Centremanor (E.S.) Limited

Directors' report and financial statements

Registered number 3380963

For the year ended 31 December 2013

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2013.

Principal activity

The principal activity of the company is the obtaining and provision of finance. There has been no significant change in the nature of the company's business activity, nor is any envisaged in the immediate future.

Results and dividends

The result for the year ended 31 December 2013 is set out in the attached financial statements.

The directors do not recommend the payment of a dividend *(2012: £nil)*.

Directors

The directors who held office during the year are:

Mr BSE Freshwater
Mr D Davis

The Articles of Association of the company do not require the directors to retire by rotation.

The directors do not have service contracts nor do they receive any emoluments from the company.

Strategic report exemption

The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small company exemption. Accordingly no strategic report has to be prepared

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

During the year Cohen Arnold resigned as joint auditors of the company on 22nd August 2013. KPMG LLP, who were previously joint auditors, have continued in office as sole auditors.

By order of the board

MRM Jenner
Secretary

Registered office
Freshwater House
158-162 Shaftesbury Avenue
London WC2H 8HR

22 September 2014

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 judgements and 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Report of the independent auditor, KPMG LLP, to the members of Centremanor (E.S.) Limited

We have audited the financial statements of Centremanor (E.S) Limited for the year ended 31 December 2013 set out on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 2, 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 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 web-site 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 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with UK 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Report of the independent auditor, KPMG LLP, to the members of Centremanor (E.S.) Limited (continued)

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 take advantage of the small companies exemption from the requirement to prepare a strategic report.

Andrew Marshall (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL
22 September 2014

Profit and loss account
for the year ended 31 December 2013

	Note	2013 £	2012 £
Financing charges receivable	2	**2,553,000**	2,556,000
Administrative expenses		**(73,850)**	(1,200)
Interest payable	3	**(2,550,000)**	(2,550,000)
(Loss)/Profit on ordinary activities before taxation	4	**(70,850)**	4,800
Tax on profit on ordinary activities	5	**16,000**	(1,000)
(Loss)/Profit for the financial year	11	**(54,850)**	3,800

There were no recognised gains or losses in the current or previous year other than those disclosed above.

All the company's activities are continuing.

There is no difference between the results as stated and the results on a historic cost basis in either the current or previous year.

The notes from pages 7 to 11 form part of these financial statements.

Balance sheet
At 31 December 2013

	Note	**2013**	2012
		£	£
Current Assets			
Debtors			
Amounts falling due within one year	*6*	**16,002**	2
Amounts falling due after more than one year	*7*	**30,000,000**	30,000,000
		30,016,002	30,000,002
Creditors: amounts falling due within one year	*8*	**(520,393)**	(449,543)
Net Current Assets		**29,495,609**	29,550,459
Creditors: amounts falling due after more than one year	*9*	**(30,000,000)**	(30,000,000)
Net liabilities		**(504,391)**	(449,541)
Capital and reserves			
Called up share capital	*10*	**2**	2
Profit and loss account	*11*	**(504,393)**	(449,543)
Equity shareholders' deficit	*12*	**(504,391)**	(449,541)

The notes from pages 7 to 11 form part of these financial statements.

These financial statements were approved by the board of the directors on 22 September 2014 and were signed on its behalf by:

BSE Freshwater
Director

Company Registered Number: 3380963

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention, [as adjusted by the policy of accounting for investment properties referred to below] and in accordance with applicable Accounting Standards.

The financial statements have been prepared on the going concern basis, notwithstanding the company's net liabilities, which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds provided to it by Centremanor Limited, the company's parent undertaking. The Centremanor Group has considerable financial resources together with a large property portfolio and access to credit facilities. Centremanor Limited has provided the company with an undertaking that, for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company.

This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19 *Deferred Tax* (FRS 19).

Cash flow statement

Under Financial Reporting Standards 1 *Cash Flow Statements* (FRS 1) the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of an immediate holding company registered in England and Wales which prepares consolidated financial statements that include a consolidated cash flow statement.

Related party transactions

The company has taken advantage of the exemption per Financial Reporting Standard 8 *Related Party Disclosures* (FRS 8) in order to dispense with the requirement to disclose transactions with other wholly owned Metropolitan Properties Company Limited group companies.

Notes *(continued)*

2 Financing charges receivable

	2013 £	2012 £
Group finance charges receivable	**2,553,000**	2,556,000

3 Interest payable

	2013 £	2012 £
Loans terminating after more than five years	**2,550,000**	2,550,000

4 (Loss)/Profit on ordinary activities before taxation

	2013 £	2012 £
(Loss)/Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration for audit services	**(1,800)**	(1,200)

The directors of the company did not receive any emoluments from the company during the year or during the previous year.

Apart from the directors, there were no other employees during the year or during the previous year.

Notes *(continued)*

5 Tax on profit on ordinary activities

	2013	2012
	£	£
a) Analysis of credit for the year		
Consideration receivable for group relief:		
Current year	**(16,000)**	1,000
b) Factors affecting the tax charge for the year		
(Loss)/Profit on ordinary activities before taxation	**(70,850)**	4,800
Loss on ordinary activities at the standard rate of 23.25% *(2012: 24.5%)*	**(16,473)**	1,176
Sundry differences	**473**	(176)
Current tax (Charge)/Credit (see above)	**(16,000)**	1,000

c) Factors affecting the tax charge in future years

The 2013 Budget announced on 20 March 2013 that the UK Corporation tax rate will reduce to 20% by 2015. A reduction in the rate from 24% to 23% (effective from 1 April 2013) was substantively enacted on 3 July 2012 and further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge.

The deferred tax liability at 31 December 2013 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

The potential deferred taxation liability at 31 December 2013 in respect of the revaluation of investment property, for which no provision has been made, is estimated at **Nil** (2012: Nil).

6 Debtors: amounts falling due within one year

	2013	2012
	£	£
Group relief receivable	**16,000**	-
Sundry debtors	**2**	2
	16,002	2

7 Debtors: amounts falling due after more than one year

	2013	2012
	£	£
Amount due from fellow subsidiary undertaking	**30,000,000**	30,000,000

The advance, which bears interest at variable rates, was made to Metropolitan Properties Company Limited and is repayable on demand or upon the repayment of the mortgage advance in 2022.

Notes *(continued)*

8 Creditors: amounts falling due within one year

	2013 £	2012 £
Amount due to immediate parent undertaking	**94,393**	23,543
Other creditors and accruals	**425,000**	425,000
Group relief payable	**1,000**	1,000
	520,393	449,543

9 Creditors: amounts falling due after more than one year

	2013 £	2012 £
Mortgage advance	**30,000,000**	30,000,000

The above amount is further analysed as follows:

	Interest	£
Mortgage advance repayable in 2022	8.5%	30,000,000

The mortgage advance is secured by first legal charges over freehold and leasehold investment and trading properties owned by certain fellow subsidiary undertakings, together with floating charges over the assets and undertakings of the company and of the aforementioned fellow subsidiary undertakings and unlimited guarantees given by the company's immediate parent undertaking and two of its subsidiary undertakings.

10 Called up share capital

	2013 £	2012 £
Allotted, called up and not paid		
2 ordinary shares of £1 each	**2**	2

11 Profit and loss account

	£
At 31 December 2012	(449,543)
Loss for the financial year	(54,850)
At 31 December 2013	**(504,393)**

Notes *(continued)*

12 Reconciliation of movements in shareholders' funds

	2013 £	2012 £
(Loss)/Profit for the financial year	**(54,850)**	3,800
Net increase in shareholders' (deficit)/surplus	**(54,850)**	3,800
Opening shareholders' (deficit)	**(449,541)**	(453,341)
Closing shareholders' deficit	**(504,391)**	(449,541)

13 Directors' interest in contracts

The majority of the day-to-day management of the company's properties is carried out by Highdorn Co. Limited, one of the Freshwater Group of Companies, with which this company is closely connected. Mr BSE Freshwater is a director of Highdorn Co. Limited but has a non-beneficial interest in the share capital of that company.

During the year £nil *(2012: £nil)* was payable to Highdorn Co. Limited for these services which were charged for at normal commercial rates.

14 Ultimate parent undertaking

The parent undertaking of the largest and smallest group of undertakings for which group financial statements are drawn up is Centremanor Limited, a company registered in England and Wales.

Copies of these financial statements can be obtained from the following address: Freshwater House, 158-162 Shaftesbury Avenue, London WC2H 8HR.

The ultimate parent undertaking is Linnet Limited, a company incorporated in the Isle of Man and controlled by trusts.