

Financial statements

Gower Street Estates Limited

For the year ended 31 March 2012

ALBERT DOCK
LIVERPOOL



Company No 03355588

Company information

Company registration number	03355588
Registered office	C/o CBRE Limited Castle Chambers 43 Castle Street Liverpool L2 9SH
Directors	G M Cook D Crone S A Grindrod
Secretary	St Paul's Secretaries Limited
Bankers	Santander UK plc Bootle Merseyside GIR 0AA
Solicitors	Hill Dickinson LLP No 1 St Paul's Square Liverpool L3 9SJ
Property manager	C B Richard Ellis Limited Castle Chambers 43 Castle Street Liverpool L2 9SH
Auditors	Grant Thornton UK LLP Statutory Auditor Chartered Accountants Royal Liver Building Liverpool L3 1PS

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Report of the directors

The directors present their report together with the audited financial statements for the year ended 31 March 2012

Principal activities

The company is limited by guarantee. The company is principally engaged as property owners and managers.

Result for the year

There was a loss for the year after taxation amounting to £73,512 (2011 profit £112,849)

Business review

Gower Street Estate has again seen many challenges and opportunities for all business sectors within the Albert Dock magnified by the uncertain economic situation.

Despite this, the Dock has continued to attract increasing visitors, including leisure operators, tourists, residents, cultural visitors and businesses. The Albert Dock has supported and hosted many successes during the reporting year and this was kick started with discussions with the City to deliver "Sea Odyssey" in April 2011. The event estimated an audience of 500,000, centered around Albert Dock and the waterfront. This demonstrated the Estate's appeal to event organisers and visitors whilst proving our ability to work effectively with the key agencies within the City. The Directors have continued to support and invest in events and will continue to do so with a focus on animation outside of the key holidays and further support existing events. We need to understand better the benefit and impact of our investment and this is a key theme for next year.

Tourist numbers have been remarkably robust as a result of proactive partnerships with the regional tourism authorities. The development of partnerships and encouraging links to new initiatives has proved crucial in driving footfall. Liverpool One, Arena and Convention Centre Liverpool and The Museum of Liverpool on Mann Island are key City and Waterfront assets that benefit the Dock attractions and businesses through increased footfall and national marketing campaigns.

On the Dock, we are fortunate to play host to a number of key attractions which have continued to play a major role in attracting visitors to the Dock. The Maritime Museum programmed the highly acclaimed *Titanic* Exhibition, which has proven to be their most visited exhibition to date. Tate Liverpool had a successful year with the *Rene Magritte* exhibition. We are grateful our cultural partners continue to invest in high profile events that drive footfall and support the brand values to be iconic, diverse and memorable.

Albert Dock's position is central to the Liverpool Waterfront Business Partnership. GSE is a founding partner and continues to provide leadership to help shape the strategy to promote the waterfront to the world premier league of destination waterfronts. Albert Dock will benefit from working closely with its waterfront neighbours to market and promote the area to Cruise Ship passengers and conference delegates as well as enhancing the visitor offer.

The Board continues to work with the City as well as the Canal and River Trust to provide a cohesive world class waterfront attraction. Proposals for further improvements in the public realm and water space are critical, to ensure repeat visits from tourists will continue.

The challenges of our business occupiers are understood as one Pavilion remains empty and another not fully occupied. The Board have committed to maintaining a level of service charge consistent with inflation and to pro actively manage peaks in the Docks maintenance schedules. To this end the company funded the resurfacing works on the estate roads and the upgrade and resurfacing of Hartley Bridge in 2011.

Report of the directors

Business review - continued

The Directors appointed a Business Development Manager in September 2011 to identify future commercial options for the Company to generate income and to continue to invest in large capital items, events and marketing and support tenants and occupiers on the estate. This role has brought together a more cohesive Dock both internally and externally by managing CBRE on site, liaising with the Tenants Association of the Albert Dock Company, and representing the Estate within the City. This has begun a period of growth and development in income and research into potential matched funding options for developmental projects.

The Directors are committed to preserving the Albert Dock's position as a major asset for the City as an iconic tourist attraction whilst building the foundations for the future and economic viability of the estate.

Directors

The membership of the Board is set out below. All directors served on the Board throughout the year, except as noted below:

C Stananought (resigned 15 December 2011)
G M Cook
D Crone
E J Renshaw (resigned 14 December 2011)
S A Grindrod
R M Mulhearn (resigned 10 September 2012)

Statement of directors' responsibilities

The directors are responsible for preparing the Report of the directors and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which 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 year. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In so far as each of the directors is aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

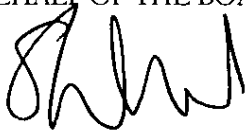
The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the directors

Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 485 of the Companies Act 2006

ON BEHALF OF THE BOARD

A handwritten signature in black ink, appearing to be 'S A Grindrod', written over the text 'ON BEHALF OF THE BOARD'.

S A Grindrod
Director
17 December 2012



Report of the independent auditor to the members of Gower Street Estates Limited

We have audited the financial statements of Gower Street Estates Limited for the year ended 31 March 2012 which comprise the principal accounting policies, the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein. 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 March 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Report of the independent auditor to the members of Gower Street 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

Grant Thornton UK LLP

Carl Williams
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Liverpool
17 December 2012

Principal accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards and the Companies Act 2006 and under the historical cost convention, except that they have been modified to include the revaluation of fixed assets

The principal accounting policies of the company have remained unchanged from the previous year and are set out below

Turnover

Turnover is the total amount receivable by the company in the ordinary course of business with outside customers for services supplied as a principal excluding VAT

Service charges and car park income are accounted for in the year to which the income relates

Tangible fixed assets and depreciation

Freehold property

Tangible fixed assets are revalued annually and are included in the balance sheet at their open market values. The surplus or deficit on revaluation of such properties is transferred to the revaluation reserve. Depreciation is not provided.

This policy represents a departure from the Companies Act 2006, which requires depreciation to be provided on all fixed assets. The directors consider that this policy is necessary in order that the financial statements may give a true and fair view, because current values and changes in current values are of prime importance rather than the calculation of systematic annual depreciation. Depreciation is only one of many factors reflected in the valuation.

Alterations to freehold property

Significant items of capital expenditure are included at cost. Depreciation is provided over the useful life of the assets, commencing with a full year's charge in the year of acquisition. The rate generally applicable is 10 years.

Minor items of capital expenditure are charged to the profit and loss account as incurred.

Grants receivable

Grants receivable of a capital nature are included as deferred income and released to the profit and loss account over the useful life of the relevant assets.

Grants of a revenue nature are credited to the profit and loss account in the same period as the relevant expenditure.

Profit and loss account

	Note	2012 £	2011 £
Turnover	1	1,776,116	1,846,519
Cost of sales		<u>(1,382,175)</u>	<u>(1,214,284)</u>
Gross profit		393,941	632,235
Administrative costs		<u>(506,576)</u>	<u>(502,761)</u>
Operating (loss)/profit		(112,635)	129,474
Interest receivable	2	38,999	14,655
(Loss)/profit on ordinary activities before taxation	1	<u>(73,636)</u>	<u>144,129</u>
Tax on (loss)/profit on ordinary activities	5	124	(31,280)
(Loss)/profit for the financial year	10	<u>(73,512)</u>	<u>112,849</u>

All of the activities of the company are classed as continuing

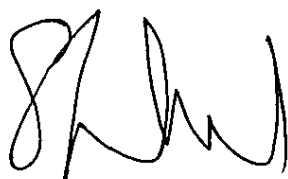
There were no recognised gains or losses other than the result for the financial year

The accompanying accounting policies and notes form an integral part of these financial statements

Balance sheet

	Note	2012 £	2011 £
Tangible fixed assets	6	<u>2,523,472</u>	<u>3,925,573</u>
Current assets			
Debtors	7	951,693	200,580
Bank and cash balances		<u>1,285,279</u>	<u>1,966,736</u>
		<u>2,236,972</u>	<u>2,167,316</u>
Creditors amounts falling due within one year	8	<u>(616,488)</u>	<u>(479,910)</u>
Net current assets		<u>1,620,484</u>	<u>1,669,406</u>
Total assets less current liabilities		<u>4,143,956</u>	<u>5,594,979</u>
Provisions for liabilities and charges	9	<u>(607,313)</u>	<u>(564,824)</u>
Net assets		<u>3,536,643</u>	<u>5,030,155</u>
Capital and reserves			
Profit and loss account	10	1,456,643	1,530,155
Revaluation reserve	10	<u>2,080,000</u>	<u>3,500,000</u>
Members' funds	10	<u>3,536,643</u>	<u>5,030,155</u>

The financial statements were approved by the Board of Directors on 17 December 2012, and signed on its behalf by



S A Grindrod
Director

The accompanying accounting policies and notes form an integral part of these financial statements

Other primary statements

Statement of total recognised gains and losses

	Note	2012 £	2011 £
(Loss)/profit for the financial year		(73,512)	112,849
Unrealised deficit on revaluation of fixed assets	6	(1,420,000)	-
Total recognised gains and losses for the year		<u>(1,493,512)</u>	<u>112,849</u>

The accompanying accounting policies and notes form an integral part of these financial statements

Notes to the financial statements

1 Turnover and loss on ordinary activities before taxation

The turnover and loss on ordinary activities before taxation is attributable to the principal activity of the business, which is carried on in a single geographical market

The loss on ordinary activities before taxation is stated after

	2012 £	2011 £
Depreciation of owned assets	64,991	64,991
Auditors' remuneration	<u>9,750</u>	<u>9,250</u>

2 Interest receivable

	2012 £	2011 £
Bank interest	<u>38,999</u>	<u>14,655</u>

3 Directors and employees

The company had one employee during the year (2011 Nil) Salaries paid for the year amounted to £29,697 (2011 £Nil)

The directors did not receive any remuneration during either year

4 Related party transactions

Each director of the company is a director of one of the entities to which this company renders, either directly or indirectly, service charges. These service charges recover all relevant costs incurred resulting in neither profit nor loss to this company.

Notes to the financial statements

5 Taxation

(a) Analysis of charge in the year

	2012 £	2011 £
Current taxation		
UK corporation tax payable @ 21% (2011 21%)	-	32,500
Over provision in respect of prior year	(124)	(1,220)
Total current tax	<u>(124)</u>	<u>31,280</u>

(b) Factors affecting the tax charge in the year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 21% (2011 21%)

The differences are explained below

	2012 £	2011 £
(Loss)/profit on ordinary activities before taxation	<u>(73,636)</u>	<u>144,129</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21% (2011 21%)	(15,464)	30,267
Effects of		
Capital allowances in excess of depreciation	(5,205)	2,233
Losses carried forward	20,669	-
Over provision in respect of prior year	(124)	(1,220)
Current tax charge for the year	<u>(124)</u>	<u>31,280</u>

Notes to the financial statements

6 Tangible fixed assets

	Total £	Freehold interest £	Alterations to freehold property £
Cost or valuation			
At 1 April 2011	4,149,894	3,500,000	649,894
Additions	82,890	-	82,890
Revaluation	(1,420,000)	(1,420,000)	-
At 31 March 2012	<u>2,812,784</u>	<u>2,080,000</u>	<u>732,784</u>
Depreciation			
At 1 April 2011	224,321	-	224,321
Charge for the year	64,991	-	64,991
At 31 March 2012	<u>289,312</u>	<u>-</u>	<u>289,312</u>
Net book value			
At 31 March 2012	<u>2,523,472</u>	<u>2,080,000</u>	<u>443,472</u>
At 31 March 2011	<u>3,925,573</u>	<u>3,500,000</u>	<u>425,573</u>

The company has a freehold interest in the Albert Dock estate. This was transferred to the company at £Nil cost.

At 31 March 2012, the property was revalued by C B Richard Ellis Limited, Chartered Surveyors, in the sum of £2,080,000. The basis of the valuation was open market value.

7 Debtors

	2012 £	2011 £
Other debtors	17,872	3,264
Due from the property manager	887,127	149,270
VAT recoverable	46,694	48,046
	<u>951,693</u>	<u>200,580</u>

The balance due from the property manager comprises £887,127 (2011 £149,270) held in client account.

Notes to the financial statements

8 Creditors: amounts falling due within one year

	2012 £	2011 £
Accruals and deferred income	608,591	461,860
Other creditors	7,897	3,550
Corporation tax	-	32,500
	<u>616,488</u>	<u>497,910</u>

9 Provision for liabilities and charges

	Total £	Other provisions £	Deferred grants £
At 1 April 2011	564,824	347,849	216,975
Released in the year	(33,250)	-	(33,250)
Provided during the year	85,729	85,729	-
Utilised in the year	(9,990)	(9,990)	-
At 31 March 2012	<u>607,313</u>	<u>423,588</u>	<u>183,725</u>

Other provisions relate to the anticipated costs of long-term dock wall maintenance

10 Members' funds

	Profit and loss account £	Revaluation reserve £	Total £
At 1 April 2011	1,530,155	3,500,000	5,030,155
Loss for the financial year	(73,512)	-	(73,512)
Revaluation in year	-	(1,420,000)	(1,420,000)
At 31 March 2012	<u>1,456,643</u>	<u>2,080,000</u>	<u>3,536,643</u>

11 Capital commitments

The company had capital commitments of £Nil at 31 March 2012 (31 March 2011 £Nil)

12 Contingent liabilities

The company has received capital grants which are released to the profit and loss account over the useful life of the relevant assets. In certain circumstances some of the grants received may be repayable to the provider.