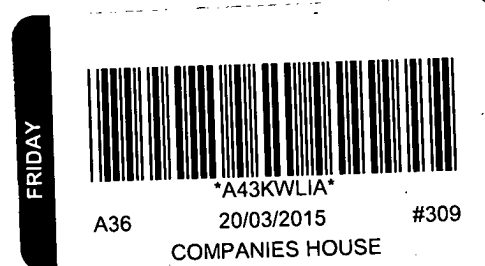




Financial statements Gower Street Estates Limited

For the year ended 31 March 2014

ALBERT DOCK
LIVERPOOL



Company No 03355588

Company information

Company registration number	03355588
Registered office	No 1 St Pauls Square Liverpool Merseyside L3 9SJ
Directors	G M Cook S A Grindrod I Murphy H E Rehm D W Roscoe J L Burchell
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	Savills Belvedere 12 Booth Street Manchester M2 4AW
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 2014.

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 £243,521 (2013 restated: profit £5,413).

Business review

Over the last financial year Gower Street Estates has again seen many challenges and opportunities for all stakeholders within Albert Dock, magnified by the uncertain economic situation.

Despite this, the Dock has continued to attract increasing visitors, including tourists, residents, cultural visitors and businesses. This year was a year of note, as we marked 25 years since the successful redevelopment and reopening of the Dock. This was acknowledged in various ways; with a family celebration weekend and a VIP lunch at Tate Liverpool to mark their 25th anniversary with special guest Lord Heseltine.

The Directors recognised the role played by the GSE Business Development Manager, to identify 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. As the role has become established, and the importance of the role is clear in delivering the business plan objectives and stakeholder engagement, the Directors agreed to make the role permanent and change the job title to Director of Development and Marketing. In making this appointment, the board has clearly indicated its commitment to continually invest and develop in the estate for the greater good. The board decided to further interrogate best practise for the long term effective management of the Estate by re tendering the Managing Agent contract. After considering three competitive tenders the new contract was awarded to Savills. Savills commenced active management on the June quarter day 2013 and have demonstrated a progressive approach to the management of the estate.

The Albert Dock has supported and hosted many successes during the reporting year. We were privileged to assist in the 70th national commemoration of the Battle of the Atlantic, hosting visiting Navies from around the world with an estimated audience of 100,000 over the weekend. This was followed by the successful River Festival organised by Liverpool City Council.

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.

Report of the directors

Business review (continued)

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 proved to be their most visited exhibition to date. Tate Liverpool had a successful year with the Chagall exhibition. We are grateful that 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 through a 10 year forward plan of maintenance schedules for the estate and dock walls.

In order to further support the occupancy levels of the estate, both current stakeholders and future investors, the board continues to underpin the estate service charge beyond its recommended responsibility. The company takes the enormous responsibility of a provision for dock wall maintenance, but it also reinvests in the high standards and improvement of the estate infrastructure. The Company is committed to supporting occupiers and service charge contributors although this is not sustainable and will be dealt with in future years.

Directors

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

G M Cook	
S A Grindrod	
I Murphy	
H E Rehm	Appointed 29 October 2013
D W Roscoe	Appointed 30 October 2013
D Crone	Resigned 19 September 2013
J L Burchell	Appointed 15 January 2015

Report of the directors

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:

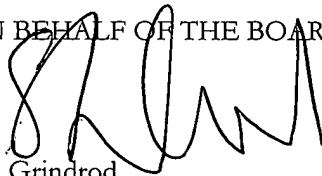
- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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.

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



S A Grindrod
Director
19 March 2015



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 2014 which comprise the accounting policies, the profit and loss account, the balance sheet 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 5, 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2014 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.
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

A handwritten signature in black ink that reads "Grant Thornton UK LLP".

Emma Stoddart
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Liverpool
19 March 2015

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 certain 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, car park income, sundry income and insurance premiums are accounted for in the year to which the income relates.

Tangible fixed assets and depreciation

Freehold property

Freehold property is revalued annually and is included in the balance sheet at its 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.

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably. Provisions are calculated on an undiscounted basis.

Accounting policies

Current tax

The current tax charge is based on the profit for the year and is measured at the amounts expected to be paid based on the tax rates and laws substantively enacted by the balance sheet date. Current and deferred tax is recognised in the profit and loss account for the period except to the extent that it is attributable to a gain or loss that is or has been recognised directly in the statement of total recognised gains and losses.

Deferred tax

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not subject to discounting.

Profit and loss account

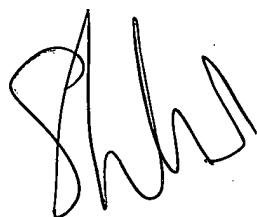
	Note	2014 £	As restated 2013 £
Turnover	1	1,676,875	1,599,016
Cost of sales		<u>(1,564,908)</u>	<u>(1,182,146)</u>
Gross profit		111,967	416,870
Administrative costs		<u>(389,291)</u>	<u>(417,531)</u>
Operating loss		(277,324)	(661)
Net interest	2	24,553	15,324
(Loss)/profit on ordinary activities before taxation	1	<u>(252,771)</u>	<u>14,663</u>
Tax on profit/(loss) on ordinary activities	5	9,250	(9,250)
(Loss)/profit for the financial year	10	<u><u>(243,521)</u></u>	<u><u>5,413</u></u>

All of the activities of the company are classed as continuing.

Balance sheet

	Note	2014 £	As restated 2013 £
Tangible fixed assets	6	<u>2,376,912</u>	<u>2,450,192</u>
Current assets			
Debtors	7	1,003,131	571,382
Bank and cash		<u>1,155,834</u>	<u>1,545,417</u>
		<u>2,158,965</u>	<u>2,116,799</u>
Creditors: amounts falling due within one year	8	<u>(441,049)</u>	<u>(393,472)</u>
Net current assets		<u>1,717,916</u>	<u>1,723,327</u>
Total assets less current liabilities		4,094,828	4,173,519
Provisions for liabilities and charges	9	<u>(796,293)</u>	<u>(631,463)</u>
Net assets		<u><u>3,298,535</u></u>	<u><u>3,542,056</u></u>
Capital and reserves			
Profit and loss account	10	1,218,535	1,462,056
Revaluation reserve	10	<u>2,080,000</u>	<u>2,080,000</u>
Members' funds	10	<u><u>3,298,535</u></u>	<u><u>3,542,056</u></u>

The financial statements were approved and authorised for issue by the Board of Directors on 19 March 2015, and signed on its behalf by:



S A Grindrod
Director

Statement of total recognised gains and losses

	2014 £	As restated 2013 £
(Loss)/profit for the financial year	(243,521)	<u>5,413</u>
Prior year adjustment (as explained in note 13)	<u>(93,185)</u>	
Total gains and losses recognised since last annual report	<u>(336,706)</u>	

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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:

	2014 £	2013 £
Depreciation of owned assets	73,280	73,280
Auditors' remuneration	<u>32,500</u>	<u>29,250</u>

2 Interest receivable

	2014 £	As restated 2013 £
Bank interest	<u>24,553</u>	<u>15,324</u>

3 Directors and employees

The company had one employee during the year (2013: one). Salaries paid for the year amounted to £50,946 (2013: £50,176).

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

	2014 £	2013 £
Current taxation		
UK corporation tax payable @20% (2013: 20%)	-	9,250
Over provision in respect of prior year	<u>(9,250)</u>	<u>-</u>
Total current tax	<u>(9,250)</u>	<u>9,250</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 20% (2013: 20%).

The differences are explained below:

	2014 £	2013 £
Profit/(loss) on ordinary activities before taxation	<u>(260,271)</u>	<u>14,633</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2013: 20%)	(52,054)	2,927
Effects of:		
Depreciation in excess of capital allowances	5,573	7,640
Losses (utilised)/carried forward	46,481	(1,317)
Over provision in respect of prior year	<u>(9,250)</u>	<u>-</u>
Current tax charge for the year	<u>(9,250)</u>	<u>9,250</u>

Tax losses carried forward, which are available to set off against future taxable profits, amount to £279,000 (2013: £47,000).

Notes to the financial statements

6 Tangible fixed assets

	Total £	Freehold interest £	Alterations to freehold property £
Cost or valuation			
At 1 April 2013 and 31 March 2014	<u>2,812,784</u>	<u>2,080,000</u>	<u>732,784</u>
Depreciation			
At 1 April 2013	362,592	-	362,592
Charge for the year	73,280	-	73,280
At 31 March 2014	<u>435,872</u>	<u>-</u>	<u>435,872</u>
Net book value			
At 31 March 2014	<u>2,376,912</u>	<u>2,080,000</u>	<u>296,912</u>
At 31 March 2013	<u>2,450,192</u>	<u>2,080,000</u>	<u>370,192</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. The directors consider that this valuation remains appropriate at 31 March 2014.

7 Debtors

	2014 £	As restated 2013 £
Other debtors and prepayments	490,725	85,802
Due from the property manager	512,406	466,856
VAT recoverable	-	18,724
	<u>1,003,131</u>	<u>571,382</u>

The balance due from the property manager comprises £512,406 (2013: £466,856) held in client bank accounts.

8 Creditors: amounts falling due within one year

	2014 £	As restated 2013 £
Accruals and deferred income	406,151	373,758
Social security and other taxes	23,110	-
Other creditors	11,788	10,464
Corporation tax	-	9,250
	<u>441,049</u>	<u>393,472</u>

Notes to the financial statements

9 Provision for liabilities and charges

	Total £	Other provisions £	Deferred grants £
At 1 April 2013	631,463	480,988	150,475
Released in the year	(33,250)	-	(33,250)
Provided during the year	198,080	198,080	-
At 31 March 2014	<u>796,293</u>	<u>679,068</u>	<u>117,225</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 2013 as previously stated	1,555,241	2,080,000	3,635,241
Prior year adjustments (note 13)	(93,185)	-	(93,185)
At beginning of year as restated	1,462,056	2,080,000	3,542,056
Loss for the year	(243,521)	-	(243,521)
At 31 March 2014	<u>1,218,535</u>	<u>2,080,000</u>	<u>3,298,535</u>

11 Capital commitments

The company had capital commitments of £49,000 at 31 March 2014 (31 March 2013: £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.

13 Prior year adjustments

The prior year adjustments represent items within certain areas of the balance sheet which upon investigation should not have been carried on the balance sheet in the previous year as they represent the incorrect recognitions of assets. The totals of these individual amounts are considered to have a fundamental impact and therefore prior year adjustments to 2013 have been processed in 2014. The impact on 2013 has been reduced income of £103,035 and reduced costs of £9,850, taking the profit before taxation from the previously reported £107,848 to £14,663. The net assets were reduced by £93,185.

Management information

The following page does not form part of the statutory financial statements.