

Registered Number 05090210

METRO SHOPPING FUND MANAGEMENT LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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Directors' Report for the year ended 31 March 2017

The directors present their report with the audited financial statements of the Company for the year ended 31 March 2017.

RESULTS FOR THE YEAR AND DIVIDEND

The results are set out in the Income Statement on page 4.

The directors do not recommend the payment of a final dividend for the year ended 31 March 2017 (2016: £Nil). The interim dividend of **£15,926** (2016: £11,835) per share creating a distribution of **£3,185,172** (2016: £2,367,098) was paid on 28 March 2017.

PRINCIPAL ACTIVITY, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Company has continued its business of asset management on behalf of Metro Shopping Fund LP. On 13 April 2017, the asset management contract with Metro Shopping Fund LP ceased. The company is expected to be dormant from that point.

DIRECTORS

The directors who held office during the year and up to the date of this report were:

T Hadén-Scott
J W J Ritblat
C B Wagman
A M Christian-West
D Don-Wauchope
S C Parsons
J M Busby

(alternative director)

INDEMNITY

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

CREDITOR PAYMENT POLICY

Land Securities Properties Limited, a fellow group undertaking, manages payments to suppliers for the Land Securities Group. The Company 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 2017 were equivalent to 28 days of purchases during the year ended on that date.

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.

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.

Registered Office
100 Victoria Street
London
SW1E 5JL



On behalf of the board
A M Christian - West
Director
4 September 2017

Registered and domiciled in England and Wales
Registered number: 05090210

Directors' Responsibilities for the year ended 31 March 2017

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 year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. 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
- specify which generally accepted accounting principles have been adopted in their preparation; 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 Metro Shopping Fund Management Limited for the year ended 31 March 2017

We have audited the financial statements of Metro Shopping Fund Management Limited for the year ended 31 March 2017 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

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 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 Financial Statements and Directors' 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 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- The Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Directors' Report.

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
- directors were not entitled to 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.

Ernst & Young LLP

Daniel Saunders (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP
Statutory Auditor
London

8 September 2017

Income Statement for the year ended 31 March 2017
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	Notes	2017 £'000	2016 £'000
Revenue: Asset management fee income		3,481	3,327
Management and administrative expenses	4	(195)	(212)
Profit before tax		3,286	3,115
Income tax	6	(657)	(623)
Profit for the financial year		2,629	2,492

Statement of comprehensive income for the year ended 31 March 2017

	2017 £'000	2016 £'000
Profit for the financial year	2,629	2,492
Other comprehensive income for the financial year	-	-
Total comprehensive income for the financial year	2,629	2,492

All amounts are derived from continuing activities.

Balance Sheet as at 31 March 2017
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	Notes	31 March 2017 £'000	31 March 2016 £'000
Current assets			
Cash and cash equivalents	7	969	1,647
Total current assets		969	1,647
Total assets		969	1,647
Current liabilities			
Trade and other payables	8	(943)	(992)
Amounts due to related parties	9	(6)	(79)
Total current liabilities		(949)	(1,071)
Total liabilities		(949)	(1,071)
Net assets		20	576
Equity			
Share capital	11	20	576
Retained earnings		20	576
Total Equity		20	576

The financial statements on pages 4 to 10 were approved by the Board of Directors on 4 September 2017 and were signed on its behalf by



A M Christian - West
Director

Statement of changes in equity

	Notes	Share capital £'000	Retained earnings £'000	Total £'000
At 1 April 2015		-	451	451
Total comprehensive income for the year		-	2,492	2,492
Transactions with owners:				
Dividends	5	-	(2,367)	(2,367)
At 31 March 2016		-	576	576
Total comprehensive income for the year		-	2,629	2,629
Transactions with owners:				
Dividends	5	-	(3,185)	(3,185)
At 31 March 2017		-	20	20

Statement of Cash Flows for the year ended 31 March 2017

	2017 £'000	2016 £'000
Operating activities		
Profit before tax	3,286	3,115
Adjustments to reconcile profit before tax to net cash flows:		
Working capital adjustments:		
(Decrease) / increase in payables	(779)	174
	<u>2,507</u>	<u>3,289</u>
Income tax paid	-	(513)
Net cash flows from operating activities	<u>2,507</u>	<u>2,776</u>
Financing activities		
Distributions paid to equity holders	(3,185)	(2,367)
Net cash flows used in financing activities	<u>(3,185)</u>	<u>(2,367)</u>
Net movement in cash and cash equivalents in the year	<u>(678)</u>	<u>409</u>
Cash and cash equivalents at 1 April	<u>1,647</u>	<u>1,238</u>
Cash and cash equivalents at 31 March	<u>969</u>	<u>1,647</u>

1. Basis of preparation

These financial statements have been prepared on a going concern basis and in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs). The financial statements are prepared under the historical cost convention.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 March 2017. The financial statements are prepared in Sterling and are rounded to the nearest thousand pounds (£'000).

2. Significant accounting policies

The accounting policies which follow set out those which apply in preparing the financial statements for the year ended 31 March 2017.

(a) Revenue

Revenue consists entirely of fees for asset management services invoiced to Metro Shopping Fund LP, a related party. Income is recognised on an accruals basis.

(b) Management and administrative expenses

Management and administration expenses are expensed as incurred. These largely consist of secondment fees invoiced to the Company by Delancey Real Estate Asset Management Limited.

(c) Interest income

Interest income is accounted for on an accruals basis.

(d) Income tax

Income tax on the Income Statement for the year comprises current tax. Current tax is the tax payable on the taxable income for the year and any adjustment in respect of previous years.

(e) 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.

(f) 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.

(g) Dividends

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

(h) Trade and other payables

Trade and other payables with no stated interest rate and payable within one year are recorded at transaction price. Trade and other payables after one year are discounted based on amortised cost method using the effective interest rate.

(i) Amendments to IFRS standards not yet applicable

The accounting policies used in these financial statements are consistent with those applied in the last annual financial statements, as amended where relevant to reflect the adoption of new standards, amendments and interpretations which became effective in the year. These amendments have not had an impact on the financial statements.

A number of new standards and amendments to standards have been issued but are not yet effective for the Company. The most significant of these, and their potential impact on the Company's accounting, are set out below:

IFRS 15 Revenue from Contracts with Customers (effective from 1 April 2018) – the standard will be applicable to service charge income, other property related income, trading property sales proceeds and proceeds from the sale of investment properties, but not rental income arising from the Company's leases with tenants. Based on the transactions impacting the current financial year and future known transactions, the Company does not expect the adoption of IFRS 15 to have a material impact on the Company's reported results. However, we will continue to assess new transactions as they arise to the date of adoption.

IFRS 9 Financial Instruments (effective from 1 April 2018) – the standard applies to classification and measurement of financial assets and financial liabilities, impairment provisioning and hedge accounting. The main area of impact for the Company is considered to relate to impairment provisioning which may affect measurement and presentation of trade receivables. We believe that the current provisioning approach to trade receivables is expected to be materially similar to the revised guidance.

IFRS 16 Leases (effective from 1 April 2019) – the adoption of this standard is not expected to significantly impact the recognition of rental income earned under the Company's leases with tenants. The Company holds a small number of operating leases as a lessee which are affected by this standard, however, these are not material to the financial statements.

3. Critical accounting judgements and key estimation uncertainty

The Company'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) Trade and other receivables

The Company is required to judge when there is sufficient objective evidence to require the impairment of individual trade 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. Management and administrative expenses

(a) Management services

The Company had no employees during the year (2016: None). Management services were provided to the Company throughout the year by Land Securities Properties Limited and Delancey Real Estate Asset Management Limited which are related parties of the Company. Management fees paid to Delancey Real Estate Asset Management Limited amount to **£192,000** (2016: £209,000). No payments were made to Land Securities Properties Limited in the year (2016: £Nil).

(b) Directors' remuneration

The directors of the Company received no emoluments for their services to the Company. The amounts allocated to services for this Company were **£Nil** (2016: £Nil).

(c) Auditor remuneration

The auditor's remuneration amounts to **£1,924** (2016: £1,749). The auditor received no remuneration for non-audit services provided to the Company during the year.

5. Dividends

	2017 £ per share	2016 £ per share	2017 £'000	2016 £'000
Ordinary - interim	15,926	11,835	3,185	2,367
	15,926	11,835	3,185	2,367

6. Income tax

	2017 £'000	2016 £'000
Current tax		
Income tax on profit for the year	657	623
Total income tax charge in the income statement	657	623

Factors affecting the tax charge for the year

The current income tax charge for the year is equal to (2016: equal to) the standard rate of corporation tax in the UK of **20%** (2016: 20%). The differences are explained below:

Profit before tax	3,286	3,115
Profit before tax multiplied by the rate of corporation tax in the UK of 20% (2016: 20%)	657	623
Total income charge in the income statement (as above)	657	623

7. Cash and cash equivalents

	2017 £'000	2016 £'000
Cash at bank and in hand	969	1,647

8. Trade and other payables

	2017 £'000	2016 £'000
Accruals and deferred income	-	2
Current tax liabilities	287	367
Social security and other taxes	656	623
Total current trade and other payables	943	992

9. Amounts due to related parties

	2017 £'000	2016 £'000
Amounts owed to Metro Shopping Fund GP Limited	2	31
Amounts owed to Southside Limited Partnership	4	48
Total amounts due to related parties	6	79

The unsecured loans from Metro Shopping Fund GP Limited and Southside Limited Partnership (formerly Metro Shopping Fund LP), which are related parties, are interest free and repayable on demand with no fixed repayment date.

10. Financial risk management

Financial risk management objectives and policies

The Company has trade and other receivables and trade and other payables that arise directly from its operations. The carrying value equals the fair value of the trade and other receivables and trade and other payables due to their short term nature.

The Company is exposed to minimal credit risk and liquidity risk due to the nature of the receivables and payables.

There were no gains or losses arising on financial assets or liabilities recognised in either the income statement or direct to equity (2015: Nil).

Credit risk

With respect to credit risk arising from the financial assets of the Company, which comprise of cash and trade and other receivables, the Company's maximum exposure equal to the carrying amount of these instruments in the event the counter parties default.

Liquidity risk

The Company are exposed to liquidity risk and needs to ensure that the cash balances and cash flows from operations are sufficient to enable the Company to pay their trade and other payables. The Company carefully monitors actual cash flows against forecasts and budgets in order to manage this risk.

Capital management

The Group Company considers its capital to include partners' capital, borrowings and matching derivative financial instruments. The primary objective of the Limited Partnership's capital management is to ensure that the Group and Company property portfolio is appropriately supported by capital that is efficient and that seeks to reduce fluctuations in interest payments due to changes in external interest rates.

11. Ordinary share capital

	2017 Number	Issued 2016 Number	Allotted and fully paid 2017 £	2016 £
Ordinary A shares of £1 each	100	100	100	100
Ordinary B shares of £1 each	100	100	100	100
	200	200	200	200

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

12. Related party transactions

The Company acts as asset manager for Southside Limited Partnership (formerly Metro Shopping Fund LP) which is jointly owned by LS Juliet Limited and DVM Limited Partnership, whose ultimate parent companies are Land Securities Group PLC and DVM Limited Partnership's Partners, respectively. Transactions with those entities are as follows:

The turnover of **£3,481,491** (2016: £3,327,125) consists entirely of fees receivable from Southside Limited Partnership for asset management services. The asset management fee is calculated as a percentage of the year end valuation of the investment property portfolio of Metro Shopping Fund LP. There are no debtors relating to asset management fees at the year end.

The administration expenses of **£193,530** (2016: £210,774) include **£191,606** (2016: £209,025) of secondment fees payable to Delancey Real Estate Asset Management and **£1,924** (2016: £1,749) of management fees payable to Metro Shopping Fund GP Limited. There were no creditors relating to secondment fees at the year end and the total of management fees payable to Metro Shopping Fund GP Limited outstanding at the year-end were **£3,673** (2016: £29,062).

Within payables there is an amount of **£3,673** (2016: £48,002) owed to Southside Limited Partnership. The balance was repaid during the year.

13. Ultimate controlling party

The Company is jointly owned by Land Securities Partnerships Limited and Delancey Real Estate Asset Management Limited with each owning 50% of the share equity. Therefore, there is no ultimate controlling party.