

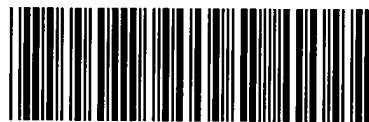
Company Registration No. 05591978

PEEL HOLDINGS (LAND AND PROPERTY)
LIMITED

ANNUAL REPORT AND FINANCIAL
STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

TUESDAY



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Directors, Principal Professional Advisers and Registered Office

Directors: John Whittaker
Steven Underwood, A.C.A.
Paul P. Wainscott, A.C.I.S.
Neil Lees, A.C.I.S.
Peter Hosker, LL.B

Secretary: Neil Lees, A.C.I.S.

**Registered Office
and Head Office:** Peel Dome
The Trafford Centre
Manchester
M17 8PL

Registered Number: 05591978

Auditor: Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester
United Kingdom

Bankers: Lloyds Bank plc
The Royal Bank of Scotland plc
Bank of Scotland plc
Barclays Bank plc
HSBC plc
Aviva Commercial Finance Limited
Santander plc

Property Valuers: Jones Lang LaSalle
Cushman & Wakefield

Strategic Report *for the year ended 31 March 2015*

The directors submit their strategic report of the group for the year ended 31 March 2015.

Principal activities

The principal activities of the group are property investment, development and trading.

Review of business, developments and prospects

The principal strategies of the Peel Holdings (Land and Property) Limited group (the 'Group') continue to be to increase the net asset value and rental income of the land and property asset portfolio and to generate positive cash flow for reinvestment and continual asset growth.

The following key performance indicators, most of which can be derived directly from the financial statements, are used by the directors on a monthly basis to review the performance of the business:

	2015	2014
	£'000	£'000
Annualised Rent Roll	65,596	67,153
Operating Profit	44,146	44,099
Income from property sales	58,305	45,435
Capital Expenditure	40,303	35,657
Net debt	853,843	870,809
Overall Loan to Value	59.5%	61.8%
Shareholder's Funds	711,762	706,203

The results are comparable as expected given the stage makeup of the group. The Group comprises several underlying businesses which are managed by the directors in accordance with either the geographic location of the assets owned or the nature of the asset class. The businesses which this gives rise to include Retail Parks, Logistics, Liverpool and Wirral Waters, Chatham Waters, Land and Planning, land and property surrounding intu Trafford Centre known as Trafford Waters and Environmental. Further information on these businesses which form the core of the Group is given below:

Retail Parks

The Group owns and manages a retail park portfolio comprising 2.2m sq ft across 11 strategic UK locations. The portfolio benefits from 176 occupations and an occupancy rate of 77.7%. During the year ended 31 March 2015 there were 6 new lettings within the portfolio, totalling 83,702 sq ft adding £501,836 of initial annual rent to the portfolio rent roll.

Following the identification of value accretive asset management and development opportunity there was a significant amount of pre-letting activity during the year ending 31 March 2015. There were a further 13 lettings agreed, totalling 193,447sq ft, with a potential of £3.0m of initial annual rent.

During the year £18.35m of strategic capital recycling was completed in order to fund the healthy letting and development pipeline. The Peel Centre, Blackburn and part of the Peel Centre, Brislington was sold during the year for combined proceeds of £18.4m.

Major projects commenced in the year include the refurbishment of a 60,000 sq ft of existing retail floor space at The Peel Centre, Hyndburn, the development of a 3,600sq ft Nando's restaurant at The Peel Centre Straiton, the development of a 3,000sq ft Nando's restaurant unit at Trafford Retail Park, Manchester, the development of a 3,000 sq ft food and beverage provision at The Peel Centre Yeovil and the reconfiguration of 46,000 sq ft of existing retail floorspace at The Peel Centre Washington.

Notable planning successes during the year ended 31 March 2015 include the consent for a 72,000 sq ft of non-food retail warehousing and a coffee drive thru provision for land adjoining Trafford Retail Park, Manchester. In addition consent for 35,000 sq ft and 25,000 sq ft of Open A1 with 30% food was obtained through a change of use application at Peel Centre Barnsley and Gloucester respectively.

The retail park portfolio was valued at £415.3m at 31 March 2015 (2014:£436.1m) with £18.35m of capital disposal and had a passing rent of £23.9m (2014: £25.6m).

Strategic Report *continued*

Logistics

Peel Logistics is a strategic marketing alliance between the Peel Group, Peel Ports and Harworth Estates. This marketing alliance covers over 6,000 acres of land approaching 70 landholdings throughout the UK.

This initiative covers high profile sites such as Port Salford a multi modal opportunity where construction is to shortly commence on a new 280,000 sq ft ambient distribution facility let to a logistics operator and who will utilise the connectivity of the Manchester Ship Canal to move containers from the soon to be operational £300m Liverpool 2 Port facility to the new facility at Port Salford saving both road miles and resulting in carbon reduction to the business.

Another key site is Liverpool International Business Park, Speke where a planning application for a new 175,000 sq ft distribution facility has recently been submitted, Peel Logistics are investing in key strategic sites to ensure they are 'oven ready' where both planning consents and site enabling works are completed to ensure that Peel Logistics is well positioned to react to the increasing demands on delivery timescales by the occupational market and Liverpool International Business Park is a prime example of this.

The Knowsley 700 site was integrated into the Peel Logistics portfolio during the year and a planning application for over 700,000 sq ft of warehousing/ distribution accommodation is to be shortly submitted.

The sale of the 5 acre landholding at Hareshill distribution park, Bury for £1.4 m was completed in the financial year and the purchaser will shortly be on site with a 100,000 sq ft warehouse, this is being developed speculatively.

Conditional contracts have been exchanged at Calder Park, Wakefield for the sale of a 4 acre plot for £2.2 m to develop a new 50,000 sq ft HQ on the park whilst a further land sale to a fast food operator for £425,000 will further enhance the amenity provision on the site.

At Robin Hood Airport Doncaster solicitors have been instructed on the disposal of a 2.5 acre plot of land which subject to grant funding will see a local developer build out 40,000 sq ft of speculative warehousing accommodation, the FARRRS link road is currently under construction which will further enhance the attractiveness of the landholding which has planning consent for approaching 1 m sq ft of industrial/ distribution development.

Peel Logistics key aim is to move strategic landholdings through the planning system and bring forwards for development capitalising on a buoyant sector, across the above 3 strategic partners landholdings there is currently over 1 m sq ft of development on site.

Wirral Waters

Planning permission was granted for the Wirral Waters project in May 2012. This is the largest planning permission in the UK by consented floor area. Wirral Waters forms part of the Mersey Waters Enterprise Zone which was designated by DCLG in April 2011. Since receiving planning permission, the Wirral Waters strategy has been to prepare and remediate key sites; to facilitate the investment in infrastructure; to create 'oven ready' development parcels; and to bring forward a number of part publically funded building projects that catalyse the delivery of Wirral Waters. The strategy has been successful in levering in public investment including: ERDF funding for the remediation of West Float; Local Infrastructure Funding (via the HCA) for the remediation of the Mobil and Tower Road South sites; £1.5m of Setting the Scene for Growth funding for environmental improvements (via the Department for Business Innovation and Skills and the Forestry Commission); and £7.2m of funding (via the Skills Funding Agency) towards the development of a Further Education campus for Wirral Metropolitan College.

The Wirral Metropolitan College campus (38,000 sq ft) was completed in September 2015. This is the first building to be delivered within Wirral Waters. The Tower Wharf office building (40,000 sq ft) for an adjoining landowner will be completed in November 2015. Further development projects in the pipeline include: an industrial project that supports the energy sector at West Float, the Marine & Energy Park campus that is to be launched in Autumn 2015, the Maritime Knowledge Hub at the grade 2 listed Hydraulic Tower building, a new 40,000 sq ft office at Tower Road South and a 200 unit residential project at Northbank East.

Based on the 'live' projects a TIF-style (Tax Increment Fund) investment fund has been set up utilising the Enterprise Zone designation. This fund will address any viability gaps necessary to facilitate emerging projects.

The Group is working collaboratively with stakeholders including DCLG, BIS and the LEP to enable further activity in Wirral Waters. The Peel management team continues to drive down void rates within the existing built estate portfolio.

Properties at Wirral Waters were valued at £97m at 31 March 2015 (2014: £94.8m) and had a passing rent of £5m (2014: £5.1m).

Strategic Report *continued*

Chatham Waters

The Chatham Waters scheme is a development of the Chatham Docks in Medway, Kent and will provide an employment-led mixed use redevelopment of 26 acres of brownfield land comprising approximately 1.9m sq ft of offices, leisure, retail and residential uses. The scheme will provide economic, social and environmental regeneration in the Medway area and supports Medway Council's objectives in its Local Development Framework. The scheme was granted planning permission in 2012 and in June 2015 the first phase was completed comprising 73,000 sq ft supermarket and a 60,000 sq ft University Technical College along with significant infrastructure and environmental improvements.

Land and Planning

The Group achieved cash generation of £9.7m through land sales in the year ending 31 March 2015 and a further £8m sales were exchanged ready for completion.

The recovering house building industry continues in confidence as more homebuilders acquire new sites and increase their targets assisted by Help to Buy schemes, their acquisition and sales programmes directly assists land sales for the Group.

The Barratt / Peel Framework Agreement which was successfully entered into in 2011, was capped at 46 acres and 630 family units, and closed in March 2015 and will provide cash flow for the Group into 2017.

The planning system continues to build upon the pro-growth themes embedded within the National Planning Policy Framework, although it is evident that not all local authorities are embracing growth and change at the same pace. Planning permissions for over a 1,000 family homes were achieved throughout the year ended 31 March 2015, 280 units of these were successfully gained at appeal.

A further 600 family unit scheme in West Salford, Greater Manchester was refused at Planning Committee in November 2014. A public inquiry was held after the year end in June 2015 and the Secretary of State's decision is due by 22 December 2015.

The Burgess Farm scheme at Walkden, Salford, which consists of 350 family units completed with a major house builder shortly after the year end, the farmers occupying the land have been successfully relocated, infrastructure has begun on site and the construction of family homes began in Summer 2015.

The Group successfully acquired several strategic land holdings and properties to complement its planning programme; it has 40 sales identified within its forthcoming programme and 60 active planning projects.

The Bridgewater Canal continues to operate successfully at a profit and maintenance and improvement programmes continue to secure its future as an important heritage asset valued by the Group.

The Group continues to be actively involved in national and local planning matters trying to bring about further pro-growth improvements. Key involvements include the continued promotion of Atlantic Gateway as an economic driver for the North West and Board membership of both the Liverpool and Cheshire and Warrington Local Enterprise Partnerships demonstrates the Group's commitment to economic growth.

Environmental

In the year to 31 March 2015 the business generated a turnover of £2.3m (2014: £2.3m) and an operating profit of £0.2m (2014: £0.6m). During the financial year a planning application for an anaerobic digestion facility at Fletcher Bank Quarry was refused, against officer recommendation, and a public inquiry held. The decision of the Secretary of State is awaited. IGas completed the drilling of an exploratory borehole on land at Ellesmere Port.

Strategic Report *continued*

Results, financial performance and dividends

The group's results and financial position are set out in the profit and loss account and balance sheets on pages 10 and 11.

Turnover on continuing activities for the year totalled £78.14m (2014: £78.37m) and turnover on discontinued activities totalled £nil (2014: £2.22m).

Operating profit for the year from continuing activities was £44.15m (2014: £43.83m).

Profit on the disposal of fixed assets totalled £13.62m (2014: £38.86m).

The net interest charge for the year was £66.78m (2014: £66.17m).

Net loss for the year was £6.41m (2014: profit £16.02m).

Net assets of the group were £711.8m at 31 March 2015 compared to £706.20m at 31 March 2014.

The directors do not declare payment of a final dividend (2014: same).

Risks and uncertainties

Peel Holdings Land and Property (UK) Limited of which Peel Holdings (Land and Property) Limited group is a member, manages its operations on a divisional basis. The risks and uncertainties below relate to the Peel Holdings Land and Property (UK) Limited group.

The principal aim of the group is to maximise long term returns whilst minimising risks. Responsibility for management of each key risk is clearly identified and delegated by the directors to specific senior staff within the group. The directors consider the following to be the major items of risk affecting the group:

- economic cycles, including impact on tenant covenant quality;
- interest rates and their impact on property values;
- potential impact of adverse changes in property values on the group's ability to comply with its banking covenants in the future;
- the demand for commercial and residential property and the availability of funding from prospective buyers;
- some variable rate debt is not fixed via interest rate swaps, leaving the group with exposure to interest rate fluctuations; and
- as part of normal trading operations, the group invests cash on short-term deposits with certain major UK banks. The group is therefore exposed to the risk of a decline in the credit worthiness of one or more of those banks. The group mitigates its exposure to this risk by monitoring closely the economic environment and by ensuring that cash amounts are at all times invested with more than one bank.

Going concern

The directors have concluded, after making enquiries, they have a reasonable expectation that the company and the group has adequate resources to continue in operational existence for the foreseeable future and therefore they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in note 1 of the financial statements.

On behalf of the Board



N. Lees

Director

28 September 2015

Report of the Directors *for the year ended 31 March 2015*

The directors submit their annual report together with the audited financial statements of the group for the year ended 31 March 2015.

Other fixed assets

In the opinion of the directors, the carrying value of other fixed assets, as disclosed in note 10, is not significantly different from their market value as at 31 March 2015.

Share capital

Details of the share capital of the holding company are shown in note 18.

Directors

The directors who have held office during the financial year and thereafter are:

John Whittaker
Steven Underwood, A.C.A.
Paul P. Wainscott, A.C.I.S.
Neil Lees, A.C.I.S.
Peter Hosker, LL.B

Directors' responsibilities statement

The directors are responsible for preparing the annual 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and group's transactions and disclose with reasonable accuracy at any time the financial position of the company and group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Report of the Directors *continued*

Political and charitable contributions

During the financial year, contributions by the group for charitable purposes totalled £660 (2014: £9,960). The group made no political contributions during the financial year (2014: same).

Employee involvement and health and safety at work

Regular meetings are held involving directors, managers and supervisory staff to convey information about the business. During the year, the company has provided training for employees at all levels through a structured programme of courses, seminars and workshops.

The policy of the group is to ensure, in so far as it is able to do so, the health, safety and welfare of everyone engaged in or affected by its activities.

Employment of disabled persons

It is the policy of the group to give full and fair consideration to applications for employment received from disabled persons. Within the limitations of their abilities, they are given the same opportunities for training, career development and promotion as are available to other group employees and if necessary, retraining is given to an employee who becomes disabled whilst in the group's employment.

Environment

The group is conscious of the impact of its operations on the environment. Necessary attention is given to environmental issues particularly when developing new projects, refurbishing existing properties and on possible acquisitions. Design consultants are encouraged to promote good environmental performance with consideration given to environmental risk, energy consumption, the use of environmentally friendly materials and the avoidance of materials hazardous to health.

Payment policy

In the absence of dispute, amounts due to trade and other suppliers are settled as expeditiously as possible within their terms of payment. Trade creditors of the company at 31 March 2015 were equivalent to nil days purchases (2014: the company had no trade creditors at the year end). Trade creditors of the group at 31 March 2015 were equivalent to 46 days (2014: 50 days) purchases, based on the average daily amount invoiced by suppliers during the year.

Auditor and the disclosure of information to the auditor

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

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board



N. Lees

Director

28 September 2015

Independent Auditor's Report to the members of Peel Holdings (Land and Property) Limited

We have audited the financial statements of Peel Holdings (Land and Property) Limited for the year ended 31 March 2015 which comprise the group profit and loss account, the group and holding company balance sheets, the statement of total recognised group gains and losses, the note of group historical cost profits and losses, the reconciliation of movements in group shareholders' funds and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement set out on page 7, 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 group's and the parent 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 affairs of the group and the parent company as at 31 March 2015 and of the group's 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 strategic report and the report of the directors for the financial year 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Rachel Argyle (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, United Kingdom
28 September 2015

PEEL HOLDINGS (LAND AND PROPERTY) LIMITED

Group Profit and Loss Account *for the year ended 31 March 2015*

	Note	2015 £'000	2014 £'000
Turnover:	2		
Group turnover – continuing activities		78,135	78,371
Group turnover – discontinued activities		-	2,217
Turnover		78,135	80,588
Group operating profit:	2		
Group operating profit – continuing activities		44,146	43,834
Group operating profit – discontinued activities		-	265
Operating profit		44,146	44,099
Profit on disposal of fixed assets	3	13,617	38,860
Profit on ordinary activities before interest and taxation	4	57,763	82,959
Net interest payable and similar charges	5	(66,778)	(66,171)
(Loss)/profit on ordinary activities before taxation		(9,015)	16,788
Tax on (loss)/profit on ordinary activities	6	2,606	(826)
(Loss)/profit on ordinary activities after taxation		(6,409)	15,962
Minority interests		-	60
(Loss)/profit for the financial year	19	(6,409)	16,022

Movements in reserves are shown in note 19.

The accompanying notes on pages 13-34 form an integral part of these financial statements.

PEEL HOLDINGS (LAND AND PROPERTY) LIMITED

Balance Sheets *as at 31 March 2015*

		Group	Group	Holding Company	Holding Company
	Note	2015	2014	2015	2014
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets					
Investment properties	9	1,384,490	1,410,125	-	-
Other fixed assets	10	50,028	28,302	-	-
Investments	11	-	-	348,861	348,861
		1,434,518	1,438,427	348,861	348,861
Current assets					
Stocks	12	2,163	2,231	-	-
Debtors	13	241,927	255,225	229,311	229,748
Cash at bank and in hand -not restricted	16(a)	12,053	13,397	-	-
-restricted	16(a)	31,855	14,993	-	-
		287,998	285,846	229,311	229,748
Creditors (amounts falling due within one year)	14	(114,268)	(100,778)	(5,023)	(8,906)
Net current assets		173,730	185,068	224,288	220,842
Total assets less current liabilities		1,608,248	1,623,495	573,149	569,703
Creditors (amounts falling due after more than one year)	15	(887,162)	(902,239)	-	-
Provisions for liabilities	17	(9,324)	(15,053)	-	-
Net assets		711,762	706,203	573,149	569,703
Financed by capital and reserves					
Called-up share capital	18	460,060	460,060	460,060	460,060
Share premium account	19	103,541	103,541	103,541	103,541
Revaluation reserve	19	112,376	101,280	-	-
Merger reserve	19	469,338	469,338	-	-
Negative goodwill reserve	19	90,984	97,163	-	-
Other reserves	19	18,002	17,102	-	-
Profit and loss account	19	(542,539)	(542,281)	9,548	6,102
Shareholder's funds		711,762	706,203	573,149	569,703

The financial statements for Peel Holdings (Land and Property) Limited, company number 05591978, were approved by the directors and authorised for issue on 28 September 2015.



N. Lees
Director

The accompanying notes pages 13-24 form an integral part of these financial statements.

Statement of Total Recognised Group Gains and Losses
for the year ended 31 March 2015

	Note	2015 £'000	2014 £'000
(Loss)/profit for the financial year		(6,409)	16,022
Other recognised gains and losses			
Unrealised net surplus on revaluation of investment properties	19	8,872	19,979
Unrealised net surplus on revaluation of operational buildings	19	3,096	317
		11,968	20,296
Total recognised net gains and losses for the financial year		5,559	36,318

Note of Group Historical Cost Profits and Losses
for the year ended 31 March 2015

	Note	2015 £'000	2014 £'000
Reported (loss)/profit on ordinary activities before taxation		(9,015)	16,788
Realised revaluation surplus on disposal of investment properties	19	(141)	3,814
Realisation of negative goodwill		6,179	2,287
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	19	113	773
Historical cost (loss)/profit on ordinary activities before taxation		(2,864)	23,662
Historical cost profit for the financial year retained after taxation and minority interest		(258)	22,896

Reconciliation of Movements in Group Shareholder's Funds
for the year ended 31 March 2015

	2015 £'000	2014 £'000
(Loss)/profit for the financial year	(6,409)	16,022
Other recognised gains and losses for the financial year	11,968	20,296
Net increase in shareholder's funds	5,559	36,318
Shareholder's funds at 1 April 2014/1 April 2013	706,203	669,885
Shareholder's funds at 31 March 2015/31 March 2014	711,762	706,203

The accompanying notes pages 14-34 form an integral part of these financial statements.

Notes to the Accounts

1. Accounting policies

The principal accounting policies are summarised below. The policies have been applied consistently throughout the year and the preceding year.

Accounting convention

The financial statements have been prepared under the historical cost convention modified to include the revaluation of fixed asset investment properties and listed investments and in accordance with applicable United Kingdom law and accounting standards, other than in respect of group reconstruction accounting in the circumstances referred to below.

Going concern

The directors have received confirmation that Peel Holdings Land and Property (UK) Limited ("Peel"), the group's holding company, will continue to provide the necessary level of support to enable it to continue to operate for the foreseeable future. In considering the ability of Peel to provide any necessary support in the context of the uncertainties it faces as a result of the current economic climate, the directors have obtained an understanding of Peel's forecasts, the continuing availability of its facilities and its strategic and contingent plans.

Taking all these factors into account, the directors have a reasonable expectation that the company and the group has adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis in preparing the annual report and financial statements.

Group financial statements

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings made up to 31 March each year.

The financial statements have been prepared using merger accounting principles (applicable for group reconstructions) set out in FRS 6 'Acquisitions and Mergers' in order to meet the overriding requirement under section 404 of the Companies Act 2006 for financial statements to present a true and fair view following merger. Under merger accounting the results of the subsidiaries are combined from the beginning of the comparative financial period before the merger occurred. Profit and loss account and balance sheet comparatives are restated on a combined basis and adjustments are made to achieve consistency of accounting policies.

Where a relevant transaction does not meet one of the conditions for merger accounting under the Companies Act 2006, namely that the fair value of any non-equity consideration must not exceed 10% of the nominal value of equity shares issued the directors consider that the alternative approach of acquisition accounting would not give a true and fair view of the group's results and financial position. However, the directors consider that the alternative approach of acquisition accounting, with the restatement of separable assets and liabilities to fair values, and inclusion of post-reorganisation results only, would not give a true and fair view of the group's results and financial position. The substance of the transaction was not the acquisition of a business but a group reconstruction. The directors consider that it is not practicable to quantify the effect of this departure from the Companies Act 2006 requirements.

All other subsidiaries are consolidated under acquisition accounting principles. Results of subsidiary undertakings acquired or disposed of during the year are included from the date of acquisition or to the date of disposal to the extent of group ownership.

The separable net assets of subsidiary undertakings and joint ventures acquired are included in the group financial statements at their fair value to the group at the date of acquisition including provisions and liabilities taken into consideration in assessing the fair value of the business acquired.

Intra-group turnover and profits are eliminated on consolidation.

As permitted by section 408 of the Companies Act 2006, a separate profit and loss account for the holding company is not presented.

As permitted by Financial Reporting Standard No. 1 (revised) "Cash Flow Statements", the company has not prepared a cash flow statement as the company is a wholly owned subsidiary undertaking of Peel Holdings Land and Property (UK) Limited. Peel Holdings Land and Property (UK) Limited is a company incorporated and registered in England and Wales which produces group financial statements in accordance with the Companies Act 2006, which include a consolidated group cash flow statement.

Notes to the Accounts *continued*

1. Accounting policies *continued*

Goodwill

Goodwill represents the excess of cost of acquisition over the fair value of the separable net assets of subsidiary undertakings or businesses acquired. Goodwill is amortised through the profit and loss account in equal instalments over its useful economic life. Provision is made for any impairment.

Negative goodwill represents the excess of the fair value of the separable net assets acquired over the consideration paid. The negative goodwill arose as a result of the acquisition of Peel Holdings group during the period ended 31 March 2005 and has been credited to negative goodwill reserve. This is not in accordance with FRS 10 "Goodwill and Intangible Assets" which requires that negative goodwill should be presented as a negative balance immediately below the Goodwill heading on the balance sheet. Since the negative goodwill relates to investment properties which are neither depreciated nor held for resale, the negative goodwill could remain on the balance sheet as a negative asset indefinitely. The directors consider that the treatment required by FRS 10 "Goodwill and Intangible Assets" would not show a true and fair view, as it would not properly reflect the particular transaction or correctly state the net assets of the group. The treatment adopted is not inconsistent with the requirements of the Companies Act 2006. In the event of the disposal of relevant assets, this negative goodwill is transferred to the profit and loss reserve in the period in which the related assets acquired are disposed of.

Investment properties

Investment properties are revalued annually and included in the balance sheet at their open market value and, in accordance with SSAP19 'Accounting for Investment Properties' are not depreciated or amortised unless they relate to properties with an unexpired life of 20 years or less. This departure from the Statutory Accounting Rules is necessary for the financial statements to give a true and fair view in accordance with applicable United Kingdom accounting standards. Depreciation is only one of many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Surpluses or deficits arising from revaluation are transferred to the unrealised revaluation reserve, except that a deficit which is expected to be permanent and which is in excess of any previously recognised surplus over cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. Realised revaluation surpluses representing the difference between historical cost and the asset's carrying value are reclassified by way of a transfer to profit and loss account reserve in the year in which the property disposal occurs.

Properties in the course of development or practically completed but not substantially let are included in the balance sheet at cost subject to provisions if the directors consider it prudent having regard to the prevailing market conditions. Cost includes interest and directly attributable overheads whilst the property is in the course of development.

Reclassifications between investment properties, other fixed assets and stocks are made at the lower of net book value and net realisable value.

Investment property sales are accounted for on the basis of unconditional exchange.

Notes to the Accounts *continued*

1. Accounting policies *continued*

Other fixed assets

Other fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all other fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Operational buildings included in tangible fixed assets are depreciated at rates varying between 1% and 4% per annum.

Plant and vehicles are depreciated by equal annual instalments over their expected useful lives at rates varying between 4% and 33% per annum.

Individual freehold and leasehold properties other than investment properties are revalued every year with the surplus or deficit on book value being transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. A deficit which represents a clear consumption of economic benefits is charged to the profit and loss account regardless of any such previous surplus.

Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement on reserves. On the disposal or recognition of a provision for impairment of a revalued fixed asset, any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves.

Barter transactions

Turnover and costs in respect of barter transactions are recognised only where there is persuasive evidence of the value at which, if it had not been exchanged, the asset would have been sold for cash in a similar transaction.

Fixed asset investments

Fixed asset investments in subsidiary undertakings are stated at cost less provision for impairment. Cost represents the aggregate cash consideration, costs incurred and either the fair or the nominal value of shares issued.

Investments in joint ventures are accounted for using the equity method. However, if joint ventures are considered to be material to the group, they are accounted for using the gross equity method.

Listed investments are stated at market value. Surpluses or deficits arising from revaluation are transferred to the unrealised revaluation reserve except where the deficits are below historical cost, in which case they are transferred to the profit and loss account.

Stocks

Stocks are stated at the lower of cost, including attributable overheads and capitalised interest, to the group or estimated net realisable value.

Notes to the Accounts *continued*

1. Accounting policies *continued*

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Corporation tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements.

Deferred tax is measured on a non-discounted basis.

Related party disclosures

The company has taken advantage of the exemption in paragraph 3(c) of FRS 8 "Related Party Disclosures" and has not disclosed details of transactions with fellow wholly owned undertakings within the Peel Holdings Group Limited group of companies.

Foreign currencies

The results of overseas subsidiary undertakings are translated to sterling at the average rate of exchange ruling during the period. Assets and liabilities denominated in foreign currencies are translated to sterling at exchange rates ruling at the balance sheet date. Differences arising on the translation of the opening net assets and results of overseas subsidiary undertakings are accounted for through reserves. All other exchange differences are accounted for through the profit and loss account.

Turnover

Property rental income from investment property, environment and resource and telecommunications assets and the appropriate allocation of rental premiums are accounted for on an accruals basis and are recognised on a straight line basis or on the lease term.

Utility services income represents amounts receivable for services provided net of trade discounts.

Trading property sales are accounted for on a legal completion basis.

Turnover excludes sales related taxes.

Derivative financial instruments

The group uses derivative financial instruments to reduce exposure to interest rate movements. The group does not hold or issue derivative financial instruments for speculative purposes. The interest is accounted for on an accruals basis.

Interest

Interest directly attributable to both investment and trading properties in the course of development and other fixed assets is included in the cost thereof. Interest is capitalised on a simple interest basis without allowing for any tax relief thereon.

Pension costs

The cost of the group's money purchase pension arrangements are charged to the profit and loss account on the basis of contributions payable in respect of the accounting period.

Notes to the Accounts *continued*

1. Accounting policies *continued*

Leased assets

Assets acquired under finance leases are capitalised at a value equivalent to the cost incurred by the lessee and depreciated over their expected useful economic lives. Finance charges thereon are charged to the profit and loss account in the period in which they accrue. The capital element of the future lease payments is reflected within creditors.

Expenditure on operating leases is charged directly to the profit and loss account over the term of the lease, even when payments are not made on such a basis.

Government grants

Government grants received in respect of operational fixed assets are credited to a deferred income account and released to the profit and loss account over the useful economic life of the asset to which they relate.

Grants receivable in respect of investment properties are credited directly to the cost of the asset. This treatment is not in accordance with the Statutory Accounting Rules which requires fixed assets to be shown at cost and grants as deferred income. The treatment has been adopted in accordance with section 404 of the Companies Act 2006 in order to show a true and fair view as, in the opinion of the directors, it is not appropriate to treat grants on investment properties as deferred income. Investment properties are not depreciated and accordingly no basis exists on which to recognise the release of deferred income to the profit and loss account. Where grants receivable in respect of investments properties may be repayable, they are accounted for in a measure consistent with that adopted for operational fixed assets.

Dividends

Dividends payable are recognised in the profit and loss account in the period that they are declared and approved in accordance with FRS 21 "Events after the balance sheet date".

Bank borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Finance costs

Interest directly attributable to both investment and trading properties in the course of development and other fixed assets as included in the cost thereof. Interest is capitalised on a sample interest basis without allowing for any tax relief thereon.

Issue costs associated with borrowings are charged to the profit and loss account over the term of the borrowings and represent a constant proportion of the balance of capital repayments outstanding. Accrued finance costs attributable to borrowing where the maturity date of issue is less than 12 months are included in accrued charges within current liabilities. For all borrowings accrued finance charges and issue costs are added to the carrying value of those borrowings.

Notes to the Accounts *continued*

2. Segmental analysis of turnover and operating profit

a) Turnover and operating profit

	2015 £'000	2014 £'000	2014 £'000	2014 £'000
	All continuing activities	Continuing activities	Discontinue d activities	Total
Turnover				
Gross rental income	66,967	66,801	1,784	68,585
Premium income	802	2,213	-	2,213
Environment and resource development income	2,218	2,262	-	2,262
Trading property sales	110	-	-	-
Telecommunications income	188	204	-	204
Other income	7,850	6,891	433	7,324
	78,135	78,371	2,217	80,588
Direct costs				
Irrecoverable property costs	(8,797)	(8,085)	(725)	(8,810)
Trading property cost of sales	(88)	-	-	-
Other direct costs	(2,399)	(3,106)	(303)	(3,409)
	(11,284)	(11,191)	(1,028)	(12,219)
Gross profit	66,851	67,180	1,189	68,369
Impairment loss on investment properties	(1,391)	(320)	-	(320)
Administrative expenses	(21,314)	(23,026)	(924)	(23,950)
Group operating profit	44,146	43,834	265	44,099

All of the group's turnover during the financial year arose in the United Kingdom.

b) Net assets

	Group 2015 £'000	Group 2014 £'000
Investment properties	1,384,490	1,410,125
Stocks	2,163	2,231
Other fixed assets	50,028	28,302
	1,436,681	1,440,658
Group net debt (note 16(b))	(853,843)	(870,809)
Other net assets	128,924	136,354
Net assets	711,762	706,203
Net assets by geographical area:		
United Kingdom	711,762	706,203
Net assets	711,762	706,203

Notes to the Accounts *continued***3. Profit on disposal of fixed assets**

	2015 £'000	2014 £'000
Investment properties	14,542	2,595
Investment in subsidiaries	-	36,271
Other fixed assets	(925)	(6)
	13,617	38,860

The effect of the profit on disposal of fixed assets on the amount charged to the profit and loss account for taxation was £5,420,000 (2014: £3,107,000). However, this is offset by losses.

4. Profit on ordinary activities before interest and taxation

	2015 £'000	2014 £'000
Profit on ordinary activities before interest and taxation is stated after charging/(crediting):		
Depreciation on other fixed assets - owned assets	733	757
Depreciation on investment properties	1,166	1,144
Impairment losses on investment properties	1,391	320
Foreign exchange losses	-	567
Grant releases	(17)	(18)

The analysis of auditor's remuneration is as follows:

	2015 £'000	2014 £'000
Fees payable to the company's auditor's for services to the group		
The audit of the company pursuant to legislation	12	11
The audit of the company's subsidiaries pursuant to legislation	150	186
Total audit fees	162	197
Tax compliance services	183	144
VAT services	10	8
Total non-audit fees	193	152
	271	349

Notes to the Accounts *continued*

5. Net interest payable and similar charges

	2015 £'000	2014 £'000
Interest payable and similar charges:		
On bank loans and overdrafts	36,968	35,056
On other loans	33,508	33,579
Other interest payable	91	490
Finance lease interest	16	-
	70,583	69,125
Interest receivable and similar income:		
On bank and other deposits	(2)	-
Other interest receivable	(25)	(32)
On amounts owed by group undertakings	(3,778)	(2,922)
Net interest payable and similar charges	66,778	66,171

6. Tax on (Loss)/profit on ordinary activities

	2015 £'000	2014 £'000
Current tax:		
Payments in respect of group relief	1,769	2,959
Adjustment in respect of prior years	1,354	269
Total current tax charge	3,123	3,228
Deferred tax:		
Adjustment in respect of prior years	(120)	(519)
Rate change	-	(2,203)
Origination and reversal of timing differences	(5,609)	320
Total deferred tax (credit) (note 17)	(5,729)	(2,402)
Total tax (credit)/charge on (loss)/profit on ordinary activities	(2,606)	826

Reconciliation of current tax charge:

Tax on (loss)/profit on ordinary activities at standard UK corporation tax rate of 21% (2014: 23%)	(1,893)	3,861
Capital allowances less than depreciation	71	58
Revaluation adjustment	3	-
Excess/(deficit) of taxable profits over book profits on sale of investment properties/ fixed asset investments	2,284	(6,063)
Transfer of capital gain	252	-
Tax losses carried forward	1,203	2,248
Utilisation of brought forward losses	(1,431)	(30)
Disallowable expenditure	1,033	2,853
Prior period adjustments	1,354	269
Non-deductible write down of investment property	247	-
Transfer pricing adjustment	-	26
Movement in short term timing differences	-	6
Total current tax charge	3,123	3,228

Notes to the Accounts *continued***6. Tax on (Loss)/profit on ordinary activities** *continued*

There are no unrecognised deferred tax assets or liabilities at either the current or prior year end.

The standard rate of tax applied to the reported profits is 21% (2014: 23%).

Finance act 2013, which was substantively enacted in July 2013, included provisions to reduce the rate of corporation tax to 21% with effect from 1 April 2014 and 20% from 1 April 2015.

Deferred tax balances have been valued at the lower rate of 20% in these accounts. The government has announced that it intends to reduce the rate of corporation tax to 19% with effect from 1 April 2017 and 18% from 1 April 2020. As this legislation was not substantively enacted by 31 March 2015, the impact of the anticipated rate change is not reflected in the tax provisions reported in these accounts.

7. Particulars of staff

	2015 £'000	2014 £'000
Staff costs (including directors):		
Wages and salaries	6,198	5,607
Social security costs	573	840
Other pension costs	215	272
	<u>6,986</u>	<u>6,719</u>

The average monthly number of persons employed by the group during the year, inclusive of executive directors, was as follows:

	2015 Number	2014 Number
Property and administration	101	118

8. Directors' remuneration

The remuneration of directors of the company was as follows:

	2015 £'000	2014 £'000
Emoluments	1,585	1,403
Company contributions to personal pension scheme	88	104
Total	<u>1,673</u>	<u>1,507</u>

The emoluments of the highest paid director, excluding pension contributions, amounted to £709,000 (2014: £617,000). The contributions to a personal pension scheme during the year were £57,000 (2014: £52,000).

No director was a member of the group company pension schemes (2014: same).

Share options

None of the directors had options to acquire ordinary shares of the company (2014: same).

Notes to the Accounts *continued***9. Investment properties**

	Group		
	Freehold	Long leasehold	Total
	£'000	£'000	£'000
Cost or Valuation:			
At 1 April 2014	1,385,004	25,121	1,410,125
Additions	36,323	3,702	40,025
Disposals	(33,819)	(8,350)	(42,169)
Lease incentives	952	-	952
Reclassifications	(6,671)	6,671	-
Revaluations	12,237	(3,365)	8,872
Impairment losses	(1,391)	-	(1,391)
Depreciation	(1,166)	-	(1,166)
Inter-company transfer	(25,898)	(4,860)	(30,758)
At 31 March 2015	1,365,571	18,919	1,384,490
Professional Valuation:			
March 2015 - External	1,120,295	14,840	1,135,135
March 2015 - Directors	245,276	4,079	249,355
	1,365,571	18,919	1,384,490

The historical cost to the group of all investment properties is £1,279,436,000 (2014: £1,338,450,000).

The depreciation on investment properties arises on properties with useful lives of less than 20 years.

Capitalised interest

Investment properties include capitalised interest in aggregate amounting to £3,598,000 (2014: £3,598,000).

Valuations

Certain of the group's investment properties were professionally valued on the basis of open market value as at 31 March 2015 comprising 82% of the portfolio (2014: 81%).

Professional Royal Institution of Chartered Surveyors valuers carried out total valuations as follows:

	2015	2014
	£'000	£'000
Jones Lang LaSalle	1,083,135	1,067,997
SLR Consulting Limited	-	21,725
Cushman & Wakefield	52,000	50,000
EVA Grimley	-	3,650
	1,135,135	1,143,372

The remaining investment properties were professionally valued on a red book basis using the group's own Royal Institution of Chartered Surveyors qualified staff on the basis of open market value as at 31 March 2015.

Notes to the Accounts *continued*

10. Other fixed assets

	Operational buildings £'000	Plant and vehicles £'000	Total £'000
Cost or valuation:			
At 1 April 2014	27,267	5,463	32,730
Additions	-	278	278
Disposals	(3,151)	(565)	(3,716)
Reclassification	826	(826)	-
Inter-company transfer	22,598	-	22,598
Revaluation	2,403	-	2,403
At 31 March 2015	49,943		54,293
Depreciation:			
At 1 April 2014	19	4,409	4,428
Charge for the financial year	695	38	733
Disposals	-	(203)	(203)
Reclassification	167	(167)	-
Revaluation	(693)	-	(693)
At 31 March 2015	188	4,077	4,265
Net Book Value:			
At 31 March 2015	49,755	273	50,028
At 31 March 2014	27,248	1,054	28,302

The group's operational assets are comprised of sports facilities and exhibition centres. All the operational buildings were professionally valued during the year by Jones Lang LaSalle, International Property Consultants, on the basis of open market value as at 31 March 2015.

The historical cost to the group of the operational buildings is £42,706,000 (2014: £23,432,000).

All other fixed assets other than operational buildings at 31 March 2015, are held at depreciated historical cost to the group.

At 31 March 2015, operational buildings include freehold and long leaseholds.

Notes to the Accounts *continued*

11. Investments

	Holding Company £'000
Shares in subsidiary undertakings:	
At 1 April 2014 and at 31 March 2015	348,861

Subsidiary undertakings

Incorporated	Company	Principal activities
England & Wales	Peel Land and Property Holdings Limited	Holding company
England & Wales	Peel Land and Property Investments plc	Property investment
England & Wales	Peel Land Holdings Limited	Holding company
England & Wales	Peel Land (Intermediate) Limited	Property investment
England & Wales	Peel Investments (North) Limited	Property investment
England & Wales	Ship Canal Properties Limited	Property investment
England & Wales	Peel Land and Property (Ports) Limited	Property investment
England & Wales	Princes Dock Development Company Limited	Property investment
England & Wales	Peel Land and Property (Ports No 3) Limited	Property investment
Scotland	Clydeport Properties Limited	Property development and investment
England & Wales	Mersey Docks Property Holdings Limited	Property investment
England & Wales	Mersey Docks Property Investments Limited	Property investment
Northern Ireland	Princes Dock Development Company No.4 Limited	Property investment
England & Wales	Princes Dock Office Company No.8 Limited	Property investment
England & Wales	Princes Dock Office Company No.9 Limited	Property investment
England & Wales	Princes Dock Office Company No.12 Limited	Property investment
England & Wales	Woodside Business Park Limited	Property investment
England & Wales	Peel Investments Holdings Limited	Property investment
England & Wales	Peel Investments (U.K.) Limited	Holding company
England & Wales	Peel South East Limited	Property investment
England & Wales	Ince Park Developments Limited	Property development
England & Wales	Peel Advertising Limited	Rental of advertising space
England & Wales	The Bridgewater Canal Company Limited	Operation and management of canals
England & Wales	Peel Holdings (Environmental) Limited	Holding company
England & Wales	Peel Environmental (Holdings) Limited	Holding company
England & Wales	Peel Environmental Limited	Waste and mineral asset management
England & Wales	Peel Environmental Ince Limited	Property development and investment
England & Wales	Peel Holdings (Telecommunications) Limited	Holding company
England & Wales	Peel Telecommunications (Holdings) Limited	Holding company
England & Wales	Peel Telecommunications Limited	Communication services
England & Wales	Peel Investments (Land and Property) No.1 Limited	Holding company
England & Wales	Peel Land and Property Holdings (CL) Limited	Holding company
England & Wales	Peel Land and Property Investments (CL) Limited	Holding company
England & Wales	Reddington Holdings Limited	Holding company
England & Wales	Reddington Developments Limited	Property investment and development
England & Wales	Reddington Finance Limited	Property investment and development
England & Wales	Peel Property (Investments) Limited	Property investment
England & Wales	Peel Holdings Media Lowry Limited	Holding company
England & Wales	Peel Media Lowry (Holdings) Limited	Holding company
England & Wales	Peel Media Lowry Outlet Mall Limited	Operation of shopping centre
England & Wales	Peel Property Limited	Holding company
England & Wales	Peel Property Intermediate Limited	Holding company
England & Wales	North Clyde Recycling Centre Limited	Operation of recycling centre
England & Wales	Peel Property Holdings Limited	Holding company
England & Wales	Largs Limited	Dormant
England & Wales	Peel Land and Property	Holding company
England & Wales	Mersey Docks Property Developments Limited	Property investment and development
England & Wales	Princes Dock Hotel Limited	Property investment
England & Wales	Peel Assets Limited	Dormant

Notes to the Accounts *continued*

11. Investments *continued*

Incorporated	Company	Principal activities
England & Wales	Peel Property Holdings Limited	Holding company
England & Wales	Peel Mineral Resources Limited	Dormant
England & Wales	Bridgewater Remediation Limited	Dormant
England & Wales	Peel Investments Environmental UK Limited	Holding company
Scotland	Clydeport Longhaugh A Limited	Property development
Scotland	Clydeport Longhaugh B Limited	Property development
Scotland	Clydeport Longhaugh C Limited	Property development
England & Wales	Barwent Developments Limited	Dormant company
England & Wales	Beaumont Properties Limited	Dormant company
England & Wales	Haxden Properties Limited	Dormant company
England & Wales	The Beaumont Property Trust Limited	Dormant company
England & Wales	Harmont Investment Company Limited	Dormant company
England & Wales	London Shop (Bishops Stortford) Limited	Dormant company
England & Wales	London Shop (Stockport) Limited	Dormant company
England & Wales	Londrock Finance Company	Dormant company
England & Wales	Cannorth Property Investments Limited	Dormant company
England & Wales	Clydeport Terminal Limited	Dormant company
England & Wales	Clydeside Properties Limited	Dormant company
England & Wales	Corinium Properties	Dormant company
England & Wales	Flaskranch Limited	Dormant company
England & Wales	Knight & (Co Services) Limited	Dormant company
England & Wales	London Shop (Crosby) Limited	Dormant company
England & Wales	Londrock Finance Company Limited	Dormant company
England & Wales	MSC (Waste) Limited	Dormant company
Scotland	Pacific Shelf 1054 Limited	Dormant company
England & Wales	Peel (Anglia) Limited	Dormant company
England & Wales	Peel Investments (Anglia) Limited	Dormant company
England & Wales	Peel Housing (Anglia) Limited	Dormant company
England & Wales	Peel Homes (Anglia) Limited	Dormant company
England & Wales	Peel Advertising Holdings Limited	Dormant company
England & Wales	Peel Commercial (S.E.) Limited	Dormant company
England & Wales	Peel Developments (Cambuslang) Limited	Dormant company
England & Wales	Peel Developments Ampthill Limited	Dormant company
England & Wales	Peel Developments Holdings Limited	Dormant company
England & Wales	Peel Farms Limited	Dormant company
England & Wales	Peel Homes Limited	Dormant company
England & Wales	Peel Investments (Botany Bay) Limited	Dormant company
England & Wales	Peel Investments (Leisure) Limited	Dormant company
England & Wales	Peel Investments (North) No.1 Limited	Dormant company
England & Wales	Peel Lamp Properties Limited	Dormant company
England & Wales	Peel Land and Property (No.2) Limited	Dormant company
England & Wales	Peel Land Limited	Dormant company
England & Wales	Peel Living Limited	Dormant company
England & Wales	Peel North East Limited	Dormant company
England & Wales	Peel Developments (N.E.) Limited	Dormant company
England & Wales	Sheffield Heliport Limited	Dormant company
England & Wales	South Yorkshire Emergency Services Centre	Dormant company
England & Wales	Peel North West Limited	Dormant company
England & Wales	Peel Commercial (N.W.) Limited	Dormant company
England & Wales	Peel Developments (N.W.) Limited	Dormant company
England & Wales	Peel Assets Limited	Dormant company
England & Wales	Toll House Motors Limited	Dormant company
England & Wales	Peel Securities (N.W.) Limited	Dormant company
England & Wales	Peel One Limited	Dormant company
England & Wales	Peel Two Limited	Dormant company
England & Wales	Peel Overseas (Dormants) Limited	Dormant company
England & Wales	Peel Properties (S.E.) Limited	Dormant company
England & Wales	Peel Securities (S.E.) Limited	Dormant company

Notes to the Accounts *continued*

11. Investments *continued*

Incorporated	Company	Principal activities
England & Wales	Peel South West Limited	Dormant company
England & Wales	Peel Investments (S.W.) Limited	Dormant company
England & Wales	Peel Properties (S.W.) Limited	Dormant company
England & Wales	Earlbroom Limited	Dormant company
England & Wales	Hartlebury Trading Estate Limited	Dormant company
England & Wales	Peel Commercial (S.W.) Limited	Dormant company
England & Wales	Peel Developments (S.W.) Limited	Dormant company
England & Wales	Media City Studios Limited	Dormant company
France	Societe Civil Immobiliere La Bergerie II	Dormant company
England & Wales	Sudbrook Trading Estate Limited	Dormant company
England & Wales	Princes Dock Development Company No.5 Limited	Dormant company
England & Wales	Rio De Janeiro Land, Mortgage and Investments Agency Company Limited	Dormant company
England & Wales	Cannorth Property Investments Limited	Dormant company
England & Wales	The Trafford Centre PFS Limited	Dormant company
England & Wales	Trafford Centre Developments Limited	Dormant company
England & Wales	Peel Investments (S.W.) Limited	Dormant company
England & Wales	Peel Properties (S.W.) Limited	Dormant company
England & Wales	Earlbroom Limited	Dormant company
England & Wales	Hartlebury Trading Estate Limited	Dormant company
England & Wales	Peel Commercial (S.W.) Limited	Dormant company
England & Wales	Peel Developments (S.W.) Limited	Dormant company
England & Wales	Media City Studios Limited	Dormant company
France	Societe Civil Immobiliere La Bergerie II	Dormant company
England & Wales	Sudbrook Trading Estate Limited	Dormant company
England & Wales	Princes Dock Development Company No.5 Limited	Dormant company
England & Wales	Rio De Janeiro Land, Mortgage and Investments Agency Company Limited	Dormant company
England & Wales	Cannorth Property Investments Limited	Dormant company
England & Wales	The Trafford Centre PFS Limited	Dormant company
England & Wales	Trafford Centre Developments Limited	Dormant company

Audit exemption

The subsidiary undertakings also consolidated at 31 March 2015, all of which are wholly owned and claimed exemption from audit under section 479C Companies Act 2006, were as follows:

England & Wales	Peel Property No.2 Limited	Holding company
Scotland	Clydemore Properties Limited	Property development and investment
Scotland	Clydeside Investment Properties	Property development and investment
England & Wales	Peel Investments (South) Limited	Dormant
England & Wales	Peel Investments (N.W.) Limited	Dormant
England & Wales	Peel Properties (N.W.) Limited	Dormant
England & Wales	Peel Pet Products Limited	Dormant
England & Wales	Peel Red City Holdings Limited	Dormant
England & Wales	Peel Securities (S.W.) Limited	Dormant
England & Wales	Ship Canal Enterprises Limited	Dormant
England & Wales	The Saddlery Investments Limited	Property development

Notes to the Accounts *continued*

12. Stocks

	Group	Group
	2015	2014
	£'000	£'000
Land held for development	2,163	2,231

There is no material difference between the balance sheet value of stock and their replacement cost.

13. Debtors

	Group	Group	Holding Company	Holding Company
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Trade debtors	7,112	5,518	30	-
Amounts owed by group undertakings	193,877	217,271	228,514	228,953
Development deposits and prepaid costs	4,541	3,751	753	722
Other debtors	34,946	26,615	-	31
Prepayments and accrued income	1,451	2,070	14	42
	241,927	255,225	229,311	229,748

The following amounts are due after more than one year:

	Group	Group	Holding Company	Holding Company
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Other debtors	5,343	8,621	-	-

Amounts receivable from group companies carry interest of 1.5 per cent above base rate (2014: same) per annum charged on the outstanding loan balance.

Notes to the Accounts *continued*

14. Creditors (amounts falling due within one year)

	Group	Group	Holding Company	Holding Company
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	5,951	2,117	3,937	2,991
Secured bank loans and overdrafts	2,412	3,241	-	-
Finance leases	93	-	-	-
12.5% Debenture stock	10,514	-	-	-
Debt falling due within one year	18,970	5,358	3,937	2,991
Trade creditors	6,511	3,155	23	-
Development costs to site completion	23,925	15,162	-	-
Amounts owed to group undertakings	17,651	31,659	911	5,914
Other taxes and social security	2,447	2,483	-	-
Other creditors	13,149	7,651	62	1
Accruals and deferred income	31,615	35,310	90	-
	114,268	100,778	5,023	8,906

Details of security on the above borrowings are disclosed in note 16.

15. Creditors (amounts falling due after more than one year)

		Group	Group
		2015	2014
		£'000	£'000
First Mortgage Debenture Stocks:			
Interest Rate	Maturing		
12.5%	2015/20	-	10,513
11.625%	2018	12,254	12,510
10.0%	2026	129,433	130,508
8.375%	2040	257,222	257,126
		398,909	410,657
Secured bank loans		479,671	483,184
Finance leases		201	-
Debt falling due after more than one year		878,781	893,841
Government grants		8,381	8,398
		887,162	902,239

Details of security on the above borrowings are disclosed in note 17.

Notes to the Accounts *continued*

16. Derivatives and other financial instruments

(a) Cash, cash equivalents and restricted cash

	Group 2015 £'000	Group 2014 £'000
Cash at bank and in hand	12,053	13,397
Restricted cash	31,855	14,993
	43,908	28,390

£300,000 restricted cash arises under the terms of security arrangements under the company's banking facilities. The restricted cash forms part of the security for the £10m 12.5% First Mortgage Debenture Stock and is not realised until there is a £300,000 excess on the loan to value covenant.

£1,932,000 restricted cash is used to pay the next quarterly interest payment and capital repayment on the £194m secured loan referred to in note 16.(c), and in the event there is excess cash it is released from any restriction.

£10,875,000 restricted cash is used to pay the next monthly interest payment on the £220m term loan referred to in note 16.(c) and in the event there is excess cash following this payment and subject to certain loan to value covenants it is released from any restriction.

£16,250,000 restricted cash arises under the terms of security arrangements under the company's banking facilities. Proceeds of property disposals are restricted cash and forms part of the security for the £250m 8.375% First Mortgage Debenture Stock.

£2,498,000 restricted cash arises under the terms of security under the company's banking facilities. Proceeds of property disposals are restricted cash.

(b) Analysis of group net debt

	Group 2015 £'000	Group 2014 £'000
Creditors (amounts falling due within one year)	18,970	5,358
Creditors (amounts falling due after more than one year)	878,781	893,841
Gross debt	897,751	899,199
Cash at bank and in hand	(43,908)	(28,390)
Group net debt	853,843	870,809

Notes to the Accounts *continued*16. Derivatives and other financial instruments *continued*

(c) Repayment of gross debt

	Group 2015 £'000	Group 2014 £'000
Finance leases:		
Within 1 year	93	-
1-2 years	31	-
2-5 years	108	-
	232	-
After five years – by instalments	62	-
	294	-
	Group 2015 £'000	Group 2014 £'000
Other debt:		
Within 1 year	18,877	5,358
1-2 years	2,398	2,768
2-5 years	261,456	262,053
	282,731	270,179
After five years – by instalments	184,041	201,894
After five years – not by instalments	430,685	427,126
	897,457	899,199
Total gross debt	897,751	899,199

The First Mortgage Debenture Stocks are secured by fixed legal charges on certain freehold and leasehold investment properties of certain subsidiary undertakings.

Debt falling within one year includes £10.5m (2014: £10.5m) 12.5% debenture stock which matures in 2015/20. It has been repaid since the year end.

Secured bank loans include a £194m (2014: £193m) bilateral loan, which is secured by a fixed legal charge on certain freehold and leasehold investment properties of certain subsidiaries of the group. £54m of the facility is repayable in quarterly instalments to 2031, with the balance of £140m maturing in 2031. The loan bears interest at 6.4%.

Secured bank loans also include a £38m (2014: £39m) loan which is secured by a fixed legal charge on a certain freehold investment property. £9m of the facility is repayable in quarterly instalments to 2031, with the balance maturing in 2031. The loan bears interest of 4.66%.

Secured bank loans also include a £220m term loan and £46m revolving credit facility. The balance at 31 March 2015 was £252m. The facility is £266m (2014: £266m) and is secured by a fixed legal charge on certain freehold and leasehold investment properties of certain subsidiaries of the group and runs until July 2017. The loan bears interest at LIBOR plus margin.

The remaining secured bank loans are secured as certain subsidiaries of the group have granted floating charges on their assets and bear interest at LIBOR plus applicable margin.

Notes to the Accounts *continued***16. Derivatives and other financial instruments** *continued***(c) Repayment of gross debt** *continued*

With regard to the role of financial instruments, the group's objective continues to be to maintain sufficient facilities to meet its financial requirements at the lowest achievable cost and at minimum risk. The Treasury function within the group is controlled centrally in accordance with prudent procedures approved by the Board.

The group's net borrowings at 31 March 2015 of £854m (2014: £871m) produced a gearing ratio of net debt to shareholder's funds at 119% (2014: 123%).

The amount of fixed rate debt in the group at the financial year end was £637m (2014: £641m) representing 71.2% (2014: 71.2%) of total gross borrowings and was held at a fixed annual borrowing cost of 7.6% (2014: 7.6%).

During the year, the group continued to comply with all of its borrowing covenants. The principal covenants relate to net worth, loan to value, rental income cover and interest cover, all of which were satisfied at the financial year end. At 31 March 2015 the group had unused bank facilities of £10.8m (2014: £4.7m).

The group has entered into interest rate swap contracts totalling £220m (2014: £220m) at rates of 1.49%, 4.92%, 5.2%, 5.30%, and 5.32%. The fair value of the group's interest rate swaps as at 31 March 2015 was an asset of £nil (2014: £163,000) and a liability of £39,514,000 (2014: £29,681,000). During the year the group's basis rate swap contract totalling £200m at rates of one and three months LIBOR, expired. The fair value of the basis swap as at 31 March 2014 was a liability of £356,000.

The present market value of the group's debenture stock as at 31 March 2015 shows a post-tax "mark to market" value of £86.456m excess over book value (2014: £54.764m).

Amounts payable to parent and subsidiary companies of the group companies carry interest of 1.5 per cent above base rate (2014: same) per annum charged on the outstanding loan balance.

(d) Operating lease commitments

The group is committed to the following annual future payments under non-cancellable operating leases on plant and machinery as follows:

	Group	
	2015 £'000	2014 £'000
Expiring within:		
1 year	80	76
1-2 years	113	71
2-5 years	135	46
	328	193

Notes to the Accounts *continued*

17. Provisions for liabilities

	Group
	£'000
Deferred taxation	
At 1 April 2014	15,053
Profit and loss account (note 6)	(5,729)
At 31 March 2015	9,324

Provision is made for deferred taxation at a rate of 20% (2014: 20%), the amount provided being:

	Group	Group
	2015	2014
	£'000	£'000
Capitalised land remediation relief	528	431
Other timing differences	-	(5)
Capitalised interest	1,588	935
Enterprise zone allowance	-	6,326
Accelerated capital allowances	7,288	7,315
Losses	(80)	51
	9,324	15,053

No provision is made for the liability to corporation tax on capital gains at 20% (2014: 21%) of £95m (2014: £96m) which would arise if interests in investment properties and certain other fixed assets were to be sold at their carrying values.

There are unrecognised losses of £9,594,000 (2014: £6,894,000).

The standard rate of tax applied to the reported profits is 21% (2014: 23%).

Finance act 2013, which was substantively enacted in July 2013, included provisions to reduce the rate of corporation tax to 21% with effect from 1 April 2014 and 20% from 1 April 2015.

Deferred tax balances have been valued at the lower rate of 20% in these accounts. The government has announced that it intends to reduce the rate of corporation tax to 19% with effect from 1 April 2017 and 18% from 1 April 2020. As this legislation was not substantively enacted by 31 March 2015, the impact of the anticipated rate change is not reflected in the tax provisions reported in these accounts.

Notes to the Accounts *continued***18. Called-up share capital**

	Group and Holding Company	
	Number	£'000
Allotted and fully paid Equity share capital		
Ordinary shares of 25p each:		
At 1 April 2014 and 31 March 2015	1,840,238,828	460,060

19. Reserves

	Group					
	Share premium account	Revaluation reserve	Merger reserve	Negative goodwill reserve	Other reserves	Profit and loss account
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2014	103,541	101,280	469,338	97,163	17,102	(542,281)
Unrealised surplus on revaluation of investment properties	-	8,872	-	-	-	-
Unrealised surplus on revaluation of operational buildings	-	3,096	-	-	-	-
Depreciation written back	-	(113)	-	-	-	113
Realisation of negative goodwill	-	-	-	(6,179)	-	6,179
Realised revaluation surplus on disposal of investment properties	-	141	-	-	-	(141)
Unrealised revaluation on surplus on the internal transfer of investment properties	-	(900)	-	-	900	-
Loss for the financial year	-	-	-	-	-	(6,409)
At 31 March 2015	103,541	112,376	469,338	90,984	18,002	(542,539)

Other reserves

The other reserves of the group are non-distributable and arise in respect of unrealised intra-group profits on disposal of fixed asset investment properties as a consequence of group reorganisations.

	Holding Company	
	Share premium account	Profit and loss account
	£'000	£'000
At 1 April 2014	103,541	6,102
Profit for the financial year	-	3,446
At 31 March 2015	103,541	9,548

The holding company profit for the year ended 31 March 2014 was £2,844,000.

20. Pension fund

The group operates a number of money purchase pension schemes providing benefits based on actual contributions paid. The schemes are managed independently from the group. Contributions totalling £466,000 (2014: £397,000) were paid during the year.

21. Capital commitments

	Group	Group
	2015	2014
	£'000	£'000
Capital expenditure contracted for but not provided for in these financial statements	16,768	26,021

Notes to the Accounts *continued*

22. Contingent liabilities

- (a) As at 31 March 2015, the group's banks had provided road bonds and guarantees amounting to £6,086,000 (2014: £6,139,000).
- (b) As at 31 March 2015 Peel Holdings (Land and Property) Limited had guaranteed a £35.0m (2014: £39.6m) facility of fellow subsidiary Peel Holdings (Glasgow Harbour) Limited.
- (c) As at 31 March 2015 Peel Holdings (Land and Property) Limited had guaranteed a £5m (2014: £5m) loan made available to fellow associated company James Watt Dock LLP.
- (d) As at 31 March 2015 Peel Land and Property (Ports) Limited had guaranteed a £2m (2014: £2m) loan made available to fellow associated company Ardrossan North Shore LLP. The loan balance at 31 March 2015 was £520,000 (2014: £497,000).
- (e) As at 31 March 2015 Peel Holdings (Land and Property) Limited had guaranteed a £2m (2014: £2m) development funding of fellow subsidiary Peel Holdings (Glasgow Harbour) Limited.
- (f) As at 31 March 2015 Peel Holdings (Land and Property) Limited had guaranteed annual rents payable up to £7.5m (2014: £7.5m) by fellow subsidiaries in the Peel Media Services (Holdings) Limited group.

23. Related party transactions

- (a) During the year to 31 March 2015 companies within Peel Holdings Land and Property (UK) Limited group have distributed to companies within Intu Properties plc group a total of £768,000 (2014: £1,540,000) for their share of advertising profits. As at 31 March 2015 the group owed £nil (2014: £nil).
- (b) During the year to 31 March 2015, companies within the Peel Holdings (Land and Property) Limited group have leased land to joint venture company Cammell Laird Shiprepairers and Shipbuilders Limited. The rent in the year totalled £3,209,000 (2014: £3,209,000) and the amount outstanding as at 31 March 2015 was £nil (2014: £nil).

24. Ultimate holding company

The ultimate holding company in the year to 31 March 2015 was Tokenhouse Limited, a company incorporated in the Isle of Man. Tokenhouse Limited is controlled by the Billown 1997 Settlement.

The largest group of companies, of which the company is a member, that produces consolidated financial statements is Peel Holdings Group Limited, a company incorporated in the Isle of Man.

The smallest group of companies, of which the company is a member, that produces consolidated financial statements is Peel Holdings Land and Property (UK) Limited, a company incorporated in England. Its group financial statements are available from the Company Secretary, Peel Dome, The Trafford Centre, M17 8PL.