended 31 December 2010 (2009 £nil)

### 6. Particulars of employees

No director received any emoluments in respect of their position as a director of the company in the year ended 31 December 2010 (2009 £nil) The company has no other employees (2009 none)

### 7. Interest payable and similar charges

	2010 £	2009 £
Interest payable to parent undertaking	(784)	(5,450)
The Partnership's swap cancellation fee	<u>-</u>	<u>(18,854)</u>
	<u>(784)</u>	<u>(24,304)</u>

### 8. Tax charge on profit on ordinary activities

Current tax:	2010 £	2009 £
UK corporation tax	<u>(71,397)</u>	<u>(33,817)</u>

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

Profit on ordinary activities before tax	<u>328,303</u>	<u>161,032</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 28% (2009. 20% / 21% part period due to changes in taxation rates)	(91,925)	(33,817)
Small companies relief	20,505	-
Prior year adjustment	<u>23</u>	<u>-</u>
Current tax charge for the year	<u>(71,397)</u>	<u>(33,817)</u>

# NORTHERN RETAIL ESTATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

### 9. Stock – properties held for resale

	2010 £	2009 £
Stock held at the lower of cost and net realisable value	<u>2,277,940</u>	<u>2,277,940</u>
The movement in book value is as follows		
Disposals	<u>(2,277,940)</u>	<u>-</u>
Closing cost at 31 December	<u>-</u>	<u>2,277,940</u>

For information purposes only – the following provides an analysis of the movement in the open market value of properties held for resale

	2010 £	2009 £
Opening market value at 1 January	2,800,000	3,000,000
Decrease in open market value	-	(200,000)
Disposals	<u>(2,800,000)</u>	<u>-</u>
Closing market value at 31 December	<u>-</u>	<u>2,800,000</u>

The sole property in the company – Whitechapel, Liverpool was sold in June 2010

### 10. Debtors

	2010 £	2009 £
Amount due from parent undertaking	2,405,402	-
Interest receivable from parent undertaking	<u>20,112</u>	<u>-</u>
	<u>2,425,514</u>	<u>-</u>

There was no cash transfer on the sale of Whitechapel, Liverpool. A new loan was agreed between the company and its parent. Of the amount due from the parent undertaking noted above, £1,924,466 (2009: £nil) is by way of an interest bearing loan at a rate of 1.5% over one month LIBOR, repayable by 31 December 2012. The remaining balance is by way of interest free loan.

# NORTHERN RETAIL ESTATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

### 11. Creditors

	2010		2009	
	Due within one year £	Due after one year £	Due within one year £	Due after one year £
Amount owed to parent undertaking	-	-	-	73,929
Corporation tax	71,420	-	33,817	-
Other taxation	267	-	9,249	-
Accruals due to parent undertaking	-	-	542	-
Other accruals	6,900	-	11,392	-
Deferred income	-	-	50,781	-
	<u>78,587</u>	<u>-</u>	<u>105,781</u>	<u>73,929</u>

The amount owed to the parent undertaking above has been offset against the amount owed from the parent undertaking after the sole property Whitechapel, Liverpool was sold to the Retail Plus Property Partnership in June 2010 (see note 10)

### 12. Called-up share capital

	2010 £	2009 £
<b>Authorised</b>		
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
<b>Allotted, called-up and fully paid</b>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

### 13. Profit and loss account

	2010 £	2009 £
Opening balance	2,165,186	2,037,971
Profit for the year	<u>256,906</u>	<u>127,215</u>
Closing balance	<u>2,422,092</u>	<u>2,165,186</u>

# NORTHERN RETAIL ESTATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

### 14. Reconciliation of movements in shareholder's funds

	2010 £	2009 £
Opening shareholder's funds	2,165,188	2,037,973
Profit for the year	256,906	127,215
Closing shareholder's funds	<u>2,422,094</u>	<u>2,165,188</u>

### 15. Reconciliation of operating profit to net cash inflow from operating activities

	2010 £	2009 £
Operating profit	308,914	185,164
Decrease in stock	2,277,940	-
(Increase)/ decrease in debtors	(2,405,402)	9,092
Decrease in creditors	<u>(137,809)</u>	<u>(162,830)</u>
<b>Net cash inflow from operating activities</b>	<u>43,643</u>	<u>31,426</u>

### 16. Returns on investment and servicing of finance

	2010 £	2009 £
Interest received	61	172
Interest paid	<u>(1,701)</u>	<u>(27,341)</u>
<b>Net cash outflow</b>	<u>(1,640)</u>	<u>(27,169)</u>

### 17. Change in cash in the year

	1 January 2010 £	Cash flow £	31 December 2010 £
Cash at bank	<u>66,958</u>	<u>8,209</u>	<u>75,167</u>

### 18. Ultimate parent undertaking

The company's immediate parent is the Retail Plus Property Partnership. Its ultimate parent and controlling party, and the parent of the smallest and largest group for which group accounts are prepared of which the company is a member, is Retail Plus Property Trust, a Trust registered in Jersey. Copies of that party's accounts can be obtained on request from the manager, Retail Plus Limited, 22-24 Seale Street, St Helier, Jersey, JE2 3QG.

# **NORTHERN RETAIL ESTATES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010**

### **19. Related party transactions**

	<b>Balances with related party</b>	
	<b>31 December 2010</b>	<b>31 December 2009</b>
	<b>£</b>	<b>£</b>
Accruals due from / (to) parent undertaking	<u>20,112</u>	<u>(542)</u>

During the year the company paid interest of £784 (2009 £5,450) to its parent. After the property sale the interest accrued to the company amounted to £20,112 (2009 £nil), no interest was paid in the year under review.

Rockspring Property Investment Managers LLP ("Rockspring") acts as a Property Investment Manager to the Partnership and Property Investment Advisors to the Retail Plus Property Trust. The company's directors are also Partners of Rockspring. During the year under review Rockspring provided services costing £4,063 (2009 £18,241) to the company.