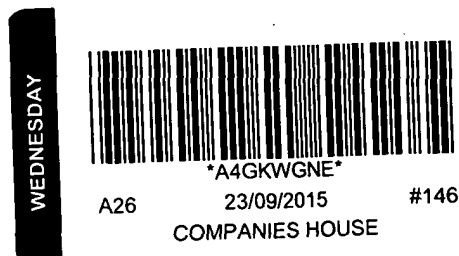


COMPANY REGISTRATION NUMBER 3671382

**METROPOLITAN (SOUTHAMPTON) LIMITED**  
**FINANCIAL STATEMENTS**  
**31 DECEMBER 2014**



**COHEN ARNOLD**  
Chartered Accountants & Statutory Auditor  
New Burlington House  
1075 Finchley Road  
London  
NW11 0PU

**METROPOLITAN (SOUTHAMPTON) LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2014**

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**METROPOLITAN (SOUTHAMPTON) LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**

<b>The board of directors</b>	B S E Freshwater D Davis
<b>Company secretary</b>	M R M Jenner, F.C.I.S.
<b>Registered office</b>	Freshwater House 158-162 Shaftesbury Avenue London WC2H 8HR
<b>Auditor</b>	Cohen Arnold Chartered Accountants & Statutory Auditor New Burlington House 1075 Finchley Road London NW11 0PU

# **METROPOLITAN (SOUTHAMPTON) LIMITED**

## **DIRECTORS' REPORT**

### **YEAR ENDED 31 DECEMBER 2014**

The directors present their report and the financial statements of the company for the year ended 31 December 2014.

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company is property investment. There has been no significant change in the nature of the company's business activities during the year under review, nor is any envisaged in the immediate future.

#### **RESULTS AND DIVIDENDS**

The loss for the year amounted to £751,394. The directors have not recommended a dividend.

#### **DIRECTORS**

The directors who served the company during the year were as follows:

B S E Freshwater

D Davis

The Articles of Association of the company do not require the directors to retire by rotation. Neither director has a service contract, nor do they receive any emoluments from the company.

#### **PROPERTY**

A professional valuation of the company's investment properties was carried out at 31 December 2014 by the company's valuers, Colliers International. The resultant figures have been included in the financial statements under review and the surplus of £18,739 above previous book value (2013: deficit of £2,656,216) has been transferred to the revaluation reserve.

#### **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 year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

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;
- 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.

#### **DONATIONS**

During the year the company made no charitable donation nor political contribution.

**METROPOLITAN (SOUTHAMPTON) LIMITED**

**DIRECTORS' REPORT** *(continued)*

**YEAR ENDED 31 DECEMBER 2014**

**AUDITOR**

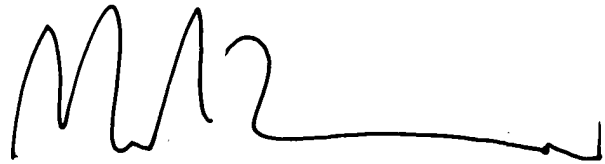
Cohen Arnold are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

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

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

Signed by order of the directors

A handwritten signature in black ink, appearing to read 'M R M Jenner', followed by a long horizontal line.

M R M Jenner, F.C.I.S.  
Company Secretary

Approved by the directors on 3 September 2015

**METROPOLITAN (SOUTHAMPTON) LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF**  
**METROPOLITAN (SOUTHAMPTON) LIMITED**  
**YEAR ENDED 31 DECEMBER 2014**

We have audited the financial statements of Metropolitan (Southampton) Limited for the year ended 31 December 2014 on pages 6 to 14. 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 shareholders, 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 shareholders 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 shareholders 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 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**

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 annual report 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 December 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

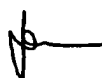
**METROPOLITAN (SOUTHAMPTON) LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF**  
**METROPOLITAN (SOUTHAMPTON) LIMITED** *(continued)*

**YEAR ENDED 31 DECEMBER 2014**

**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.



JOSHUA NEUMANN (Senior Statutory Auditor)

For and on behalf of  
COHEN ARNOLD  
Chartered Accountants  
& Statutory Auditor

New Burlington House  
1075 Finchley Road  
London  
NW11 0PU

3 September 2015

**METROPOLITAN (SOUTHAMPTON) LIMITED**

**PROFIT AND LOSS ACCOUNT**

**YEAR ENDED 31 DECEMBER 2014**

	Note	2014 £	2013 £
<b>TURNOVER</b>	<b>2</b>	<b>264,330</b>	<b>367,914</b>
Cost of Sales		(785,332)	(1,000,892)
<b>GROSS LOSS</b>		<b>(521,002)</b>	<b>(632,978)</b>
Administrative Expenses		(26,500)	(26,500)
<b>OPERATING LOSS</b>	<b>3</b>	<b>(547,502)</b>	<b>(659,478)</b>
Interest Receivable and Similar Income		108	31
Interest Payable and Similar Charges	<b>5</b>	<b>(409,000)</b>	<b>(500,000)</b>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(956,394)</b>	<b>(1,159,447)</b>
Tax on Loss on Ordinary Activities	<b>6</b>	<b>205,000</b>	<b>286,000</b>
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b>(751,394)</b>	<b>(873,447)</b>

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

The notes on pages 9 to 14 form part of these financial statements.



**METROPOLITAN (SOUTHAMPTON) LIMITED**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**YEAR ENDED 31 DECEMBER 2014**

	2014 £	2013 £
Loss for the Financial Year Attributable to the Shareholders	(751,394)	(873,447)
Unrealised Profit/(Loss) on Revaluation of Certain Fixed Assets	<u>18,739</u>	<u>(2,656,216)</u>
Total Gains and Losses Recognised Since the Last Annual Report	<u>(732,655)</u>	<u>(3,529,663)</u>

The notes on pages 9 to 14 form part of these financial statements.

# METROPOLITAN (SOUTHAMPTON) LIMITED

## BALANCE SHEET

31 DECEMBER 2014

	Note	2014 £	2013 £
<b>FIXED ASSETS</b>			
Tangible Assets	7	3,362,523	3,343,784
<b>CURRENT ASSETS</b>			
Debtors	8	926,102	898,704
<b>CREDITORS: Amounts falling due within one year</b>	9	<u>(9,586,028)</u>	<u>(8,810,236)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(8,659,926)</u>	<u>(7,911,532)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(5,297,403)</u>	<u>(4,567,748)</u>
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred taxation	10	(110,000)	(107,000)
		<u>(5,407,403)</u>	<u>(4,674,748)</u>
<b>CAPITAL AND RESERVES</b>			
Called-Up Equity Share Capital	13	2	2
Revaluation Reserve	14	(3,388,058)	(3,406,797)
Profit and Loss Account	14	(2,019,347)	(1,267,953)
<b>DEFICIT</b>	15	<u>(5,407,403)</u>	<u>(4,674,748)</u>

These accounts were approved by the directors and authorised for issue on 3 September 2015, and are signed on their behalf by:

  
B S E Freshwater  
Director

Company Registration Number: 3671382

The notes on pages 9 to 14 form part of these financial statements.

# **METROPOLITAN (SOUTHAMPTON) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2014**

### **1. ACCOUNTING POLICIES**

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

The financial statements have been prepared in accordance with the accounting principles appropriate to a going concern, notwithstanding the company's net current 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 Metropolitan Properties Company Limited, the company's immediate parent undertaking. The Metropolitan Properties Company Limited Group has considerable financial resources together with a large property portfolio and access to credit facilities. Metropolitan Properties Company 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.

#### **Cash flow statement**

Under Financial Reporting Standard No. 1 "Cash Flow Statements" 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 parent undertaking 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 No. 8 "Related Party Disclosures" in order to dispense with the requirement to disclose transactions with other wholly owned Metropolitan Properties Company Limited group companies.

#### **Turnover**

Turnover comprises rents and service charges receivable less applicable provisions. Rent receivable from investment property leased out under operating leases is recognised in the profit and loss account on a straight line basis up to the date when it is expected that the prevailing market rent will be receivable.

**METROPOLITAN (SOUTHAMPTON) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2014**

**1. ACCOUNTING POLICIES** *(continued)*

**Investment properties**

Investment property is included in the balance sheet at professional valuation at 31 December 2014, on the basis stated in the "Tangible Fixed Assets" note to the financial statements. In accordance with Statement of Standard Accounting Practice No. 19:

i) investment property is revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, with the exception of permanent diminutions in value which are written off through the profit and loss account; and

ii) no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run.

This treatment, as regards the company's investment property, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, the property is not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation and amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

**Taxation**

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

**Current tax:**

Provision is made for consideration payable to or receivable from other group undertakings for the surrender of losses under group relief provisions.

**Deferred tax:**

Deferred tax is provided in respect of all timing differences that have originated but not reversed by the balance sheet date where an event has occurred that results in an obligation to pay more or less tax in future, except that:

- No provision is made in respect of unrealised property revaluation surpluses; and
- Deferred tax assets are recognised to the extent that they are considered recoverable.

**Financial instruments**

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

**Acquisitions and disposals of properties**

Acquisitions and disposals are considered to have taken place at the date of legal completion and are included in the financial statements accordingly. Disposals include the net proceeds from lease extensions.

**METROPOLITAN (SOUTHAMPTON) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2014**

**2. TURNOVER**

The turnover of the company is represented by rents and charges receivable in respect of the property held for investment purposes.

The gross loss is comprised as follows:

	2014 £	2013 £
Rents and charges receivable	264,330	367,914
Property outgoings	(785,332)	(1,000,892)
Gross loss	<u>(521,002)</u>	<u>(632,978)</u>

**3. OPERATING LOSS**

Operating loss is stated after charging:

	2014 £	2013 £
Auditor's remuneration - as auditor	<u>21,000</u>	<u>21,000</u>

**4. PARTICULARS OF EMPLOYEES**

The company has no employees and no salaries or wages have been paid to the directors during the year.

The staff provided by the property and administrative management company, Highdorn Co. Limited, are engaged under joint employment contracts with a fellow subsidiary of the company and their costs subsequently recharged to the company at a level appropriate to the activity of the company. No recharges were made during the year (2013: Nil).

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	2014 £	2013 £
Other similar charges payable	<u>409,000</u>	<u>500,000</u>

Other similar charges payable relate to interest payable to group undertakings.

**6. TAXATION ON ORDINARY ACTIVITIES**

**(a) Analysis of charge in the year**

	2014 £	2013 £
Current tax:		
Corporation tax	-	-
Consideration receivable for group relief	(208,000)	(273,000)
Total current tax	<u>(208,000)</u>	<u>(273,000)</u>
Deferred tax:		
Origination and reversal of timing differences	<u>3,000</u>	<u>(13,000)</u>
Tax on loss on ordinary activities	<u>(205,000)</u>	<u>(286,000)</u>

# METROPOLITAN (SOUTHAMPTON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

### 6. TAXATION ON ORDINARY ACTIVITIES *(continued)*

#### (b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 21.50% (2013 - 23.25%).

	2014 £	2013 £
Loss on ordinary activities before taxation	<u>(956,394)</u>	<u>(1,159,447)</u>
Loss on ordinary activities by rate of tax	(205,625)	(269,571)
Excess capital allowances over depreciation	(2,746)	(3,411)
Other differences	371	(18)
Total current tax (note 6(a))	<u>(208,000)</u>	<u>(273,000)</u>

#### (c) Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) was substantially enacted on 2 July 2013. A further reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantially enacted on 2 July 2013. In July 2015 the Government announced further reductions in the UK Corporation Tax rate to 19% by 1 April 2017 and to 18% by 1 April 2020. This will reduce the Company's future tax charge accordingly.

The potential deferred taxation liability at 31 December 2014 in respect of the revaluation of investment property, for which no provision has been made, is estimated at £nil (2013: £nil).

### 7. TANGIBLE FIXED ASSETS

	Freehold Properties £
<b>COST OR VALUATION</b>	
At 1 January 2014	3,343,784
Revaluation	18,739
<b>At 31 December 2014</b>	<u><b>3,362,523</b></u>
<b>NET BOOK VALUE</b>	
<b>At 31 December 2014</b>	<u><b>3,362,523</b></u>
At 31 December 2013	<u>3,343,784</u>

The historical cost of investment property at 31st December 2014 is £6,750,581.

A professional valuation of the company's investment property was carried out at 31st December 2014 by the company's valuers, Colliers International. The valuation figure is based on the open market value assessed in accordance with the RICS Statement of Asset Valuation Practice and Guidance Notes.

**METROPOLITAN (SOUTHAMPTON) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2014**

**8. DEBTORS**

	2014	2013
	£	£
Trade debtors	66,614	108,886
Other debtors	378,488	310,818
Consideration receivable for group relief	481,000	479,000
	<u>926,102</u>	<u>898,704</u>

**9. CREDITORS: Amounts falling due within one year**

	2014	2013
	£	£
Trade creditors	89,385	94,799
Amounts owed to group undertakings	9,398,916	8,639,003
Other creditors	97,727	76,434
	<u>9,586,028</u>	<u>8,810,236</u>

**10. DEFERRED TAXATION**

The movement in the deferred taxation provision during the year was:

	2014	2013
	£	£
Provision brought forward	107,000	120,000
Profit and loss account movement arising during the year	3,000	(13,000)
Provision carried forward	<u>110,000</u>	<u>107,000</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2014	2013
	£	£
Excess of taxation allowances over depreciation on fixed assets	110,000	107,000
	<u>110,000</u>	<u>107,000</u>

**11. CHARGES ON ASSETS AND GUARANTEES**

The company has charged its investment property with a book value of £3,362,523 (2013: £3,343,784), as part security for loan facilities granted to Metropolitan Properties Company Limited, its immediate parent undertaking. At 31 December 2014 the aggregate indebtedness under these facilities amounted to £20,000,893 (2013: £20,009,641).

**12. DIRECTORS' INTERESTS IN CONTRACTS**

The majority of the day to day management of the company's property and its operations is carried out by Highdorn Co. Limited, one of the Freshwater Group of Companies, with which this company is closely related. Mr B S E Freshwater is a director but has no beneficial interest in the share capital of that company.

During the year £23,175 (2013: £12,907), excluding VAT, was payable to Highdorn Co. Limited for these services which were charged for at normal commercial rates.

**METROPOLITAN (SOUTHAMPTON) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2014**

**13. SHARE CAPITAL**

Allotted, called up and fully paid:

	<b>2014</b>		<b>2013</b>	
	<b>No</b>	<b>£</b>	<b>No</b>	<b>£</b>
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

**14. RESERVES**

	<b>Revaluation reserve £</b>	<b>Profit and loss account £</b>
Balance brought forward	(3,406,797)	(1,267,953)
Loss for the year	-	(751,394)
Other gains and losses		
- Revaluation of fixed assets	<u>18,739</u>	<u>-</u>
Balance carried forward	<u>(3,388,058)</u>	<u>(2,019,347)</u>

**15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>2014 £</b>	<b>2013 £</b>
Loss for the financial year	(751,394)	(873,447)
Other net recognised gains and losses	<u>18,739</u>	<u>(2,656,216)</u>
Net reduction to shareholders' deficit	(732,655)	(3,529,663)
Opening shareholders' deficit	<u>(4,674,748)</u>	<u>(1,145,085)</u>
Closing shareholders' deficit	<u>(5,407,403)</u>	<u>(4,674,748)</u>

**16. ULTIMATE PARENT UNDERTAKING**

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

The parent undertaking of the smallest group of undertakings for which group financial statements are drawn up is Metropolitan Properties Company 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.