

**THE DESIGNER RETAIL OUTLET CENTRES  
(MANSFIELD) GENERAL PARTNER LIMITED**  
Registered in England and Wales: No. 05661128

**ANNUAL REPORT AND FINANCIAL STATEMENTS 2013**

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**THE DESIGNER RETAIL OUTLET CENTRES (MANSFIELD) GENERAL PARTNER LIMITED**  
**Registered in England and Wales: No. 05661128**

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**CONTENTS**

	<u>Pages</u>
Directors, Officers and Other Information	1
Directors' Report	2-4
Independent Auditors' Report	5-6
Statement of Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Note to the Statement of Cash Flows	10
Notes to the Financial Statements	11-16

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**THE DESIGNER RETAIL OUTLET CENTRES (MANSFIELD) GENERAL PARTNER LIMITED**  
**Registered in England and Wales: No. 05661128**

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**DIRECTORS, OFFICERS AND OTHER INFORMATION**

**Directors**

P J P Nell  
C J Urwin

**Officer - Company Secretary**

Aviva Company Secretarial Services Limited  
St Helen's  
1 Undershaft  
London  
EC3P 3DQ

**Independent Auditors**

PricewaterhouseCoopers LLP  
7 More London Riverside  
London  
SE1 2RT

**Registered Office**

No. 1 Poultry  
London  
EC2R 8EJ

**Company Number**

Registered in England and Wales: No. 05661128

**Other Information**

The Designer Retail Outlet Centres (Mansfield) General Partner Limited (the "Company") is a member of the Aviva plc group of companies (the "Aviva Group").

**THE DESIGNER RETAIL OUTLET CENTRES (MANSFIELD) GENERAL PARTNER LIMITED**  
**Registered in England and Wales: No. 05661128**

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**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

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

**Directors**

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

P J P Nell  
C J Urwin  
M E M Quinn (resigned 20<sup>th</sup> November 2013)

**Principal Activities**

The principal activity of the Company is to act as the General Partner for The Designer Retail Outlet Centres (Mansfield) Limited Partnership (the "Partnership").

The Company does not hold any capital investment in the Partnership but is entitled to a priority distribution of 0.01% of the Net Income available for distribution from the Partnership.

The Directors consider that the Company's activities will continue unchanged into the foreseeable future.

**Dividend**

The directors do not recommend the payment of a dividend for the financial year ended 31 December 2013 (31 December 2012: £nil).

**Risk Management Policies**

The key risks arising in the Company are market, operational and liquidity risks which are discussed in more detail below.

**The Aviva Group's approach to risk and capital management**

The Company operates within the governance structure and priority framework of the Aviva Group. The Aviva Group's Risk Management Framework ('RMF') includes the strategies, policies, tools and governance arrangements, processes and reporting procedures necessary to support its objectives. The Company adopts and complies with the Aviva Group's RMF.

The Company does not hold any capital investment in the Partnership but is entitled to a priority distribution of 0.01% of the Net Income available for distribution from the Partnership. The principal risk therefore is the performance of the Partnership which the directors monitor regularly. The key risks that mainly affect the Partnership are market risk, credit risk, operational risk and liquidity risk. While the day-to-day management of these risks is outsourced, the directors monitor them regularly.

**Management of financial and non-financial risks**

The Company's exposure to different types of risk is limited by the nature of its business as follows:

i) Market risk

The Company's principal exposure to market risk takes the form of property values, which have a direct impact on the value of the Partnership's investments. The management of this risk falls within the mandate of Aviva Investors Global Services Limited, which manages the investments on behalf of the Partnership.

**THE DESIGNER RETAIL OUTLET CENTRES (MANSFIELD) GENERAL PARTNER LIMITED**  
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**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**Risk Management Policies (Continued)**

**Management of financial and non-financial risks (continued)**

ii) Operational risk

Operational risk arises as a result of inadequate or failed internal processes, people or systems; or from external events. Details of the Aviva Group approach to operational risk are set out in the RMF and in the financial statements of Aviva Investors Global Services Limited, which manages and administers the Company's activities.

iii) Liquidity risk

Liquidity risk is managed by ensuring that there is always sufficient headroom available to meet the working capital requirements of the business. The ongoing costs of the Company are settled by the Partnership.

**Going Concern**

The Company is reliant on the support of the Partnership to be able to meet its liabilities as they fall due. The Partnership has confirmed that it will provide such financial support as might be necessary to ensure that the Company is a going concern for at least twelve months from the date of signing of these financial statements.

Therefore, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

**Employees**

The Company has no employees (31 December 2012: nil).

**Disclosure of Information to the Auditors**

Each person who was a director of the Company on the date that this report was approved, confirms that:

- (a) so far as the director is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware; and
- (b) each director 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 auditors are aware of that information.

**Independent Auditors**

It is the intention of the directors to reappoint the auditors under the deemed appointment rules of Section 487 of the Companies Act 2006.

**Qualifying Indemnity Provisions**

The directors have the benefit of an indemnity provision contained in the Company's Articles of Association, subject to the conditions set out in the Companies Act 2006. This is a 'qualifying third party indemnity' provision as defined in Section 234 of the Companies Act 2006.

Aviva plc, the Company's ultimate parent, granted in 2004 an indemnity to the directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985 (which continue to apply in relation to any provision made before 1 October 2007). This indemnity is a 'qualifying third party indemnity' for the purpose of Sections 309A to 309C of the Companies Act 1985.

These qualifying third party indemnity provisions remain in force as at the date of approving the Directors' Report by virtue of paragraph 15, Schedule 3 of The Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007.

**THE DESIGNER RETAIL OUTLET CENTRES (MANSFIELD) GENERAL PARTNER LIMITED**  
**Registered in England and Wales: No. 05661128**

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**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**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 (IFRSs) as adopted by the European Union. In preparing these financial statements, the directors have also elected to comply with IFRSs, issued by the International Accounting Standards Board (IASB). 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;
- state whether applicable IFRSs as adopted by the European Union, and IFRSs as issued by the IASB have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors have taken advantage of the exemption under Section 414 (B) of the Companies Act 2006 not to prepare a Strategic Report.

The financial statements on pages 7 to 16 were approved by the Board of Directors on 29/1/2014 and signed on its behalf by

Director

Christopher Urwin

**THE DESIGNER RETAIL OUTLET CENTRES (MANSFIELD) GENERAL PARTNER LIMITED**  
**Registered in England and Wales: No. 05661128**

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***Independent auditors' report to the members of the Designer Retail Outlet Centres (Mansfield) General Partner Limited***

## **Report on the financial statements**

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### **Our opinion**

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union ; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

### **What we have audited**

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The financial statements, which are prepared by the Designer Retail Outlet Centres (Mansfield) General Partner Limited, comprise:

- the statement of comprehensive income for the year then ended
- the statement of financial position as at 31 December 2013;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

### **What an audit of financial statements involves**

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We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements

sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

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

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

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

## **Other matters on which we are required to report by exception**

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### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

***Independent auditors' report to the members of the Designer Retail Outlet Centres (Mansfield) General Partner Limited (continued)***

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**Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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**Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.

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**Responsibilities for the financial statements and the audit**


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**Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Sandra Dowling (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

29 July 2014



**THE DESIGNER RETAIL OUTLET CENTRES (MANSFIELD) GENERAL PARTNER LIMITED**  
**Registered in England and Wales: No. 05661128**

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**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

	<b>Notes</b>	<b>Year ended 31 Dec 13 £</b>	<b>Year ended 31 Dec 12 £</b>
<b>Revenue</b>			
Investment income		400	416
<b>Expenses</b>			
Administrative expenses		(30)	(40)
<b>Profit On Ordinary Activities Before Taxation</b>	2	370	376
Tax on profit on ordinary activities	3	(90)	(108)
<b>Profit And Total Comprehensive Income For The Financial Year</b>	7	280	268

All results derive from continuing activities in the United Kingdom.

No other gains or losses arose in the year other than those reported above.

*(The notes on pages 11 to 16 form part of these audited financial statements)*

**THE DESIGNER RETAIL OUTLET CENTRES (MANSFIELD) GENERAL PARTNER LIMITED**  
**Registered in England and Wales: No. 05661128**

**STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2013**

	<b>Notes</b>	<b>31 Dec 13</b> <b>£</b>	<b>31 Dec 12</b> <b>£</b>
<b>Current Assets</b>			
Trade and other receivables	4	1,369	1,553
Cash and cash equivalents		741	187
		<u>2,110</u>	<u>1,740</u>
<b>Current Liabilities</b>			
Trade and other payables	5	(186)	(96)
		<u>1,924</u>	<u>1,644</u>
<b>Net Current Assets</b>			
		<u>1,924</u>	<u>1,644</u>
<b>Net Assets</b>			
		<u>1,924</u>	<u>1,644</u>
<b>Equity</b>			
Called up share capital	6	1	1
Retained earnings	7	1,923	1,643
		<u>1,924</u>	<u>1,644</u>
Total Equity	7	<u>1,924</u>	<u>1,644</u>

The financial statements were approved and authorised for issue by the Board of Directors on 29/1/2014 and signed on its behalf by:

Director

C. J. WRIGHT

(The notes on pages 11 to 16 form part of these audited financial statements)

**THE DESIGNER RETAIL OUTLET CENTRES (MANSFIELD) GENERAL PARTNER LIMITED**  
**Registered in England and Wales: No. 05661128**

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**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 December 2013**

	<b><u>31 Dec 13</u></b>	<b><u>31 Dec 12</u></b>
	<b>£</b>	<b>£</b>
Balance at 1 January	1,644	1,376
Profit for the financial year	280	268
Balance at 31 December	<u>1,924</u>	<u>1,644</u>

Equity comprises called up share capital and retained earnings.

**THE DESIGNER RETAIL OUTLET CENTRES (MANSFIELD) GENERAL PARTNER LIMITED**  
**Registered in England and Wales: No. 05661128**

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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 December 2013**

		<b>2013</b>	<b>2012</b>
		<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>	<b>Note</b>		
Cash generated from / (used in) operating activities	<b>i</b>	154	(452)
<b>Cash flows from investing activities</b>			
Investment income		400	416
Cash flows from investing activities		400	416
Net increase /(decrease) in cash and cash equivalents		554	(36)
Cash and cash equivalents at beginning of year		187	223
Cash and cash equivalents at end of year		741	187

**i) NOTE TO THE STATEMENT OF CASH FLOWS**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	280	268
Adjustments for:		
Investment income	(400)	(416)
Tax paid	-	(78)
Changes in working capital		
Decrease / (increase) in trade and other receivables	184	(322)
Increase in trade and other payables	90	96
Cash generated from / (used in) operations	154	(452)

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

**1 Accounting policies**

**(a) Basis of preparation**

The Company is incorporated in the United Kingdom under The Companies Act 2006. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out on page 2.

The Company is a wholly-owned subsidiary of the Aviva plc group and therefore does not prepare consolidated financial statements.

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared on a going concern basis and under the historical cost convention.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not effective:

<b>Standard/interpretation</b>	<b>Content</b>	<b>Applicable for financial years beginning on/after</b>
<i>IFRS 7 (amendment)</i>	Financial Instruments – disclosure	1 January 2015
<i>IFRS 9</i>	Financial Instruments – classification and measurement	1 January 2018

The Directors anticipate that the adoption of these Standards and Interpretations in the future periods will have no material impact on the financial statements of the Company.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below.

**(b) Going concern**

The Company is reliant on the support of the Partnership to be able to meet its liabilities as they fall due. The Partnership has confirmed that it will provide such financial support as might be necessary to ensure that the Company is a going concern for at least twelve months from the date of signing of these financial statements. Therefore, the directors have a reasonable expectation that the Company will have access to adequate resources to continue in operational existence for the foreseeable future and for this reason they have continued to adopt the going concern basis in preparing the financial statements.

**(c) Use of estimates**

The preparation of financial statements requires the Company to make estimates and assumptions that affect items reported in the balance sheet and profit and loss account and the disclosure of contingent assets and liabilities at the date of the financial statements. Although these estimates are based on management's best knowledge of current facts, circumstances and, to some extent, future events and actions, actual results ultimately may differ from those estimates, possibly significantly.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

**1 Accounting policies (continued)**

**(d) Investment income**

Investment income consists of distributions made by the Partnership and are accounted on an accruals basis.

**(e) Taxation**

The current tax expense is based on the taxable profits for the year. Tax, including tax relief for losses if applicable, is allocated over profits before taxation and amounts charged or credited to reserves as appropriate.

Provision is made for deferred tax liabilities, or credit taken for deferred tax assets, using the liability method, on all material timing differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

**(f) Financial instruments**

Financial assets and financial liabilities are recognised in the balance sheet when the Partnership becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents comprise cash on hand, demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

**1.1 Critical accounting judgements and key sources of estimation uncertainty**

**Critical judgements in applying the partners accounting policies**

In the process of applying the Company's accounting policies, management has made no judgements that have a significant effect on the amounts recognised in the financial statements.

**Key sources of estimation uncertainty**

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**THE DESIGNER RETAIL OUTLET CENTRES (MANSFIELD) GENERAL PARTNER LIMITED**  
**Registered in England and Wales: No. 05661128**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

**2 Profit on ordinary activities before taxation**

The audit fees, relating to the audit of the Company, amounting to £2,625 (2012: £2,231) have been borne by the Partnership.

The Company had no employees in the current or prior years.

The Directors did not receive any remuneration from the Company for services to the Company (2012: £nil).

**3 Tax on profit on ordinary activities**

	<b>Year ended 31 Dec 13 £</b>	<b>Year ended 31 Dec 12 £</b>
<i>Analysis of tax charge in the year</i>		
Corporation tax for the year	83	96
Adjustments in respect of prior years	7	12
Tax on loss on ordinary activities	90	108

**(a) Tax reconciliation**

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 23.25% (2012: 24.5%). The current tax charge for the year differs (2012: differs) from 29% for the reasons set out in the following reconciliation

	<b>Year ended 31 Dec 13 £</b>	<b>Year ended 31 Dec 12 £</b>
Profit before tax	370	376
Tax at a standard UK Corporation rate of 23.25% (2012: 24.5%)	86	92
Taxable share of Limited Partnership's profits	90	106
Non-taxable distribution from LP	(93)	(102)
Adjustments in respect of prior years	7	12
Current tax charge for the year	90	108

**THE DESIGNER RETAIL OUTLET CENTRES (MANSFIELD) GENERAL PARTNER LIMITED**  
**Registered in England and Wales: No. 05661128**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

<b>4 Trade and other receivables</b>	<b><u>31 Dec 13</u></b> <b>£</b>	<b><u>31 Dec 12</u></b> <b>£</b>
Amount due from Partnership	1,369	1,553
	<u>1,369</u>	<u>1,553</u>

Concentrations of credit risk with respect to receivables are limited due to the fact that the debt is collectable from group companies. No further credit risk provision is therefore required in excess of the normal provision for doubtful receivables.

The Company considers that the carrying amount of receivables and other financial assets approximates to their fair value. All receivables are non-interest bearing.

<b>5 Trade and other payables</b>	<b><u>31 Dec 13</u></b> <b>£</b>	<b><u>31 Dec 12</u></b> <b>£</b>
Corporation tax	186	96
	<u>186</u>	<u>96</u>

The Company considers that the carrying amount of trade and other payables approximates to their fair value. All payables are non-interest bearing.

<b>6 Called up share capital</b>	<b><u>31 Dec 13</u></b> <b>£</b>	<b><u>31 Dec 12</u></b> <b>£</b>
Allotted, called up and paid share capital of the Company at 31 December:		
1 ( 2012: 1) ordinary share of £1	1	1



**THE DESIGNER RETAIL OUTLET CENTRES (MANSFIELD) GENERAL PARTNER LIMITED**  
**Registered in England and Wales: No. 05661128**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

**7 Equity**

	<u>Called up share capital</u>	<u>Retained earnings</u>	<u>Total equity</u>
	<u>£</u>	<u>£</u>	<u>£</u>
At 1 January 2013	1	1,643	1,644
Profit and total comprehensive income for the financial year	-	280	280
	<hr/>	<hr/>	<hr/>
At 31 December 2013	1	1,923	1,924
	<hr/>	<hr/>	<hr/>

**8 Contingent liabilities and capital commitments**

There were no contingent liabilities or commitments at the balance sheet date (31 December 2012: £nil).

**9 Related party transactions**

**(a) Key management compensation**

The members of the Board of Directors, who are considered to be the key management of the Company, are listed on page 2 of these financial statements.

There are no amounts receivable from or payments due to members of the Board of Directors.

**(b) Services provided to related parties**

During the year the Company served as General Partner for the Partnership. No fees were received for services provided to the Partnership.

The Company does not hold any capital investment in the Partnership but is entitled to a priority distribution of 0.01% of the Net Income available for distribution from the Partnership.

**(c) Services provided by related parties**

During the year no fees (31 December 2012: £nil) were charged for services provided by related parties.

The audit fees, relating to the audit of the Company, amounting to £2,625 (2012: £2,231) have been borne by the Partnership.

**THE DESIGNER RETAIL OUTLET CENTRES (MANSFIELD) GENERAL PARTNER LIMITED**  
**Registered in England and Wales: No. 05661128**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**10 Immediate parent and ultimate controlling entity**

The immediate parent undertaking of the Company is Norwich Union (Shareholder GP) Limited, a company incorporated in United Kingdom and registered in England and Wales.

The ultimate parent undertaking and controlling party of the Company is Aviva plc, a company incorporated in the United Kingdom.

Aviva plc is the parent undertaking of both the largest and the smallest group of undertakings to consolidate the financial statements at 31 December 2013. The consolidated financial statements of Aviva plc are available on application to the:

Group Company Secretary  
Aviva plc  
St Helen's  
1 Undershaft  
London  
EC3P 3DQ

and are available on the Aviva plc website at [www.aviva.com](http://www.aviva.com).

**Registered in England No: LP011196**

**THE DESIGNER RETAIL OUTLET CENTRES (MANSFIELD)  
LIMITED PARTNERSHIP**

**GENERAL PARTNER'S REPORT AND FINANCIAL  
STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

# **The Designer Retail Outlet Centres (Mansfield) Limited Partnership**

## **Contents**

Partners, Advisers and Other Information	3
Strategic Report	4
General Partner's Report	7
Independent Auditors' Report	9
Statement of Comprehensive Income	11
Statement of Financial Position	12
Statement of Changes in Net Assets Attributable to Partners	13
Statement of Cash Flows	14
Notes to the Financial Statements	15
Additional Information (Unaudited)	29
Partners' Accounts (Unaudited)	30

# **The Designer Retail Outlet Centres (Mansfield) Limited Partnership**

## **Partners, Advisers and Other Information**

### **Partners:**

#### **Limited Partner:**

The Designer Retail Outlet Centres (Mansfield) Unit Trust

#### **General Partner:**

The Designer Retail Outlet Centres (Mansfield) General Partner Limited

1 Poultry

London

EC2R 8EJ

#### **Property and Asset Manager:**

McArthurGlen UK Limited

103 Wigmore Street

London

W1U 1WH

#### **Fund Manager:**

Aviva Investors Global Services Limited

1 Poultry

London EC2R 8EJ

#### **Registered Office:**

1 Poultry

London

EC2R 8EJ

#### **Bankers:**

Barclays Bank PLC

London Corporate Banking Group

PO Box 544

54 Lombard Street

London EC3V 9EX

#### **Solicitors:**

Nabarro LLP

Lacon House

84 Theobolds Road

London WC1X 8RW

#### **Independent Auditors:**

PricewaterhouseCoopers LLP

7 More London Riverside

London

SE1 2RT

# The Designer Retail Outlet Centres (Mansfield) Limited Partnership

## Strategic report for the year ended 31 December 2013

The General Partner presents its strategic report of The Designer Retail Outlet Centres (Mansfield) Limited Partnership ("the Partnership") for the year ended 31 December 2013.

### Principal Activity

The Designer Retail Outlet Centres (Mansfield) Limited Partnership is a Qualifying Limited Partnership established for the purpose of acquiring, developing, refurbishing, managing, letting, and holding a designer retail outlet property centre for investment purposes.

The General Partner has reviewed the activities of the Partnership for the year and the position as at 31 December 2013 and considers them to be satisfactory.

The General Partner expects the level of activity to be maintained in the foreseeable future.

The Partnership is 99.99% owned by The Designer Retail Outlet Centres (Mansfield) Unit Trust.

### Review

#### 1. Performance:

The financial position of the Partnership at 31 December 2013 is shown in the statement of financial position on page 12, with the results shown in the statement of comprehensive income on page 11 and the statement of cash flows on page 14.

The business review is required to contain financial and where applicable, non-financial key performance indicators ("KPIs"). The General Partner considers that, in line with the activities and objectives of the business, the financial KPIs set out below are those which communicate the performance of the Partnership as a whole. These KPIs comprise of:

	Year End 2013	Year End 2012
Partnership Return	12.1%	5.0%
Income Return	9.4%	3.1%
Capital Return	2.7%	1.9%
IPD Benchmark	6.9%	-0.4%
Capital Value of Asset	£63m	£62.5m
Net Income yield	7.53%	7.43%
ERV (valued)	£6,485,920	£6,076,078
Distribution paid	£5.8m	£1.9m
Equivalent Yield	7.49%	7.49%
Footfall Visits	2,536,528	2,739,297
Voids	3.2%	0%

# The Designer Retail Outlet Centres (Mansfield) Limited Partnership

## Strategic report for the year ended 31 December 2013 (continued)

### Principal Risks and uncertainties:

The Partnership's exposure to different types of financial and non-financial risks is limited by the nature of its business as follows:

#### (i) Market risk

The Partnership's exposure to market risk takes the form of property valuations, which have a direct impact on the value of investments. Market risk is managed by ongoing proactive asset management; where possible selling assets with higher void rates and associated non-recoverable costs and those where underperformance is forecast, as well as controlling the Partnership's void rate.

#### (ii) Credit risk

The secondary risk to which the Partnership is exposed is the credit risk with respect to trade receivables. Concentrations of credit risk with respect to these trade receivables are limited due to the size and spread of the Partnership's trading base. The Partnership ensures this risk is adequately managed by using an external credit scoring system to assess the potential tenant's credit quality prior to accepting them.

#### *Tenant default risk*

The current economic environment continues to contain a risk of tenant default. The Partnership manages this risk by ensuring that a dedicated credit control team is engaged in collecting the advance quarterly or monthly rent from tenants as soon as it falls due.

### Tenants in Administration

	Units	Rent roll
Total 2013	1	£22,725
Total 2012	1	£109,792

### Tenants on Monthly Terms – passing rent

	December 2013	December 2012
% contractual	100%	100%
% tenants paying monthly	98.8%	98.8%

#### (iii) Liquidity risk

Liquidity risk is managed by ensuring that there is always sufficient headroom available to meet the working capital requirements of the business.

# **The Designer Retail Outlet Centres (Mansfield) Limited Partnership**

## **Strategic report for the year ended 31 December 2013 (continued)**

### **Principal Risks and uncertainties (continued):**

#### **(iv) Operational risk**

Operational risk would arise as a result of inadequate or failed internal processes, people or systems, or from external events. Details of Aviva plc's approach to operational risk are set out in the financial statements of Aviva plc.

As with other risk categories, line management of business areas have primary responsibility for the effective identification, management, monitoring and reporting of risks to the Aviva executive, in accordance with Aviva Group policies. The Partnership's risk management function provides support and independent challenge on the completeness, accuracy and consistency of risk assessments, and the adequacy of mitigating action plans.

### **Employees:**

The Partnership has no employees (2012: Nil). The key management personnel have been identified as the directors of The Designer Retail Outlet Centres (Mansfield) General Partner Limited. The directors of The Designer Retail Outlet Centres (Mansfield) General Partner Limited received no remuneration (2012: Nil).

### **Environmental:**

Shopping centres are unique in their interface and outreach positioning; they form an interface between retailers and vast numbers of the UK population, and demand environmentally respectful behaviour. By establishing industry standards customised to each individual shopping centre and then monitoring progress towards a self-sustainable footprint the Partnership is working to minimise its environmental impact.

The Partnership is registered as a participant in the Carbon Reduction Energy Efficient Scheme and has a recycling programme in place. It is committed to the long-term sustainability of its business. The Partnership intends that the Centre benefits the local community, providing employment opportunities and boosting tourism.

For and on behalf of the Partnership



P Nell

Director

The Designer Retail Outlet Centres (Mansfield) General Partner Limited as General Partner of the Partnership



# The Designer Retail Outlet Centres (Mansfield) Limited Partnership

## General Partner's Report for the year ended 31 December 2013

The General Partner presents the annual report and the audited financial statements of the Partnership for the year ended 31 December 2013.

### Future Outlook

The directors expect the level of activity to be maintained in the foreseeable future.

## Results and Distributions

An amount of £4,004,165 (2012: £4,158,392) is distributable to the Partners. An amount of £1,373,720 (2012: £3,219,194) remains payable at the year end.

### Directors

The current directors of The Designer retail outlet Centres (Mansfield) General Partner Limited and those in office throughout the year, except as noted, are as follows:

P J P Nell  
C J Urwin  
M E M Quinn (resigned 20 November 2013)

## Partners' Accounts

The Partners Accounts at 31 December 2013 include capital contributions and partner advances as follows:

	Capital Contributions £	Capital Advances £
The Designer Retail Outlet Centres (Mansfield) Unit Trust	71,987,626	-
The Designer Retail Outlet Centres (Mansfield) General Partner Limited	-	-
Total	<u>71,987,626</u>	<u>-</u>

The General Partner's capital contribution to the Partnership is £nil (2012: £nil).

### Disclosure of information to independent auditors

Each person who was a director of the General Partner on the date that this report was approved confirms that:

- (a) so far as the director is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware; and
- (b) each director 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 auditors are aware of that information.

# **The Designer Retail Outlet Centres (Mansfield) Limited Partnership**

## **General Partner's Report for the year ended 31 December 2013 (continued)**

### **Statement of General Partner's Responsibilities**

The Partnership (Accounts) Regulations 2008 require that a qualifying Partnership prepare financial statements in accordance with the applicable provisions of the Companies Act 2006.

The General Partner is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

Company law requires The Designer Retail Outlet Centres (Mansfield) Limited Partnership to prepare financial statements for each financial period which present fairly the financial statements of the Partnership and of the financial performance and cash flows of the Partnership for that period. In preparing those financial statements, the General Partner is required to:

- present information, including accounting policies, in a manner that provides relevant reliable, comparable and understandable information; and
- provide additional disclosure when compliance with specific requirements in International Financial Reporting Standards (IFRSs) is insufficient to enable the users to understand the impact of particular transactions, other events and conditions on the entity's financial position and performance; and
- state that the Partnership has complied with IFRSs, 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 Partnership will continue in business; and
- Select suitable accounting policies in accordance with IAS 8 : Accounting Policies, Changes in Accounting Estimates and Errors, and apply them consistently; and
- Make judgements and accounting estimates that are reasonable and prudent.

The General Partner is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Partnership and to enable it to ensure that the financial statements comply with the Companies Act 2006, applicable to a qualifying Partnership. It is also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Independent Auditors**

PricewaterhouseCoopers LLP were appointed by the directors as the auditors to the Partnership in accordance with the provisions of the Companies Act 2006. PricewaterhouseCoopers LLP have expressed their willingness to continue in office.

It is the intention of the directors of the General Partner to reappoint the auditors under the deemed appointment rules of Section 487 of the Companies Act 2006.

For and on behalf of the Partnership



P Nell

Director

The Designer Retail Outlet Centres (Mansfield) General Partner Limited as General Partner of the Partnership

10 JULY 2014

# The Designer Retail Outlet Centres (Mansfield) Limited Partnership

## *Independent auditors' report to the members, as a body, of the Designer Retail Outlet Centres (Mansfield) Limited Partnership*

### Report on the financial statements

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#### Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2013 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008.

This opinion is to be read in the context of what we say in the remainder of this report.

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#### What we have audited

The financial statements, which are prepared by the General Partner of The Designer Retail Outlet Centres (Mansfield) Limited Partnership, comprise:

- the Statement of Financial Position as at 31 December 2013;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Net Assets Attributable to Partners for the year then ended;
- the Statement of Cash Flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the General Partner has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, it has made assumptions and considered future events.

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#### What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the qualifying partnership's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the General Partner; 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.

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#### Other matters on which we are required to report by exception

##### Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

# The Designer Retail Outlet Centres (Mansfield) Limited Partnership

## *Independent auditors' report to the members, as a body, of the Designer Retail Outlet Centres (Mansfield) Limited Partnership (continued)*

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### Responsibilities for the financial statements and the audit

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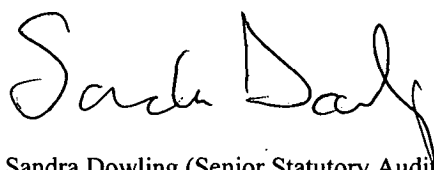
#### Our responsibilities and those of the General Partner

As explained more fully in the General Partner's responsibilities statement set out on page 8, the General Partner is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the members of the qualifying partnership as a body in accordance with the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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Sandra Dowling (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

10<sup>th</sup> July 2014

# The Designer Retail Outlet Centres (Mansfield) Limited Partnership

## Statement of Comprehensive Income For the year ended 31 December 2013

	Notes	2013 £	2012 £
<b>Revenue</b>			
Rental income	1.2(c), 2, 11	6,044,502	6,057,912
		<u>6,044,502</u>	<u>6,057,912</u>
<b>Expenses</b>			
Property expenses		(1,105,157)	(953,026)
Administration expenses		<u>(937,176)</u>	<u>(946,665)</u>
		<u>(2,042,333)</u>	<u>(1,899,691)</u>
Change in fair value of investment property	1.2(e), 5.1	555,476	733,244
<b>Operating profit</b>		<u>4,557,645</u>	<u>4,891,465</u>
Interest income		2,073	665
Interest expense		(1,004)	(494)
Finance costs: distributions to Partners	12(k)	<u>(4,004,165)</u>	<u>(4,158,392)</u>
<b>Profit for the year and total comprehensive income</b>	3	<u>554,549</u>	<u>733,244</u>

All results derive from continuing operations.

There are no gains or losses other than those recognised above.

All amounts in the Statement of Comprehensive Income relate to continued activities.

The notes on pages 15 to 28 form an integral part of these financial statements.

# The Designer Retail Outlet Centres (Mansfield) Limited Partnership

## Statement of Financial Position

As at 31 December 2013

	Notes	2013 £	2012 £
<b>Non-current assets</b>			
Investment property	1.2(e), 5.1	61,600,615	60,944,703
Property, plant and equipment	1.2(d), 5.2	542,944	343,199
Lease incentives	1.2(c), 6	991,000	1,162,205
		<u>63,134,559</u>	<u>62,450,107</u>
<b>Current assets</b>			
Trade and other receivables	6	1,105,526	1,201,225
Lease incentives	6	408,385	393,092
Cash and cash equivalents	9(b)	1,894,313	2,343,156
		<u>3,408,224</u>	<u>3,937,473</u>
<b>Total assets</b>		<u>66,542,783</u>	<u>66,387,580</u>
<b>Current liabilities</b>			
Trade and other payables	7	<u>(2,382,944)</u>	<u>(4,080,515)</u>
<b>Total liabilities</b>		<u>(2,382,944)</u>	<u>(4,080,515)</u>
<b>Net assets attributable to Partners</b>		<u>64,159,839</u>	<u>62,307,065</u>

These financial statements were approved and authorised for issue by the Board of Directors of The Designer Retail Outlet Centre (Mansfield) General Partner Limited, the General Partner, on 10 July 2014 and were signed on its behalf by:



P Nell  
Director  
The Designer Retail Outlet Centres (Mansfield) General Partner Limited as General Partner of the Partnership

10 JULY 2014

The notes on pages 15 to 28 form an integral part of these financial statements

# **The Designer Retail Outlet Centres (Mansfield) Limited Partnership**

## **Statement of Changes In Net Assets Attributable to Partners**

**For the year ended 31 December 2013**

	<b>Capital Allocation £</b>	<b>Income Allocation £</b>	<b>Total £</b>
<b>As at 1 January 2012</b>	<b>71,951,901</b>	<b>(10,865,580)</b>	<b>61,086,321</b>
Capital contributions from partners	487,500	-	487,500
Profit for the year	-	733,244	733,244
<b>As at 31 December 2012</b>	<b>72,439,401</b>	<b>(10,132,336)</b>	<b>62,307,065</b>
Capital contributions from partners	1,298,225	-	1,298,225
Profit for the year	-	554,549	554,549
<b>As at 31 December 2013</b>	<b>73,737,626</b>	<b>(9,577,787)</b>	<b>64,159,839</b>

The notes on pages 15 to 28 form an integral part of these financial statements.

# The Designer Retail Outlet Centres (Mansfield) Limited Partnership

## Statement of Cash Flows

For the year ended 31 December 2013

	Notes	2013 £	2012 £
<b>Cash flows from operating activities</b>			
Cash (used in) /generated from operations	9(a)	4,553,568	3,870,933
<i>Net cash ( used in)/ from operating activities</i>		<u>4,553,568</u>	<u>3,870,933</u>
<b>Cash flows from investing activities</b>			
Purchases of tangible assets		(351,630)	(171,333)
Additions to investment property		<u>(100,436)</u>	<u>(476,249)</u>
<i>Net cash used in investing activities</i>		<u>(452,066)</u>	<u>(647,582)</u>
<b>Cash flows from financing activities</b>			
Interest received		2,073	665
Interest paid		(1,004)	(494)
Capital contributions from Partners	8	1,298,225	487,500
Distribution paid to partners		<u>(5,849,639)</u>	<u>(1,907,443)</u>
<i>Net cash used in financing activities</i>		<u>(4,550,345)</u>	<u>(1,419,772)</u>
<b>Net increase/(decrease) in cash</b>		<u>(448,843)</u>	<u>1,803,579</u>
Cash at 1 January		<u>2,343,156</u>	<u>539,577</u>
Cash at 31 December	9(b)	<u>1,894,313</u>	<u>2,343,156</u>

The notes on pages 15 to 28 form an integral part of these financial statements.



# The Designer Retail Outlet Centres (Mansfield) Limited Partnership

Notes to the financial statements for the year ended 31 December 2013 (continued)

## 1.1. General information

The Designer Retail Outlet Centres (Mansfield) Limited Partnership is a Partnership registered in England and prepare financial statements under The Partnership (Accounts) Regulations 2008. The address of the registered office is given on page 3. The nature of the Partnership's operations and its principal activities are set out on page 4.

## 1.2. Accounting policies

### (a) Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared on the historical cost basis, except for the revaluation of investment properties. The principal accounting policies are set out below.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Partnership's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Notes 2 to 13.

### Going Concern

The Partnership has no external debt and is expected to generate a distributable profit and positive operating cash flows in the foreseeable future. For this reason, management believe the Partnership has adequate resources to continue in operational existence for the foreseeable future and hence, the going concern basis continues to be adopted in preparing the financial statements.

### New and amended standards adopted by the Partnership

The following standards are relevant to the Partnership and are mandatory for the Partnership's accounting periods beginning on or after 1 January 2013.

IFRS 13, 'Fair value measurement,' aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied.

### New standards, amendments and interpretations issued, but not yet effective:

The following new and amended standards and interpretations have been issued and are mandatory for the Partnership's accounting periods beginning after 1 January 2014 and are expected to be relevant to the Partnership:

Standard/interpretation	Content	Applicable for financial years beginning on/after
IFRS 9	Financial Instruments	1 January 2015

# **The Designer Retail Outlet Centres (Mansfield) Limited Partnership**

Notes to the financial statements for the year ended 31 December 2013 (continued)

## **1.2. Accounting policies (continued)**

### **(b) Use of estimates**

The preparation of financial statements requires the Partnership to make estimates and assumptions that affect items reported in the Statement of Financial Position and Statement of Comprehensive Income and the disclosure of contingent assets and liabilities at the date of the financial statements. Although these estimates are based on management's best knowledge of current facts, circumstances and to, some extent, future events and actions, actual results ultimately may differ from those estimates, possibly significantly.

### **(c) Rental income**

Rental income excludes value added tax and represents rental income earned from third parties. This is attributable to one continuing activity in the UK, the letting and management of property.

Revenue also includes incentives given to tenants, such as rent-free periods, which are amortised over the period to the end of the lease.

#### **Capital contributions**

Capital contributions given to tenants are shown as a receivable, and amortised over the period to the end of the lease. The valuation of the properties is reduced by the unamortised capital contributions.

### **(d) Property and equipment**

Items classed as property and equipment within the Statement of Financial Position are carried at historical cost less accumulated depreciation.

Depreciation is calculated on the straight line method to write down the cost of other assets to their residual values over their estimated useful lives as follows:

All assets	3 – 5 years
------------	-------------

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

Repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the most recently assessed standard of performance of the existing asset will flow to the Partnership and the renovation replaces an identifiable part of the asset.

# **The Designer Retail Outlet Centres (Mansfield) Limited Partnership**

Notes to the financial statements for the year ended 31 December 2013 (continued)

## **1.2. Accounting policies (continued)**

### **(e) Investment property**

Investment property is held for long-term rental yields and is not occupied by the Partnership. Investment properties are initially recognised at cost, including transaction cost and completed investment property is stated at its fair value, which is supported by market evidence, as assessed by qualified external valuers at each statement of financial position date. Changes in fair values are recorded in the Statement of Comprehensive Income within changes in fair value of investment property. Property assets are included as investment property on completion of contracts. Investment properties are derecognised when either they are disposed of, or are permanently withdrawn from use and no future economic benefit is expected from its disposal.

The carrying values of investment property as at 31 December 2013 and 31 December 2012 agree to the valuations reported by the external valuers, except that the valuations have been decreased by the sum of amortised lease incentive payments made by the Partnership (2013: £1,399,385; 2012: £1,555,297). This is because the valuations include these lease incentives as capital expenditure. However, for financial reporting purposes, the carrying value of the investment property and the amortised lease incentives are presented separately.

### **(f) Impairment of non-financial assets**

Property, plant and equipment and other non-financial assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

### **(g) Leases**

Leases, where a significant portion of the risks and rewards of ownership is retained by the lessor, are classified as operating leases. Payments made as lessees under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

There are no material finance leases affecting the Partnership as either lessor or lessee.

### **(h) Financial instruments**

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Partnership becomes a party to the contractual provisions of the instrument.

Equity instruments issued by the Partnership are recorded at the proceeds received net of direct issue costs.

Cash and cash equivalents comprise cash on hand, and demand deposits.

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the Statement of Comprehensive Income when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

# **The Designer Retail Outlet Centres (Mansfield) Limited Partnership**

Notes to the financial statements for the year ended 31 December 2013 (continued)

## **1.2. Accounting policies (continued)**

### **(h) Financial instruments (continued)**

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

### **(i) Taxation**

The provisions of Section 111 of the Income and Corporation Taxes Act 1988 require the taxable gains and losses of a limited partnership to be assessable directly upon the partners. Accordingly no provision has been made for taxation in these financial statements.

### **(j) Partners' accounts**

Partners' accounts consist of capital contributions and non-interest bearing loans. The Partnership has classified the Partners' accounts as a financial liability in accordance with IAS 32 based on the contractual arrangements within the LPA which require repayment of the equity upon wind up of the Partnership.

### **(k) Finance costs: distributions to Partners**

Finance costs in the Statement of Comprehensive Income consist of distributions to Partners and are recognised on an accruals basis.

### **(l) Cash flow**

The Partnership reports cash flows from operating activities using the indirect method. Interest received and paid and distributions paid to Partners are presented within cash flow from financing activities. Additions to investment property and purchases of tangible assets are presented within cash flow from investing activities as this most appropriately reflects the Partnership's business activities.

## **1.3. Critical accounting judgements and key sources of estimation uncertainty**

### **Critical judgements in applying the partners accounting policies**

In the process of applying the Partnership's accounting policies, which are described in note 1.2, management has made no judgements that have a significant effect on the amounts recognised in the financial statements apart from those involving estimations, which are dealt with below.

### **Key sources of estimation uncertainty**

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year, other than those relating to the property valuation.

Investment property valuations are conducted quarterly by professionally qualified external valuers CB Richard Ellis Limited. Their valuation is primarily dependent on;

\* State of the underlying property market.

\* Net rental income generated from the investment property.

# The Designer Retail Outlet Centres (Mansfield) Limited Partnership

Notes to the financial statements for the year ended 31 December 2013 (continued)

## 1.3. Critical accounting judgements and key sources of estimation uncertainty (continued)

### Key sources of estimation uncertainty (continued)

The determination of the fair value of investment properties requires the use of estimates such as future cash flows from the property (i.e. lettings, tenants' profiles, future revenue streams, capital values of certain fixtures and fittings, any environmental matters and the overall condition of the property) and discount rates applicable to those assets. The valuers also make reference to market evidence of transaction prices for similar properties.

Relatively small changes in property market yields can have a relatively large impact on the investment property valuation. Fair value adjustments in the investment property also have a significant impact on the Partnership's financial performance.

## 2. Revenue

	2013 £	2012 £
Rental income	6,044,502	6,057,912
	<u>6,044,502</u>	<u>6,057,912</u>

## 3. Profit for the year

Profit for the year has been arrived at after charging:

	2013 £	2012 £
Depreciation	151,885	125,113

Depreciation of property, plant and equipment is included in the account property expenses.

## 4. Auditors' remuneration

The analysis of auditors' remuneration is as follows:

	2013 £	2012 £
Fees payable for the audit of the Partnership's annual financial statements	12,000	10,710

The Partnership also bears the fees in respect of the audit of the General Partner's annual financial statements amounting to £2,625 (2012: £2,391).

# The Designer Retail Outlet Centres (Mansfield) Limited Partnership

Notes to the financial statements for the year ended 31 December 2013 (continued)

## 5. Investment property and property, plant and equipment

### 5.1 Investment property

	Freehold investment property £
<b>Cost/valuation</b>	
At 1 January 2013	60,944,703
Additions	100,436
Change in fair value of investment property	555,476
At 31 December 2013	<u>61,600,615</u>
<b>Net Book Value</b>	
At 31 December 2013	<u>61,600,615</u>
At 31 December 2012	<u>60,944,703</u>

	Freehold investment property £
<b>Cost/valuation</b>	
At 1 January 2012	59,735,210
Additions	476,249
Change in fair value during the year	733,244
At 31 December 2012	<u>60,944,703</u>
<b>Net Book Value</b>	
At 31 December 2012	<u>60,944,703</u>
At 31 December 2011	<u>59,735,210</u>

# The Designer Retail Outlet Centres (Mansfield) Limited Partnership

Notes to the financial statements for the year ended 31 December 2013 (continued)

## 5.1 Investment property (continued)

The carrying value of investment property on the Statement of Financial Position is shown net of lease incentives at 31 December 2013 amounting to £1,399,385 in accordance with IAS 40 (2012: £1,555,297).

All investment property has been classified as retail based on the nature, characteristics and risks of the investment property held by the Partnership.

The investment properties were valued at their open market value for existing use, in accordance with the Appraisal and Valuation Standards of The Royal Institution of Chartered Surveyors, as at 31 December 2013 by independent valuer CB Richard Ellis Limited.

In the period of acquisition the Partnership may perform a confirmatory assessment of the fair value of each investment property to establish if in its opinion there has been a material change in carrying value.

Fair value has been determined by the valuer on the assumption of being 'the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion'.

The fair value of investment property, net of SIC 15 assets, leased to third parties under operating leases was as follows:

	2013 £	2012 £
Freehold property	<u>61,600,615</u>	<u>60,944,703</u>

The change in fair value of investment properties credited to the Statement of Comprehensive Income during the year is as follows:

	2013 £	2012 £
Change in fair value of investment properties	<u>555,476</u>	<u>733,244</u>

Investment properties measured at fair value in the Statement of Financial Position are categorised by level according to the significance of the inputs used in making the measurements.

### Valuation methodology

Fair values for investment properties are calculated using the RICS Red Book income capitalisation method, which results in these measurements being classified as Level 3 in the fair value hierarchy.

The Partnership's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers in or out of Level 3 fair value measurements for investment properties during the period.

Investment properties are valued on a highest and best use basis. For the investment property held by the Partnership, the current use is considered to be the highest and best use.

# The Designer Retail Outlet Centres (Mansfield) Limited Partnership

Notes to the financial statements for the year ended 31 December 2013 (continued)

## 5.1 Investment property (continued)

Significant unobservable inputs in level 3 valuations are as follows:

Asset Class	Country	Fair Value (£'000)	Gross Income (£'000)	NIY	EY
Retail	UK	£61,601	£6,208	7.53%	7.49%

The significant unobservable inputs used in the fair value measurement of the real estate and real estate related investments are yield, net income and ERV.

Significant increases and decreases in any of those inputs in isolation could result in significantly lower or higher fair value measurements.

A 50 basis point movement in the EY to 8.00% would see the valuation fall to £57,501,000. Similarly movement to EY of 7.00% would see the portfolio being valued at £66,101,000.

### Valuation processes

At each financial year end the Partnership's investment properties are valued by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued.

The Fund Manager is responsible for reviewing the valuations performed by the independent valuers. Discussions of valuation processes and results are held between the Fund Manager and the independent valuers at least once every quarter, in line with the Partnership quarterly reporting dates.

At each quarter end the Fund Manager:

- verifies all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the prior year valuation report;
- holds discussions with the independent valuer.

Changes in fair value and/or market value are analysed at each reporting date during the quarterly valuation discussions between the Fund Manager and the independent valuers.

### Fair Value Estimation

Fair Value Estimation under IFRS 13 requires the Limited Partnership to classify for disclosure purposes fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements on its financial assets. The fair value hierarchy has the following levels:

- Level (1) quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level (2) inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level (3) inputs for the asset or liability that are not based on observable market data (unobservable inputs).



# The Designer Retail Outlet Centres (Mansfield) Limited Partnership

Notes to the financial statements for the year ended 31 December 2013 (continued)

## 5.1 Investment property (continued)

	Level 1 £'000	Level 2 £'000	Level 3 £'000	2013 Total £'000
Investment property	-	-	61,601	61,601
	<u>-</u>	<u>-</u>	<u>61,601</u>	<u>61,601</u>

	Level 1 £'000	Level 2 £'000	Level 3 £'000	2012 Total £'000
Investment property	-	-	60,945	60,945
	<u>-</u>	<u>-</u>	<u>60,945</u>	<u>60,945</u>

## 5.2 Property, plant and equipment

	Property, plant and equipment £
<b>Cost/valuation</b>	
At 1 January 2013	817,263
Additions	351,630
	<u>1,168,893</u>
At 31 December 2013	
<b>Depreciation</b>	
At 1 January 2013	(474,064)
Charged in the year	(151,885)
	<u>(625,949)</u>
At 31 December 2013	
<b>Net Book Value</b>	
At 31 December 2013	<u>542,944</u>
At 31 December 2012	<u>343,199</u>

# The Designer Retail Outlet Centres (Mansfield) Limited Partnership

Notes to the financial statements for the year ended 31 December 2013 (continued)

## 5.2 Property, plant and equipment (continued)

	Property, plant and equipment £
<b>Cost/valuation</b>	
At 1 January 2012	645,930
Additions	171,333
	<hr/>
At 31 December 2012	817,263
	<hr/>
<b>Depreciation</b>	
At 1 January 2012	(348,951)
Charged in the year	(125,113)
	<hr/>
At 31 December 2012	(474,064)
	<hr/>
<b>Net Book Value</b>	
At 31 December 2012	343,199
	<hr/>
At 31 December 2011	296,979
	<hr/>

## 6. Trade and other receivables and lease incentives

	2013 £	2012 £
Trade receivables	585,103	505,663
Lease incentives - non current	991,000	1,162,205
Lease incentives - current	408,385	393,092
Other receivables	465,005	112,150
Prepayments and accrued income	55,418	583,412
	<hr/>	<hr/>
	2,504,911	2,756,522
	<hr/>	<hr/>
Expected to be recovered in less than one year	1,513,911	1,594,317
Expected to be recovered in more than one year	991,000	1,162,205
	<hr/>	<hr/>
	2,504,911	2,756,522
	<hr/>	<hr/>

Concentrations of credit risk with respect to receivables are limited due to the size and spread of the Partnership's trading base. No further credit risk provision is therefore required in excess of the normal provision for doubtful receivables.

The General Partner considers that the carrying amount of receivables and other financial assets approximates to their fair value. All receivables are non-interest bearing.

Trade receivables are provided for on a specific basis by reference to management's knowledge of any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Before accepting any new tenant, the Partnership uses an external credit scoring system to assess the potential tenant's credit quality.

# The Designer Retail Outlet Centres (Mansfield) Limited Partnership

Notes to the financial statements for the year ended 31 December 2013 (continued)

## 6. Trade and other receivables and lease incentives (continued)

Included in the Partnership's trade receivable balance are receivables with a carrying amount of £113,975 (2012: £74,868) which are past due at the reporting date for which the Partnership has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Partnership does not hold any collateral over these balances.

Ageing of past due but not impaired receivables:

	2013 £	2012 £
30 - 60 days	45,183	57,396
60 -120 days	68,792	17,472
	<u>113,975</u>	<u>74,868</u>

The allowance for doubtful debts includes individually impaired trade receivables with a balance of £69 (2012: £2,100). The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the amount deemed recoverable.

Ageing of impaired trade receivables

	2013 £	2012 £
60 -120 days	69	2,100
	<u>69</u>	<u>2,100</u>

### Provision for bad debts

	2013 £	2012 £
At 1 January	2,100	5,650
Utilisation of provision	(2,031)	(3,550)
At 31 December	<u>69</u>	<u>2,100</u>

## 7. Trade and other payables

	2013 £	2012 £
Trade payables	258,499	79,635
VAT payable	109,060	153,371
Accruals	641,665	628,315
Distributions payable	1,373,720	3,219,194
	<u>2,382,944</u>	<u>4,080,515</u>

The General Partner considers that the carrying amount of payables and other financial liabilities approximates to their fair value. All payables are non-interest bearing.

The share of the Partnership's distributions payable attributable to the General Partner is £137 (2012: £322).

# The Designer Retail Outlet Centres (Mansfield) Limited Partnership

Notes to the financial statements for the year ended 31 December 2013 (continued)

## 8. Partners' capital and advances

	The Designer Retail Outlet Centres (Mansfield) General Partner Limited	The Designer Retail Outlet Centres (Mansfield) Unit Trust	Total Partners' Capital and Advances
	2013 £	2013 £	2013 £
Balance at 1 January	-	70,689,401	70,689,401
Capital contributions during the year	-	1,298,225	1,298,225
Balance at 31 December	-	71,987,626	71,987,626

Partners' capital and advances consists of non-interest bearing capital contributions and capital advances which are repayable on winding up of the Partnership.

## 9. Statement of Cash Flows Notes

### (a) The reconciliation of profit to the net cash inflow from operating activities is:

	2013 £	2012 £
Profit for the year	554,549	733,244
Adjustments for:		
Change in fair value of investment property	(555,476)	(733,244)
Depreciation	151,885	125,113
Interest income	(2,073)	(665)
Interest expense	1,004	494
Finance costs: distributions to Partners	4,004,165	4,158,392
Changes in working capital		
Decrease/(Increase) in receivables and other financial assets	251,611	(282,890)
Increase/(Decrease) in payables and other financial liabilities	147,903	(129,511)
Cash (used in) /generated from operations	4,553,568	3,870,933

### (b) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and other short term highly liquid investments with a maturity of 3 months or less. The maximum amount of overdraft available to the entity during the year was £250,000 (2012: £250,000).

# The Designer Retail Outlet Centres (Mansfield) Limited Partnership

Notes to the financial statements for the year ended 31 December 2013 (continued)

## 10. Related party transactions

The Partnership is administered by the General Partner. The Partners consider that the General Partner is a related party. The General Partner has capital of £nil (2012: £nil). The share of the Partnership's profits distributable to the General Partner was £400 (2012: £416). The amounts owed to partners in respect of distributions payable are included within creditors falling due within one year.

The amounts owed to Partners in respect of distributions payable are included within creditors falling due within one year.

### (a) Services provided by property manager

	2013		2012	
	Charged during the year £	Payable at year end £	Charged during the year £	Payable at year end £
<b>McArthurGlen UK Limited</b>				
Management fees	318,447	-	314,057	48,060
Leasing fees	162,007	20,705	413,812	8,208
Marketing and service charge	256,581	-	145,199	8,417

During the year, McArthurGlen UK Limited, the property manager for the retail centres, charged management fees to the Partnership. The payables are not secured and no guarantees were received in respect thereof. The payables will be settled in accordance with normal credit terms.

### (b) Key management compensation

The Partnership had no employees during the year (2012: none).

### (c) Controlling party

The Partnership is managed and controlled by the General Partner, a wholly owned subsidiary of Norwich Union (Shareholder GP) Limited, which is a wholly owned subsidiary of Aviva plc, a company incorporated in the United Kingdom and registered in England and Wales. The largest and smallest group in which the results of the Partnership are consolidated is Aviva plc. Copies of the group financial statements are publicly available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

In accordance with the Limited Partnership Agreement, distributions of net income have been allocated to the Partners in the proportion to their ownership percentage for the period to which the distribution relates.

# The Designer Retail Outlet Centres (Mansfield) Limited Partnership

Notes to the financial statements for the year ended 31 December 2013 (continued)

## 11. Operating lease arrangements

The Partnership as lessor:

Property rental income earned during the year was £6,044,502 (2012: £6,057,912). At the Statement of Financial Position date, the Partnership had contracted with tenants for the following future minimum lease payments:

	2013	2012
Within one year	5,594,542	4,007,110
In the second to fifth year inclusive	18,123,222	9,338,766
After five years	16,499,140	4,467,184
	<u>40,216,904</u>	<u>17,813,060</u>

## 12. Contingent liabilities

There were no contingent liabilities as at 31 December 2013 or at 31 December 2012.

## 13. Post balance sheet date transactions

There are no material events since the balance sheet date that are required to be disclosed in these financial statements.

# **The Designer Retail Outlet Centres (Mansfield) Limited Partnership**

**Notes to the financial statements for the year ended 31 December 2013 (continued)**

## **Additional information (unaudited)**

The additional information on page 30 has been prepared from the accounting records of the Partnership. While it does not form part of the audited financial statements, it should be read in conjunction with them.

# The Designer Retail Outlet Centres (Mansfield) Limited Partnership

## Partners' accounts (unaudited)

	The Designer Retail Outlet Centres (Mansfield) General Partner Limited	The Designer Retail Outlet Centres (Mansfield) Unit Trust	Total
	£	£	£
<b>Capital accounts</b>			
At 1 January 2013	-	70,689,401	70,689,401
Capital introduced	-	1,298,225	1,298,255
At 31 December 2013	-	71,987,626	71,987,626
<b>Other reserves</b>			
At 1 January 2013	175	1,749,825	1,750,000
Movement in other reserves	-	-	-
At 31 December 2013	175	1,749,825	1,750,000
<b>Current accounts</b>			
At 1 January 2013	(1,013)	(10,131,323)	(10,132,336)
Profit for the year	55	554,494	554,549
At 31 December 2013	(958)	(9,576,829)	(9,577,787)
<b>Totals</b>			
At 31 December 2013	(783)	64,160,622	64,159,839
At 31 December 2012	(838)	62,307,903	62,307,065