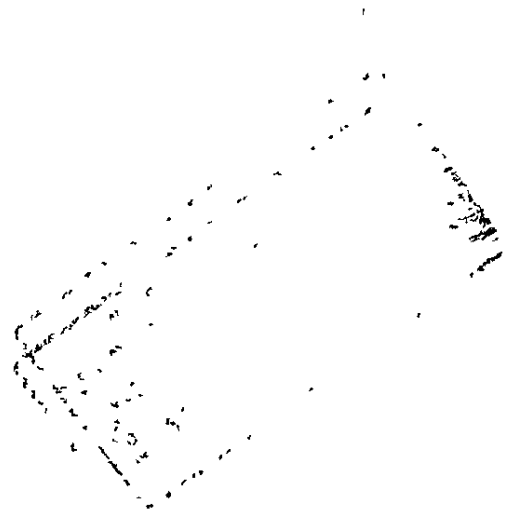


Registered Number 03580188

LEISURE PARKS (GENERAL PARTNER II) LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY 2014 TO 31 MARCH 2015



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## Directors' Report for the 15 months to 31 March 2015

The directors present their report with the audited financial statements of the Company for the 15 months to 31 March 2015

### RESULTS FOR THE PERIOD AND DIVIDEND

The results are set out in the Income Statement on page 5

The directors do not recommend the payment of a dividend for the 15 months to 31 March 2015 (Year to 31 December 2013 £Nil)

During the period the Company adopted Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101)

The net asset position at 1 January 2012 has been restated to reflect the impairment of subsidiary undertakings which were dissolved on and which had not previously been recorded. The impact of the restatement was to decrease investments in subsidiary undertakings by £1,008 and to increase the profit and loss reserve deficit by the same amount

### PRINCIPAL ACTIVITY, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Company has continued its business as an investment holding Company and as general partner in the X-Leisure Fund II Limited Partnership, a property investment partnership that holds investments in leisure properties in the United Kingdom. No changes in the Company's principal activity are anticipated in the foreseeable future

### CHANGE OF ACCOUNTING REFERENCE DATE

During the period the Company changed its accounting reference date from 31 December to 31 March. These financial statements have been prepared for the period from 1 January 2014 to 31 March 2015

### GOING CONCERN

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the group entity, X-Leisure Fund II. The directors have received confirmation that group entity, X-Leisure Fund II intends to support the Company for at least one year after these financial statements are approved by the board

### DIRECTORS

The directors who held office during the period and up to the date of this report unless otherwise stated were

M Arnaouti	(appointed 20 March 2015)
D Don-Wauchope	
SC Parsons	(appointed 14 March 2014)
GL Rusby	
OC Troughton	(appointed 14 March 2014)
JAS Bassett	(resigned 15 May 2014)
AP Blake	(resigned 14 March 2014)
KWB Hannah	(appointed 14 March 2014, resigned 20 March 2015)
SSS Leung	(resigned 14 March 2014)
DJ O'Rourke	(resigned 14 March 2014)

### INDEMNITY

The Company has made qualifying third party indemnity provisions for the benefit of the respective directors which were in place throughout the period and which remain in place at the date of this report

### SMALL COMPANIES EXEMPTION

The Directors' Report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006

### STRATEGIC REPORT

The Company has taken advantage of the exemption under s414B of the Companies Act 2006 not to prepare a Strategic Report

### AUDITOR

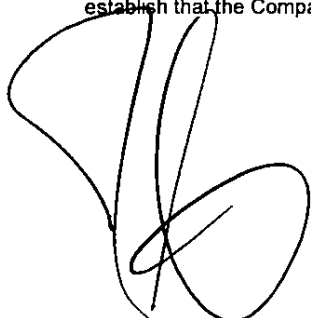
Following the resignation of KPMG LLP as auditor on 9 September 2014, Ernst & Young LLP were appointed as auditor to the company

**Directors' Report for the 15 months to 31 March 2015 (continued)**

**STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITOR**

In the case of each director in office at the date the Directors' Report is approved, the following applies

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



By order of the Board  
M Arnaouti, for and on behalf of LS Company Secretaries Limited,  
Company Secretary  
22 October 2015

Registered Office  
5 Strand  
London  
WC2N 5AF

Registered and domiciled in England and Wales  
Registered number 03580188

**Directors' Responsibilities for the 15 months to 31 March 2015****STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 period. Under that law the directors have prepared the financial statements in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). 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 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. 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.

## **Independent Auditor's Report to the Members of Leisure Parks (General Partner II) Limited for the 15 months to 31 March 2015**

We have audited the financial statements of Leisure Parks (General Partner II) Limited for the 15 months to 31 March 2015 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 13. 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), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 set out on page 3, 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**

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. In addition, we read all the financial and non-financial information in the Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 2015 and of its profit for the period 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.

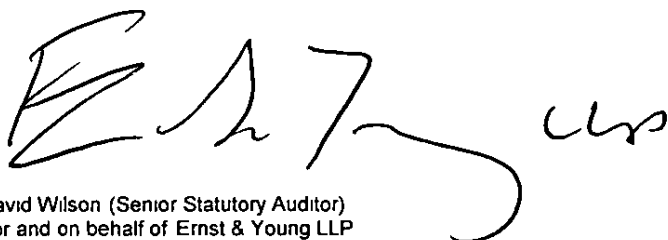
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

### **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 and take advantage of the small companies' exemption in not preparing the Strategic Report and take advantage of the small companies' exemption in preparation of the Directors' Report.



David Wilson (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP  
Statutory Auditor  
London  
26 October 2015

**Income Statement for the 15 months to 31 March 2015**

	Notes	15 months to 31 March 2015 £	Year to 31 December 2013 £
Dividend income		918	234
Management and administrative expenses	3	(12)	-
Operating profit		906	234
Profit before tax		906	234
Income tax	4	-	-
Profit for the financial period attributable to owners of the Parent		906	234

**Statement of comprehensive income for the 15 months to 31 March 2015**

	15 months to 31 March 2015 £	Year to 31 December 2013 £
Profit for the financial period attributable to owners of the Parent	906	234
Other comprehensive income for the financial period	-	-
Total comprehensive income for the financial period attributable to owners of the Parent	906	234

**Balance Sheet as at 31 March 2015**

	Notes	31 March 2015 £	31 December 2013 £ (restated)	31 December 2012 £ (restated)
<b>Fixed Assets</b>				
Investments				
Investments in subsidiary undertakings	5	57	69	69
Other investments	6	1	1	1
		<u>58</u>	<u>70</u>	<u>70</u>
<b>Current assets</b>				
Debtors	7	136	136	136
<b>Creditors amounts falling due within one year</b>	8	<u>(5,805)</u>	<u>(6,723)</u>	<u>(6,957)</u>
<b>Net current liabilities</b>		<u>(5,669)</u>	<u>(6,587)</u>	<u>(6,821)</u>
<b>Net liabilities</b>		<u>(5,611)</u>	<u>(6,517)</u>	<u>(6,751)</u>
<b>Capital and reserves</b>				
Called up share capital	9	100	100	100
Profit and loss account		<u>(5,711)</u>	<u>(6,617)</u>	<u>(6,851)</u>
<b>Total shareholder's funds</b>		<u>(5,611)</u>	<u>(6,517)</u>	<u>(6,751)</u>

The financial statements have been prepared in accordance with the special provisions applicable to companies subject to the small companies regime

The financial statements on pages 5 to 11 were approved by the Board of Directors on 22 October 2015 and were signed on its behalf by

*D. Don-Wauchope*

Director  
D Don-Wauchope

## Statement of changes in equity

	Ordinary shares £	Retained earnings £	Total £
At 1 January 2013	100	(5,844)	(5,744)
Prior year restatement	-	(1,007)	(1,007)
At 1 January 2013 (restated)	100	(6,851)	(6,751)
Profit for the year ended 31 December 2013	-	234	234
Total comprehensive income for the year ended 31 December 2013	-	234	234
At 31 December 2013	100	(6,617)	(6,517)
Profit for the 15 months to 31 March 2015	-	906	906
Total comprehensive income for the 15 months to 31 March 2015	-	906	906
At 31 March 2015	100	(5,711)	(5,611)



## 1. Basis of preparation

These financial statements have been prepared on a going concern basis and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). The financial statements are prepared under the historical cost convention modified to include the revaluation of investment properties. These are the first financial statements of the Company prepared in accordance with FRS101.

The results of the Company are included in the consolidated financial statements of Land Securities Group PLC which are available from 5 Strand, London, WC2N 5AF.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the 15 months to 31 March 2015. The financial statements are prepared in Sterling.

The company has transitioned from UK GAAP to FRS101 for all periods presented. There were no adjustments to the Financial Statements arising on the adoption of FRS101 and hence no reconciliations of equity and profit or loss have been prepared.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of IFRS 7 'Financial Instruments: Disclosures',<sup>(1)</sup>
- (b) the requirements of paragraphs 91-99 of IFRS 13 'Fair Value Measurement',<sup>(1)</sup>
- (c) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - i paragraph 79(a)(iv) of IAS 1 'Presentation of Financial Statements',
  - ii paragraph 73(e) of IAS 16 'Property, Plant and Equipment',
  - iii paragraph 118(e) of IAS 38 'Intangible Assets',
  - iv paragraphs 76 and 79(d) of IAS 40 'Investment Property',
- (d) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 'Presentation of Financial Statements',
- (e) the requirements of IAS 7 'Statement of Cash Flows',
- (f) the requirements of paragraph 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors',
- (g) the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member, and
- (h) the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 'Impairment of Assets'.<sup>(1)</sup>

<sup>1</sup> The equivalent disclosures are included in the consolidated financial statements of Land Securities Group PLC, in which the entity is consolidated.

## 2. Significant accounting policies

The accounting policies which follow set out those which apply in preparing the financial statements for the 15 months to 31 March 2015.

### (a) Segmental reporting

The Company's activities consist of an investment holding Company and a general partner in the X-Leisure Fund II Limited Partnership, a property investment partnership that holds investments in leisure properties in the United Kingdom.

### (b) Distributions receivable

Income is recognised when the right to receive payment is established.

### (c) Investment in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost in the Company's balance sheet, less any provision for impairment in value.

### (d) Trade and other receivables

Trade and other receivables are recognised initially at fair value, subsequently at amortised cost and, where relevant, adjusted for the time value of money. A provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables concerned. If collection is expected in more than one year, they are classified as non-current assets.

### (e) Impairment

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below). An impairment loss is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its fair value less costs to sell and its value in use. The value in use is determined as the net present value of the future cash flows expected to be derived from the asset, discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount after the reversal does not exceed the amount that would have been determined, net of applicable depreciation, if no impairment loss had been recognised.

## 2. Significant accounting policies (continued)

### (f) Other investments

Other investments are stated at cost in the Company's balance sheet, less any provision for impairment in value

### (g) Income taxation

Income tax on the profit or loss for the period comprises current and deferred tax. Current tax is the tax payable on the taxable income for the period and any adjustment in respect of previous years. Deferred tax is provided in full using the balance sheet liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the asset is realised or the liability is settled.

No provision is made for temporary differences (i) arising on the initial recognition of assets or liabilities, other than on a business combination, that affect neither accounting nor taxable profit and (ii) relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future.

### (h) Prior year adjustment

The prior year has been restated to reflect the impairment of subsidiary undertakings which were dissolved on and which had not previously been recorded. The impact of the restatement is shown in note 5.

### (i) Group accounts

The financial statements present information about the Company as an individual undertaking and not about its group. The Company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary of Land Securities Group PLC, a Company incorporated in England and Wales whose consolidated financial statements are publicly available.

## 3. Management and administrative expenses

### (a) Management services

The Company had no employees during the 15 months to 31 March 2015 (Year to 31 December 2013: None). Management services were provided to the Company throughout the 15 months to 31 March 2015 by X-Leisure Limited, which is a Group undertaking, and amount to £Nil (Year to 31 December 2013: £Nil).

### (b) Directors' remuneration

The directors of the Company received no emoluments from X-Leisure Limited for their services to the Company. The amounts allocated to services for this Company were £Nil (Year to 31 December 2013: £Nil).

### (c) Auditor remuneration

The Group auditor's remuneration is borne by The X-Leisure Fund Limited Partnership. The proportion of the remuneration which relates to the Company amounts to £1,545 (Year to 31 December 2013: £534). The auditor received no remuneration for non-audit services provided to the Company during the 15 months to 31 March 2015 (Year to 31 December 2013: £Nil).

### (d) Provision for impairment in value

An impairment of £12 (year to 31 December 2013: £Nil) in respect of investments in subsidiary undertakings has been recognised in the Profit and Loss Account for the 15 months to 31 March 2015. The subsidiaries have been impaired due to the proposed winding up of these companies. See note 5 for further details.

## 4. Income tax

	15 months to 31 March 2015 £	Year to 31 December 2013 £
Total tax charge	-	-
<b>Factors affecting the tax credit for the year</b>		
The tax for the period is lower (2013: lower than) than the standard rate of corporation tax in the UK of 21% (2013: 20%). The differences are explained below.		
Profit before tax	906	234
Profit before tax multiplied by the rate of corporation tax in the UK of 21% (2013: 20%)	190	47
Effects of:		
Utilisation of tax losses	-	(47)
Expenses not deductible for tax purposes	3	-
Non-taxable income	(193)	-
<b>Total income credit in the income statement (as above)</b>	-	-

Land Securities Group PLC is a Real Estate Investment Trust (REIT). As a result the Company does not pay UK corporation tax on the profits and gains from qualifying rental business in the UK provided it meets certain conditions. Non-qualifying profits and gains of the Company continue to be subject to corporation tax as normal.

## 5. Investment in subsidiary undertakings

	£
At 1 January 2014	1,077
Prior year adjustment	(1,008)
At 1 January 2014 (restated)	69
Provision following impairment review	(12)
At 31 March 2015	57

The directors believe that the carrying value of the investments is supported by their underlying net assets

The subsidiary undertakings of the Company are

Name	Class of shares owned	Percentage of share capital owned	Principal country of incorporation	Nature of business
Leisure II (North Finchley) Limited	£2 Ordinary shares	100%	Jersey	Dormant
Leisure II (North Finchley Two) Limited	£2 Ordinary shares	100%	Jersey	Dormant
Leisure II (Manchester) Limited	£2 Ordinary shares	100%	Jersey	Dormant
Leisure II (Manchester Two) Limited	£2 Ordinary shares	100%	Jersey	Dormant
Leisure II (Birmingham) Limited	£2 Ordinary shares	100%	Jersey	Dormant
Leisure II (Birmingham Two) Limited	£2 Ordinary shares	100%	Jersey	Dormant
Leisure II (Norwich) Limited	£2 Ordinary shares	100%	Jersey	Dormant
Leisure II (Norwich Two) Limited	£2 Ordinary shares	100%	Jersey	Dormant
Leisure II (Ashford Two) Limited	£2 Ordinary shares	100%	Jersey	Dormant
Leisure II (Ashford) Limited	£2 Ordinary shares	100%	Jersey	Dormant
Leisure II (West India Quay) Limited	£2 Ordinary shares	100%	Jersey	Dormant
Leisure II (West India Quay Two) Limited	£2 Ordinary shares	100%	Jersey	Dormant
Leisure II (Croydon) Limited	£2 Ordinary shares	100%	Jersey	Dormant
Leisure II (Croydon Two) Limited	£2 Ordinary shares	100%	Jersey	Dormant
Leisure II (Broadstreet) Limited	£2 Ordinary shares	100%	Jersey	Dormant
Leisure II (Broadstreet Two) Limited	£2 Ordinary shares	100%	Jersey	Dormant
Leisure II (St Albans) Limited	£10 Ordinary shares	100%	Jersey	Dormant
Leisure II (St Albans Two) Limited	£10 Ordinary shares	100%	Jersey	Dormant
Leisure II (O2) Limited	£2 Ordinary shares	100%	Jersey	Dormant
Leisure II (O2 Two) Limited	£2 Ordinary shares	100%	Jersey	Dormant
Leisure II (O2 LP) Shareholder Limited	£2 Ordinary shares	100%	England	Dormant
Leisure II (O2 Manager) Shareholder Limited	£2 Ordinary shares	100%	England	Dormant
Leisure II (West India Quay LP) Shareholder Limited	£1 Ordinary shares	100%	England	Dormant
X-Leisure (Cambridge I) Limited	£1 Ordinary shares	100%	England	Dormant
X-Leisure (Cambridge II) Limited	£1 Ordinary shares	100%	England	Dormant
X-Leisure (Brighton Cinema) Limited	£1 Ordinary shares	100%	England	Dormant
X-Leisure (Brighton Cinema II) Limited	£1 Ordinary shares	100%	England	Dormant
X-Leisure (Leeds I) Limited	£1 Ordinary shares	100%	England	Dormant
X-Leisure (Leeds II) Limited	£1 Ordinary shares	100%	England	Dormant
X-Leisure (Brighton I) Limited	£1 Ordinary shares	100%	England	Dormant
X-Leisure (Brighton II) Limited	£1 Ordinary shares	100%	England	Dormant

## 6 Other investments

	£
At 1 January 2014 and 31 March 2015	1

The directors believe that the carrying value of the investments is supported by their underlying net assets

The Company is a participant in X-Leisure Fund IIA, in which holds a 0.01143% share (31 December 2013 0.01143%) and X-Leisure Fund IIB, in which holds a 0.01130% share (31 December 2013 0.01130%)

The Company is not deemed to control X-Leisure Fund II as its powers of control are limited and The X-Leisure Limited Partnership, which holds 99.989% of the limited partner votes in X-Leisure Fund II, is deemed to have control

## 7 Trade and other receivables

	31 March 2015 £	31 December 2013 £
Other receivables	36	36
Loans to a Group undertaking	100	100
<b>Total current trade and other receivables</b>	<b>136</b>	<b>136</b>

The unsecured loan to the Group undertaking is interest free and repayable on demand with no fixed repayment date

## 8 Trade and other payables

	31 March 2015 £	31 December 2013 £
Loans from a Group undertaking	5,805	6,723
<b>Total current trade and other payables</b>	<b>5,805</b>	<b>6,723</b>

The unsecured loan from the Group undertaking is interest free and repayable on demand with no fixed repayment date

## 9. Ordinary share capital

	31 March 2015 Number	Issued 31 December 2013 Number	Allotted and fully paid 31 March 2015 £	31 December 2013 £
Class A shares of £0.10 each	651	651	65	65
Class B shares of £0.10 each	149	149	15	15
Class C shares of £0.10 each	200	200	20	20
	<b>1,000</b>	<b>1,000</b>	<b>100</b>	<b>100</b>

There is no difference in voting rights, rights to dividends and rights on the winding up of the Company for each share class

## 10. Cash flow statement exemption

The Company is a wholly owned subsidiary of Land Securities Group PLC which prepares a consolidated cash flow statement. The Company has therefore elected to make use of the exemption provided in FRS 101 not to produce its own cash flow statement.

## 11. Related party transactions

The Company is a wholly owned subsidiary of Land Securities Group PLC and has taken advantage of the exemption provided in FRS 101 not to make disclosure of transactions with other entities that are part of the Group.

## 12. Immediate and ultimate parent company

The immediate parent company is The X-Leisure (General Partner) Limited, which is registered in England and Wales.

The ultimate parent company and controlling party at 31 March 2015 was Land Securities Group PLC, which is registered in England and Wales. This is the largest parent company of the Group to consolidate these financial statements.

Consolidated financial statements for the year ended 31 March 2015 for Land Securities Group PLC can be obtained from the Company Secretary, 5 Strand, London WC2N 5AF. This is the largest and smallest group to include these accounts in its consolidated financial statements.

## 13. Going concern

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the group entity, X-Leisure Fund II. The directors have received confirmation that group entity, X-Leisure Fund II intends to support the Company for at least one year after these financial statements are approved by the board.

Registered Number LP005856

X-LEISURE FUND II  
FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY 2014 TO 31 MARCH 2015

THESE PARTNERSHIP  
ACCOUNTS FORM  
PART OF THE ACCOUNTS  
OF COMPANY  
No. 35.80188...

## Strategic Report for the 15 months to 31 March 2015

The General Partner presents its strategic report with audited financial statements of X-Leisure Fund II ("the Limited Partnership") for the 15 months to 31 March 2015

### RESULTS FOR THE PERIOD

The results are set out in the Income Statement on page 5

### REVIEW OF THE BUSINESS

The Limited Partnership has continued its business of property investment in the United Kingdom. No changes in the Limited Partnership's principal activity are anticipated in the foreseeable future.

### KEY PERFORMANCE INDICATORS

The General Partner assesses the performance of the Limited Partnership by reference to the valuation surplus / deficit upon revaluation of the Limited Partnership's investment properties and profit for the financial period.

### CREDITOR PAYMENT POLICY

Land Securities Properties Limited, a fellow group undertaking, manages payments to suppliers for the Land Securities Group. The Limited Partnership agrees the terms and conditions under which business transactions with its suppliers are conducted. It is policy that payments to suppliers are made in accordance with these terms, provided that the supplier is also complying with all relevant terms and conditions. Trade creditors at 31 March 2015 were equivalent to 28 days of purchases during the year ended on that date.

### PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk facing the Limited Partnership is that poor performance of the investment property might have a material impact on the asset valuation and rental income in the financial statements. The Limited Partnership's performance during the year indicates a satisfactory performance of the investment property held.

### FINANCIAL RISK MANAGEMENT

The Limited Partnership is exposed to liquidity risk, credit risk and interest rate risk. Given the absence of external borrowings in the Limited Partnership, these risks are not considered material.

While the Limited Partnership has minimal short term liquidity requirements, any funding requirements could be covered by committed facilities held by other group companies.

The Limited Partnership's principal financial assets are trade and other debtors, and therefore the credit risk it faces is primarily attributable to its trade debtors. The amounts presented in the Balance Sheet are net of doubtful debts. An allowance for impairment is made where there is objective evidence that the Limited Partnership will not be able to collect all amounts due according to the original terms of the debtors concerned.

Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided in the Group's Annual Report, which does not form part of this report.

Registered Office  
5 Strand  
London  
WC2N 5AF



By order of the Board  
L. Miller, for and on behalf of LS Company Secretaries Limited,  
Company Secretary  
2 November 2015

Registered in England and Wales  
Registered number LP005856

## General Partner's Report for the 15 months to 31 March 2015

The General Partner presents its report with the audited financial statements of X-Leisure Fund II ("the Limited Partnership") for the 15 months to 31 March 2015

### RESULTS FOR THE YEAR AND DIVIDEND

The results are set out in the Income Statement on page 5

The General Partner recommends the payment of a final distribution of £Nil for the 15 months to 31 March 2015 (Year to 31 December 2013 £Nil) in addition to the interim distributions of £26,099,510 (Year to 31 December 2013 £10,577,436)

### PRINCIPAL ACTIVITY, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

In accordance with the Limited Partnership Agreement dated 7 August 1999, the principal activity of the Limited Partnership is to hold investments in leisure properties in the United Kingdom. No changes in the Limited Partnership's principal activity are anticipated in the foreseeable future.

### CHANGE OF ACCOUNTING REFERENCE DATE

During the period the Limited Partnership changed its accounting reference date from 31 December to 31 March. These financial statements have been prepared for the 15 month period from 1 January 2014 to 31 March 2015.

### GOING CONCERN

The General Partner believes that preparing the accounts on the going concern basis is appropriate due to the continued financial support of The X-Leisure Limited Partnership. The General Partner has received confirmation that The X-Leisure Limited Partnership intends to support the Limited Partnership for at least one year after these financial statements are approved by the General Partner.

### PARTNERS

The Partners of the Limited Partnership who were in office during the period and up to the date of signing the financial statements were:

Leisure Parks (General Partner II) Limited  
The X-Leisure Limited Partnership

Leisure Parks (General Partner II) Limited, with a 0.0143% interest, acts as the General Partner to the Limited Partnership. The Limited Partner and its percentage holdings is shown below:

The X-Leisure Limited Partnership	99.9886%
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### INDEMNITY

The General Partner's ultimate holding company, Land Securities Group PLC, has made qualifying third party indemnity provisions for the benefit of the respective directors of Leisure Parks (General Partner II) Limited which were in place throughout the period and which remain in place at the date of this report.

### GENERAL PARTNER'S RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF THE FINANCIAL STATEMENTS

X-Leisure Fund II is registered pursuant to the provisions of The Limited Partnerships Act 1907. The Partnerships and Unlimited Companies (Accounts) Regulations 2008 (SI 1993/1820) require certain qualifying partnerships to prepare and have audited annual accounts and reports as required for a Partnership by the Companies Act 2006. The Limited Partnership is a qualifying partnership as all its members are limited companies.

Leisure Parks (General Partner II) Limited acting as the General Partner is responsible under Article 8 of the Limited Partnership Agreement dated 7 August 1999 for the preparation of the Limited Partnership accounts in accordance with English law and generally accepted accounting principles and practices in the United Kingdom.

The General Partner is required to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the Limited Partnership as at the end of the financial period and of the profit or loss of the Limited Partnership for that period. In preparing those financial statements, the General Partner is required to:

- select suitable accounting policies and then apply them consistently,
- 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 Limited Partnership will continue in business.

The General Partner is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Limited Partnership and to enable it to ensure that the financial statements comply with SI 1993/1820 (Regulation 4). It is also responsible for safeguarding the assets of the Limited Partnership and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### AUDITOR

Ernst & Young LLP were appointed as auditor to the Limited Partnership on 14 October 2015.

**General Partner's Report for the 15 months to 31 March 2015 (continued)**

**STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the persons who are a director of the General Partner at the date of approval of this report confirms that

- so far as each director of the General Partner is aware, there is no relevant audit information of which the Limited Partnership's auditor is unaware, and
- each director of the General Partner has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Limited Partnership auditor is aware of that information



By order of the Board  
L Miller, for and on behalf of LS Company Secretaries Limited,  
Company Secretary  
Leisure Parks (General Partner II) Limited  
2 November 2015



## Independent Auditor's Report to the Members of X-Leisure Fund II for the 15 months to 31 March 2015

We have audited the financial statements of X-Leisure Fund II for the 15 months to 31 March 2015 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 20. 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), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

This report is made solely to the Limited Partnership, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the Limited Partnership 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 Limited Partnership, as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of members and auditor

As explained more fully in the General Partner's Responsibilities Statement set out on page 2, the General partner is 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

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 qualifying partnership's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the members, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on financial statements

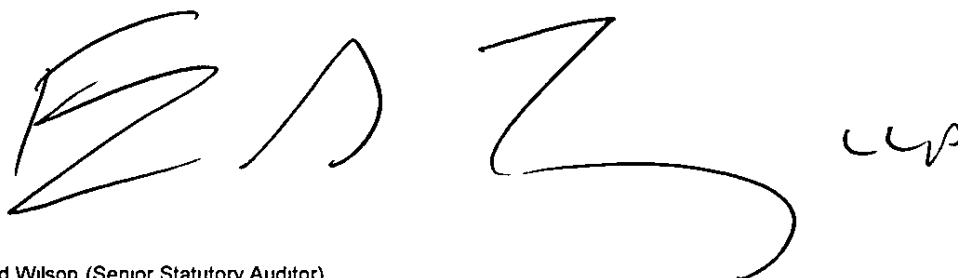
In our opinion, the financial statements

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 March 2015 and of its profit for the 15 months 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 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008.

### 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 as applied to qualifying partnerships 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 members' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



David Wilson (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP  
Statutory Auditor  
London  
3 November 2015

<b>Income Statement for the 15 months to 31 March 2015</b>
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	Notes	15 months to 31 March 2015 £'000	Year to 31 December 2013 £'000 (unaudited)
Revenue Gross property income	4	32,901	24,842
Net rental income	4	23,529	18,015
Property management and administrative expenses	5	-	-
Net surplus / (deficit) on revaluation of investment properties	8	33,795	(818)
Operating profit		57,324	17,197
Interest income	6	679	566
Impairment credit / (charge) on investment in subsidiaries	10	4,457	(20,840)
Distributions receivable		8,116	3,509
Profit for the financial period attributable to the Partners		70,576	432

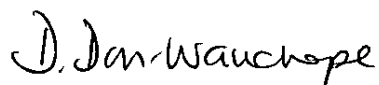
<b>Statement of comprehensive income for the 15 months to 31 March 2015</b>
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	15 months to 31 March 2015 £'000	Year to 31 December 2013 £'000 (unaudited)
Profit for the financial period attributable to the Partners	70,576	432
Other comprehensive income for the financial period	-	-
Total comprehensive income for the financial period attributable to the Partners	70,576	432

<b>Balance Sheet as at 31 March 2015</b>
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	Notes	31 March 2015 £'000	31 December 2013 £'000 (unaudited)
<b>Fixed Assets</b>			
<b>Tangible Assets</b>			
Investments properties	8	308,085	273,434
Net investment in finance leases	9	1,116	1,134
<b>Investments</b>			
Investments in subsidiary undertakings	10	105,339	100,882
Investments in joint ventures	11	22,982	22,982
		<u>437,522</u>	<u>398,432</u>
<b>Current assets</b>			
Debtors	12	29,221	30,983
		<u>29,221</u>	<u>30,983</u>
<b>Creditors amounts falling due within one year</b>	13	(234,781)	(241,929)
<b>Net current liabilities</b>		<u>(205,560)</u>	<u>(210,946)</u>
<b>Creditors amounts falling due after more than one year</b>	14	(1,799)	(1,799)
<b>Net assets</b>		<u>230,163</u>	<u>185,687</u>
<b>Capital and reserves</b>			
Partners' capital accounts	15	189,356	189,356
Partners' current accounts	16	40,807	(3,669)
<b>Total equity holder's funds</b>		<u>230,163</u>	<u>185,687</u>

The financial statements on pages 5 to 14 were approved by the General Partner on 2 November 2015 and were signed on its behalf by



D Don-Wauchope, Director  
For and on behalf of the General Partner,  
Leisure Parks (General Partner II) Limited

<b>Statement of changes in equity</b>
---------------------------------------

	Notes	Partners' capital accounts £'000	Partners' current accounts £'000	Total £'000
At 1 January 2013		189,356	6,476	195,832
Profit for the year ended 31 December 2013		-	432	432
Total comprehensive income for the year ended 31 December 2013		-	432	432
Transactions with owners				
Distributions	7	-	(10,577)	(10,577)
At 31 December 2013		189,356	(3,669)	185,687
Profit for the 15 months to 31 March 2015		-	70,576	70,576
Total comprehensive income for the 15 months to 31 March 2015		-	70,576	70,576
Transactions with owners				
Distributions	7	-	(26,100)	(26,100)
At 31 March 2015		189,356	40,807	230,163

## 1 Basis of preparation

These financial statements have been prepared on a going concern basis and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). The financial statements are prepared under the historical cost convention modified to include the revaluation of investment properties.

These are the first financial statements of the Limited Partnership prepared on a single entity basis as a qualifying partnership.

The results of the Limited Partnership are included in the consolidated financial statements of Land Securities Group PLC which are available from 5 Strand, London, WC2N 5AF.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the 15 months to 31 March 2015. The financial statements are prepared in Sterling and are rounded to the nearest thousand pounds (£000).

The Limited Partnership has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of IFRS 7 'Financial Instruments: Disclosures', <sup>(1)</sup>
- (b) the requirements of paragraphs 91-99 of IFRS 13 'Fair Value Measurement', <sup>(1)</sup>
- (c) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - i paragraph 79(a)(iv) of IAS 1 'Presentation of Financial Statements',
  - ii paragraph 73(e) of IAS 16 'Property, Plant and Equipment',
  - iii paragraph 118(e) of IAS 38 'Intangible Assets',
  - iv paragraphs 76 and 79(d) of IAS 40 'Investment Property',
- (d) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 'Presentation of Financial Statements',
- (e) the requirements of IAS 7 'Statement of Cash Flows',
- (f) the requirements of paragraph 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors',
- (g) the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member, and
- (h) the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 'Impairment of Assets', <sup>(1)</sup>

<sup>1</sup> The equivalent disclosures are included in the consolidated financial statements of Land Securities Group PLC, in which the entity is consolidated.

## 2 Significant accounting policies

The accounting policies which follow set out those which apply in preparing the financial statements for the 15 months to 31 March 2015.

### (a) Segmental reporting

The Limited Partnership's activities consist solely of investments in leisure properties in the United Kingdom.

### (b) Investment properties

Investment properties are those properties, either owned by the Limited Partnership or where the Limited Partnership is a lessee under a finance lease, that are held either to earn rental income or for capital appreciation, or both. In addition, properties held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases.

Investment properties are measured initially at cost, including related transaction costs. After initial recognition at cost, investment properties are carried at their fair values based on market value determined by professional independent valuers at each reporting date. The difference between the fair value of an investment property at the reporting date and its carrying amount prior to re-measurement is included in the income statement as a valuation surplus or deficit. Properties are treated as acquired at the point when the Limited Partnership assumes the significant risks and returns of ownership and as disposed when these are transferred to the buyer. This generally occurs on unconditional exchange, except where completion is expected to occur significantly after exchange. Additions to investment properties consist of costs of a capital nature and, in the case of investment properties under development, capitalised interest. Certain internal staff and associated costs directly attributable to the management of major schemes during the construction phase are also capitalised.

When the Limited Partnership begins to redevelop an existing investment property for continued future use as an investment property, the property remains an investment property and is accounted for as such. When the Limited Partnership begins to redevelop an existing investment property with a view to sell, the property is transferred to trading properties and held as a current asset. The property is re-measured to fair value as at the date of the transfer with any gain or loss being taken to the income statement. The re-measured amount becomes the deemed cost at which the property is then carried in trading properties.

Borrowing costs associated with direct expenditure on properties (both trading and investment) under development or undergoing major refurbishment are capitalised. The interest capitalised is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalised is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalised as from the commencement of the development work until the date of practical completion. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalised on the purchase cost of land or property acquired specifically for redevelopment in the short-term but only where activities necessary to prepare the asset for redevelopment are in progress.

## 2 Significant accounting policies (continued)

### (c) Investment in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost in the Limited Partnership's balance sheet, less any provision for impairment in value

### (d) Trade and other receivables

Trade and other receivables are recognised initially at fair value, subsequently at amortised cost and, where relevant, adjusted for the time value of money. A provision for impairment is established where there is objective evidence that the Limited Partnership will not be able to collect all amounts due according to the original terms of the receivables concerned. If collection is expected in more than one year, they are classified as non-current assets.

### (e) Cash and cash equivalents

Cash and cash equivalents comprises cash balances, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or fewer. Bank overdrafts that are repayable on demand and form an integral part of the Limited Partnership's cash management are deducted from cash and cash equivalents for the purpose of the statement of cash flows.

### (f) Provisions

A provision is recognised in the balance sheet when the Limited Partnership has a constructive or legal obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Where relevant, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

### (g) Revenue

Rental income from investment property leased out under an operating lease is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are an integral part of the net consideration for the use of the property and are therefore recognised on the same straight-line basis. Service charges and other recoveries are recorded as income in the periods in which they are earned.

When property is let under a finance lease, the Limited Partnership recognises a receivable at an amount equal to the net investment in the lease at inception of the lease. Rentals received are accounted for as repayments of principal and finance income as appropriate. Finance income is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining net investment in the finance lease. Contingent rents, being lease payments that are not fixed at the inception of a lease, for example turnover rents, are recorded as income in the periods in which they are earned.

### (h) Expenses

Property and contract expenditure is expensed as incurred.

Rental payments made under an operating lease are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are an integral part of the net consideration for the use of the property and also recognised on a straight-line basis.

Minimum lease payments payable on finance leases and operating leases accounted for as finance leases under IAS 40 are apportioned between finance expense and reduction of the outstanding liability. Finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining liability. Contingent rents (as defined in (g) above) are charged as an expense in the periods in which they are incurred.

### (i) Impairment

The carrying amounts of the Limited Partnership's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below). An impairment loss is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its fair value less costs to sell and its value in use. The value in use is determined as the net present value of the future cash flows expected to be derived from the asset, discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount after the reversal does not exceed the amount that would have been determined, net of applicable depreciation, if no impairment loss had been recognised.

### (j) Interest

Interest is accounted for on an accruals basis.

### (k) Income taxation

The Limited Partnership has not provided for income tax as it is transparent for tax purposes.

## 2. Significant accounting policies (continued)

### (l) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Limited Partnership is the lessee

i) Operating lease – leases in which substantially all risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

ii) Finance lease – leases of assets where the Limited Partnership has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised within investment properties at the commencement of the lease at the lower of the fair value of the property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in current and non-current borrowings. The finance charges are charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The investment properties acquired under finance leases are subsequently carried at their fair value.

Limited Partnership is the lessor

i) Operating lease – properties leased out to tenants under operating leases are included in investment properties in the balance sheet.

ii) Finance lease – when assets are leased out under a finance lease, the present value of the minimum lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

Lease income is recognised over the term of the lease using the net investment method before tax, which reflects a constant periodic rate of return. Where only the buildings element of a property lease is classified as a finance lease, the land element is shown within operating leases.

### (m) Dividends distributions

Final dividend distributions to the Limited Partners are recognised as a liability in the Limited Partnership's financial statements in the period in which the dividends distributions are approved by the Limited Partners. Interim dividends distributions are recognised when paid.

### (n) Group accounts

The financial statements present information about the Limited Partnership as an individual undertaking and not about its group. The Limited Partnership has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary of Land Securities Group PLC, a Limited Partnership incorporated in England and Wales whose consolidated financial statements are publicly available.

## 3. Critical accounting judgements and key estimations of uncertainty

The Limited Partnership's significant accounting policies are stated in note 2 above. Not all of these significant accounting policies require management to make difficult, subjective or complex judgements or estimates. The following is intended to provide an understanding of the policies that management consider critical because of the level of complexity, judgement or estimation involved in their application and their impact on the consolidated financial statements. These judgements involve assumptions or estimates in respect of future events. Actual results may differ from these estimates.

### (a) Investment property valuation

The Limited Partnership uses the valuation performed by its external valuer, Jones Lang LaSalle, as the fair value of its investment properties.

The valuation of the Limited Partnership's property portfolio is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rental revenues from that particular property. As a result, the valuations the Limited Partnership places on its property portfolio are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate, particularly in periods of volatility or low transaction flow in the property market.

The investment property valuation contains a number of assumptions upon which Jones Lang LaSalle has based its valuation of the Limited Partnership's properties as at 31 March 2015. The assumptions on which the valuations have been based include, but are not limited to, matters such as the tenure and tenancy details for the properties, ground conditions at the properties, the structural condition of the properties, prevailing market yields and comparable market transactions. These assumptions are market standard and accord with the RICS Valuation Standards. However, if any assumptions made by the property valuer prove to be false, this may mean that the value of the Limited Partnership's properties differs from their valuation, which could have a material effect on the Limited Partnership's financial condition.

### (b) Finance lease calculations

In apportioning rentals on finance lease properties the Limited Partnership is required to estimate the split of the fair values of the properties concerned between land and buildings. The inception of many of the Limited Partnership's leases took place many years ago and therefore reliable estimates are very difficult to obtain. Accordingly, the Limited Partnership has had to apply its judgement in estimating the split at inception of certain finance lease properties.

### 3 Critical accounting judgements and key estimations of uncertainty (continued)

#### (c) Trade and other receivables

The Limited Partnership is required to judge when there is sufficient objective evidence to require the impairment of individual trade and other receivables. It does this on the basis of the age of the relevant receivables, external evidence of the credit status of the counterparty and the status of any disputed amounts.

### 4 Revenue

	15 months to 31 March 2015 £'000	Year to 31 December 2013 £'000 (restated)
Rental income (excluding adjustment for lease incentives)	25,503	18,848
Adjustment for lease incentives	275	204
<b>Rental income</b>	<b>25,778</b>	<b>19,052</b>
Service charge income	7,033	5,717
Finance lease interest	90	73
<b>Gross property income</b>	<b>32,901</b>	<b>24,842</b>
Other direct property or contract expenditure	(9,372)	(6,827)
<b>Net rental income</b>	<b>23,529</b>	<b>18,015</b>

Other direct property or contract expenditure are costs incurred in the direct maintenance and upkeep of investment properties. Void costs, which include costs relating to empty properties pending redevelopment and refurbishment, costs of investigating potential development schemes which are not proceeded with, and costs in respect of housekeepers and outside staff directly responsible for property services, are also included.

### 5. Property management and administrative expenses

Property management and administrative expenses consist of all costs of managing the property, together with the costs of rent reviews and renewals, re-lettings of the property and management services as explained in note (a) below. No staff costs or overheads are capitalised.

#### (a) Management services

The Limited Partnership had no employees during 15 months to 31 March 2015 (year to 31 December 2013: None). Management services were provided to the Limited Partnership throughout the 15 months to 31 March 2015 by X-Leisure Limited, which is a Group undertaking, and amounted to £Nil (year to 31 December 2013: £Nil).

#### (b) General Partner's remuneration

The General Partner of the Limited Partnership received no emoluments from X-Leisure Limited for their services to the Limited Partnership. The amounts allocated to services for this Limited Partnership were £Nil (year to 31 December 2013: £Nil).

#### (c) Auditor remuneration

Auditor's remuneration of the Limited Partnership for the 15 months to 31 March 2015 amounted to £1,545 (year to 31 December 2013: £Nil). The auditor received no remuneration for non-audit services provided to the Limited Partnership during the 15 months to 31 March 2015 (year to 31 December 2013: £Nil).

#### (d) Provision for impairment in value

An impairment of £Nil (Year to 31 December 2013: £20,840,223) in respect of investments in subsidiary undertakings have been recognised in the Income Statement for the period. The subsidiaries were impaired due to a reduction of the fair value of their net assets. A reversal of impairment of £4,456,269 (Year to 31 December 2013: £Nil) has also been recognised in the Income Statement. See note 10 for further details.

### 6. Net interest income

	15 months to 31 March 2015 £'000	Year to 31 December 2013 £'000 (unaudited)
Interest income		
Loans from Group undertakings	679	566
<b>Total interest income</b>	<b>679</b>	<b>566</b>
<b>Net interest income</b>	<b>679</b>	<b>566</b>



## 7 Distributions

	15 months to 31 March 2015 £'000	Year to 31 December 2013 £'000 (unaudited)
Distributions to Partners	26,100	10,577
	<u>26,100</u>	<u>10,577</u>

## 8. Investment properties

	31 March 2015 £'000	31 December 2013 £'000 (unaudited)
Net book value at beginning of period	273,434	273,126
Additions	856	1,126
Surplus / (deficit) on revaluation of investment properties	33,795	(818)
Net book value at end of period	<u>308,085</u>	<u>273,434</u>

The historical cost of the investment properties is £279,689,255 (31 December 2013 £278,910,049). The difference between the carrying amount and historical cost is a surplus of £28,395,451 (31 December 2013 £5,476,230 deficit). The valuations are prepared by Jones Lang LaSalle, independent valuers, in accordance with, RICS valuation standards.

## 9. Net investment in finance leases

	31 March 2015 £'000	31 December 2013 £'000 (unaudited)
<b>Non-current</b>		
Finance leases – gross receivables	2,351	2,458
Unearned finance income	<u>(1,235)</u>	<u>(1,324)</u>
	1,116	1,134
<b>Current</b>		
Finance leases – gross receivables	85	85
Unearned finance income	<u>(71)</u>	<u>(72)</u>
Total net investment in finance leases	14	13
<b>Gross receivables from finance leases</b>		
Not later than one year	85	85
Later than one year but not more than five years	342	342
More than five years	<u>2,009</u>	<u>2,116</u>
	2,436	2,543
Unearned future finance income	<u>(1,306)</u>	<u>(1,396)</u>
Net investment in finance leases	1,130	1,147

The Limited Partnership has leased out an investment property under a finance lease, 55 years in duration from the inception of the lease. These are accounted for as finance lease receivables rather than investment properties.

The fair value of the Limited Partnership's finance lease receivables, using a discount rate of 1.6% (31 December 2013 1.6%), is £1.4m (31 December 2013 £1.3m).

## 10. Investment in subsidiary undertakings

	£'000
At 1 January 2014	100,882
Reversal of past impairments	4,457
31 March 2015	<u>105,339</u>

The General Partner believes that the carrying value of the investments is supported by their underlying net assets.

The subsidiary undertakings of the Limited Partnership are:

Name	Class of units owned	Percentage of units owned	Principal country of incorporation	Nature of business
Xscape Milton Keynes Property Unit Trust	£1 Capital Units	75.00%	Jersey	Property investment
Xscape Castleford Property Unit Trust	£1 Capital Units	66.67%	Jersey	Property investment
Queens Link Unit Trust	£1 Capital Units	50.00%	Jersey	Property investment

The reversal of prior year's impairment charges has been recognised as a result of the fair values of the net assets of the subsidiary undertakings becoming higher than the impaired net book value.

## 11. Investment in a joint venture

	£'000
At 1 January 2014 and at 31 March 2015	<u>22,982</u>

The General Partner believes that the carrying value of the investments is supported by their underlying net assets

The Limited Partnership owns 49.5% of West India Quay Unit Trust which is a joint venture and draws up accounts to 31 March. West India Quay Unit Trust is a joint venture between X-Leisure Fund II, Schroders Exempt Property Unit Trust which owns 49.5% and West India Quay Limited which owns 1%.

## 12. Trade and other receivables

	31 March 2015 £'000	31 December 2013 £'000 (unaudited)
Trade receivables	3,511	2,342
Less: allowance for doubtful accounts	(1,382)	(614)
Net trade receivables	<u>2,129</u>	<u>1,728</u>
Other receivables	11	68
Prepayments and accrued income	9,846	8,930
Net investment in finance leases due within one year (note 9)	14	13
Amounts due from joint ventures	270	-
Loans to Group undertakings	<u>16,951</u>	<u>20,244</u>
<b>Total trade and other receivables</b>	<b><u>29,221</u></b>	<b><u>30,983</u></b>

The unsecured loans to the Group undertakings are interest free and repayable on demand with no fixed repayment dates.

## 13. Trade and other payables

	31 March 2015 £'000	31 December 2013 £'000 (unaudited)
Trade payables	25	-
Other payables	132	700
Accruals and deferred income	7,227	6,157
Social security and other taxes	959	684
Amounts due to joint ventures	1,222	2,251
Loans from Group undertakings	<u>225,216</u>	<u>232,137</u>
<b>Total trade and other payables</b>	<b><u>234,781</u></b>	<b><u>241,929</u></b>

The unsecured loans from the Group undertakings are interest free and repayable on demand with no fixed repayment dates.

## 14. Obligations under finance leases

	31 March 2015 £'000	31 December 2013 £'000 (unaudited)
The minimum lease payments under finance leases fall due as follows		
Not later than one year	100	100
Later than one year but not more than five years	400	400
More than five years	<u>8,000</u>	<u>8,100</u>
	8,500	8,600
Future finance charges on finance leases	(6,701)	(6,801)
Present value of finance lease liabilities	<u>1,799</u>	<u>1,799</u>
The present value of finance lease liabilities is as follows		
Not later than one year	99	99
Later than one year but not more than five years	395	395
More than five years	<u>6,207</u>	<u>6,307</u>
	<u>6,701</u>	<u>6,801</u>

The fair value of the Limited Partnership's lease obligations, using a discount rate of 4.5% (31 December 2013: 5.0%), is £2.2m (31 December 2013: £2.0m).

### 15. Partners' capital accounts

	The X- Leisure Limited Partnership £'000	Leisure Parks (General Partner II) Limited £'000	Total £'000
At 1 January 2014 and 31 March 2015	189,356	-	189,356

### 16. Partners' current accounts

	The X- Leisure Limited Partnership £'000	Leisure Parks (General Partner II) Limited £'000	Total £'000
At 1 January 2014	(3,669)	-	(3,669)
Profit for the financial period	70,576	-	70,576
Distributions	(26,100)	-	(26,100)
At 31 March 2015	40,807	-	40,807

### 17 Cash flow statement exemption

The Limited Partnership is a subsidiary of Land Securities Group PLC which prepares a consolidated cash flow statement. The Partnership has therefore elected to make use of the exemption provided in FRS 101 not to produce its own cash flow statement.

### 18. Related party transactions

The Limited Partnership is a subsidiary of Land Securities Group PLC and has taken advantage of the exemption provided in FRS 101 not to make disclosure of transactions with other entities that are part of the Group.

### 19. Ultimate controlling parties

The Limited Partnership is owned by The X-Leisure Limited Partnership and Leisure Parks (General Partner II) Limited whose ultimate parent company and controlling party is Land Securities Group PLC.

Consolidated financial statements for the year ended 31 March 2015 for Land Securities Group PLC can be obtained from the Company Secretary, 5 Strand, London WC2N 5AF. This is the largest Group to include these accounts in its consolidated financial statements.

### 20. Going concern

The General Partner believes that preparing the accounts on the going concern basis is appropriate due to the continued financial support of The X-Leisure Limited Partnership. The General Partner has received confirmation that The X-Leisure Limited Partnership intends to support the Limited Partnership for at least one year after these financial statements are approved by the General Partner.