

**SPENCER INDUSTRIAL ESTATES
HOLDINGS LIMITED**

Report and financial statements

31 March 2010

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SPENCER INDUSTRIAL ESTATES HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2010

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SPENCER INDUSTRIAL ESTATES HOLDING LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P Duckett BSc (Hons) FCCA
M A Johnson

SECRETARY

P Duckett BSc (Hons) FCCA

REGISTERED OFFICE

Nexus House
Nexus
Randles Road
Knowsley Business Park
Knowsley
Merseyside
L34 9HX

BANKERS

Lloyds Banking Group
Liverpool Corporate Centre
5 St Paul Square
Old Hall Street
Liverpool
L3 9AE

AUDITORS

Deloitte LLP
Chartered Accountants and Statutory Auditors
Liverpool
United Kingdom

SPENCER INDUSTRIAL ESTATES HOLDING LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 March 2010. The directors' report has been prepared in accordance with the special provisions relating to small companies under section 417(1) of the Companies Act 2006. Accordingly, an enhanced business review has not been prepared.

ACTIVITIES, RESULTS AND FUTURE DEVELOPMENTS

The company is an intermediate holding company of the Spencer Commercial Property Limited group of companies. The company did not trade during the year. The future of the company is dependent on the future of its subsidiaries which is discussed in the directors' report of those companies which do not form part of this report.

RESULTS AND DIVIDENDS

The results for the year are set out in the profit and loss account on page 7. The financial position of the company is set out on the balance sheet on page 8.

The directors proposed and paid interim dividends of £200,000 (2009 - £200,320). No final dividend is proposed (2009 - £nil).

GOING CONCERN

The company is part of the Spencer Commercial Property Limited group and as such is party to the cross guarantee of the Group's debt facility. Therefore, in making an assessment of the company's going concern assumption the directors have considered assumptions and conclusions of Group's management in making their assessment of going concern on a group basis. As disclosed in the Accounting Policies on page 9 the Group's £200m bank loan facilities, which breached its covenants during the year, expired on 31 December 2010. Whilst the bank continues to fund the Group at the previous levels, negotiations remain ongoing with the Group's bankers and the Group Directors anticipate that new facilities will be finalised during 2011 appropriate to secure the Group's funding requirements for the medium-term. The Group Directors continue to work on and finalise a five year strategic plan to be agreed by the bank that will form the basis for the new facility, the specific covenants and the repayment profile expected.

The Group's forecast and projections, taking into account reasonable possible changes in trading performances show that the Group should be able to operate within the level of the proposed facilities.

On the basis of these forecasts, the ongoing negotiations, and after making enquiries, the directors have a reasonable expectation that the Group and therefore the company will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements although there remains some uncertainty in this regard.

DIRECTORS

The directors who held office during the year and thereafter except as noted below are listed below.

J D Spencer	(resigned 21 September 2010)
P Duckett	
M A Johnson	(appointed 22 December 2010)

SPENCER INDUSTRIAL ESTATES HOLDING LIMITED

DIRECTORS' REPORT

AUDITORS

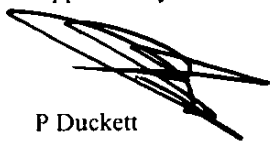
Each person who is a director of the company at the date and approval of this report confirms that

- So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- The director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP has expressed its willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by order of the board



P Duckett
Director

3rd March 2011

SPENCER INDUSTRIAL ESTATES HOLDING LIMITED

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 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 judgments and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPENCER INDUSTRIAL ESTATES HOLDINGS LIMITED

We have audited the financial statements of Spencer Industrial Estates Holdings Limited for the year ended 31 March 2010 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes numbered 1 to 11. 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 applicable to Smaller Entities)

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 auditors' 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 auditors

As explained more fully in the Directors' Responsibilities Statement, 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 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its profit 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

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in the Accounting Policies in the notes to the financial statements concerning the company's ability to continue as a going concern.

As referenced in the Accounting Policies, the Company is party to the Group's banking facilities. The renegotiation of the Company's banking facilities remains ongoing at the date of approval of these financial statements. Having had discussions with the Group Directors, whilst the Directors consider that on the basis of latest negotiations new facilities will be finalised during 2011 appropriate to secure the Group's funding requirements for the medium-term, there is a risk that, should no agreement be reached with its bankers, the loan could be called in which would be likely to result in the realisation of assets below book values.

These conditions, as explained in the Accounting Policies in the notes to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

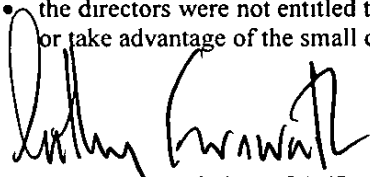
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPENCER INDUSTRIAL ESTATES HOLDINGS LIMITED (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime or take advantage of the small companies exemption in preparing the directors' report



Anthony Farnworth BA ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Liverpool, United Kingdom

31 March 2011

SPENCER INDUSTRIAL ESTATES HOLDING LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 March 2010

	Note	2010 £	2009 £
OPERATING PROFIT	3	200,000	200,320
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>200,000</u>	<u>200,320</u>
Tax on profit on ordinary activities	4	-	-
PROFIT FOR THE FINANCIAL YEAR	8,9	<u><u>200,000</u></u>	<u><u>200,320</u></u>

The profit for the period is derived from continuing operations

The company has no recognised gains and losses other than those included in the profits above, and therefore no separate statement of total recognised gains and losses has been presented

SPENCER INDUSTRIAL ESTATES HOLDING LIMITED

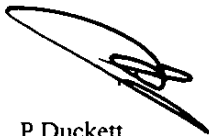
BALANCE SHEET 31 March 2010

	Notes	2010 £	2009 £
FIXED ASSETS			
Investments	6	100	100
Net assets		<u>100</u>	<u>100</u>
CAPITAL AND RESERVES			
Called up share capital	7	100	100
Profit and loss account	8	-	-
Shareholders' funds	9	<u>100</u>	<u>100</u>

These accounts have been prepared in accordance with the provisions applicable to the small companies regime

The financial statements of Spencer Industrial Estates Holdings Limited (registered number 6116754) were approved by the Board of Directors and authorised for issue on ~~31 March~~ 2011

Signed on behalf of the Board of Directors



P Duckett
Director

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards. A summary of the more important accounting policies which have been applied consistently in the current and preceding financial year is set out below.

Basis of Accounting

The company acts as an immediate holding company holding. In preparing these financial statements the directors have considered the financial position and trading of the group and the financial strength of the ultimate parent undertaking, Spencer Commercial Property Limited.

Going concern

The directors' report on page 2 describes the Company's business activities, financial performance and its financial position. The Company is part of the Spencer Commercial Property Limited group and as such is party to the cross guarantee of the Group's debt facility. Therefore, in making an assessment of the Company's going concern assumption the directors have considered assumptions and conclusions of Group's management in making their assessment of going concern on a group basis.

The Group's property portfolio is financed by bank loans which expired on 31 December 2010. At the date of approval of the financial statements, the renegotiation of facilities to secure medium-term funding for the Group remains ongoing. However, on the basis of latest negotiations, the Group Directors anticipate that new facilities will be finalised during 2011. The Group Directors continue to work on and finalise a five year strategic plan to be agreed with the bank that will form the basis for the new facility, the specific covenants and the repayment profile expected.

The Group's forecast and projections, taking into account reasonable possible changes in trading performances show that the Group should be able to operate within the level of the proposed facilities.

On the basis of these forecasts, the ongoing negotiations and after making enquiries, the directors have a reasonable expectation that the Group and therefore the company will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements although there remains some uncertainty in this regard.

Group Accounts

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by section 400 of the Companies Act 2006 as it is a wholly-owned subsidiary within the Spencer Commercial Property Limited group of companies for which consolidated financial statements are prepared and that are publicly available.

Cash flow statement

The company is a wholly-owned subsidiary within the Spencer Commercial Property Limited group of companies. The cash flows of the company are included in the consolidated cash flow statement of Spencer Commercial Property Limited. Consequently, the Company is exempt, under the terms of Financial Reporting Standard No 1 (revised 1996) from publishing a cash flow statement.

Related party disclosures

The company has taken advantage of the exemption in paragraph 3(c) of Financial Reporting Standard No 8 "Related party disclosures" and has not disclosed details of transactions with fellow wholly-owned undertakings within the Spencer Commercial Property Limited group of companies.

SPENCER INDUSTRIAL ESTATES HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2010

1. ACCOUNTING POLICIES (continued)

Taxation

Current tax is provided at amounts expected to be paid (or recovered) 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 have occurred at that date that will result in an obligation to pay more or a right to pay less or to receive more, tax, with the following exception

- deferred tax assets are recognised only to the extent that the directors consider that it is 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 measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Investments

Investments in subsidiaries are stated at cost less provision for diminution in value

2. DIRECTORS AND EMPLOYEES

There are no employees other than the directors and no remuneration has been paid to them in either the current or preceding year

3. OPERATING PROFIT

	2010	2009
	£	£
Operating profit is stated after crediting		
Dividends receivable from group undertakings	200,000	200,320

The fees payable to the company's auditors for the audit of the company's annual accounts of £1,000 has been borne by Spencer Commercial Property Limited (2009 same)

SPENCER INDUSTRIAL ESTATES HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

4. TAXATION

	2010	2009
	£	£
Analysis of taxation charge		
Current tax		
UK corporation tax	-	-

Reconciliation of current tax charge

The current tax charge is lower (2009 lower) than that arising from applying the standard rate of UK corporation tax of 28% (2009 28%) The differences are explained below

	2010	2009
	£	£
Profit on ordinary activities before taxation	200,000	200,320
Profit on ordinary activities multiplied by the standard rate of UK corporation tax of 28% (2009 28%)	56,000	56,090
Effects of		
Non-taxable income	(56,000)	(56,090)
Total current tax charge	-	-

5. DIVIDENDS PAID

	2010	2009
	£	£
Interim dividend for the year ended 31 March 2010 of £2,000 (2009 £2,003) per ordinary share	200,000	200,320

6. INVESTMENTS

	2010	2009
	£	£
Cost and net book value		
At 1 April 2009 and 31 March 2010	100	100

Subsidiary	Nature of business	Class	Number of shares	% owned by ultimate parent undertaking
Spencer Industrial Estates Limited	Investment property	Ord £1 shares	100	100%

SPENCER INDUSTRIAL ESTATES HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

7 SHARE CAPITAL

	2010	2009
	£	£
Allotted, issued and fully paid		
Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

8. PROFIT AND LOSS ACCOUNT

		£
At 1 April 2009		-
Profit for the year		200,000
Dividends paid		(200,000)
		<u> </u>
At 31 March 2010		<u> </u>

9. RECONCILIATION OF MOVEMENTS IN TOTAL SHAREHOLDER'S FUNDS

	2010	2009
	£	£
Profit for the financial year	200,000	200,320
Dividends	(200,000)	(200,320)
	<u> </u>	<u> </u>
Net charge in shareholder's funds	-	-
Opening shareholder's funds	100	100
	<u> </u>	<u> </u>
Closing shareholder's funds	<u> </u>	<u> </u>

10 GROUP BORROWING FACILITY

The company is party to the cross guarantee of the Group's debt facility. At 31 March 2010 the total debt amounted to £187,954,329 (2009 £182,058,274)

11. ULTIMATE PARENT COMPANY

The company is a subsidiary undertaking of Spencer Commercial Property Limited

The largest and smallest group in which the results of the company are consolidated is that headed by Spencer Commercial Property Limited, a company incorporated in England. The consolidated accounts of this company are available to the public and may be obtained from Companies House, Cardiff