

CSC (ELDON SQUARE) LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

Company number 5503289



CSC (ELDON SQUARE) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report and audited financial statements of the company for the year ended 31 December 2011.

CSC (Eldon Square) Limited is incorporated and registered in England and Wales. The Company's registered office is 40 Broadway, London, SW1H 0BU

PRINCIPAL ACTIVITY

The principal activity of the company is the holding of investment properties. The immediate parent company, Capital Shopping Centres Debenture PLC is the issuer of debenture stock due for repayment in 2027. The debenture stock is secured on the investment property, Eldon Square, Newcastle and on other group undertakings' interests.

BUSINESS REVIEW

The company's results and financial position for the year ended 31 December 2011 are set out in full in the income statement, the balance sheet, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

The company's performance during the year reflects a satisfactory rental performance, given the prevailing property market conditions. Net rental income was £11.7 million compared to £11.2 million for the previous year. A revaluation surplus of £0.1 million was recorded during the year (2010 revaluation surplus of £14.0 million). The profit before taxation was £10.9 million, compared with a profit before taxation of £24.4 million for the previous year. Total equity at 31 December 2011 was £44.1 million, an increase of £10.9 million from the 31 December 2010 figure of £33.2 million.

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

As the company's ultimate parent company is Capital Shopping Centres Group PLC, the company faces largely those risks and uncertainties faced by the group. These risks and uncertainties, including financial risks and the management thereof, are disclosed in the group financial statements.

DIVIDENDS

The directors do not recommend a dividend for the year (2010 £nil).

INVESTMENT AND DEVELOPMENT PROPERTY

The movements in investment and development property are set out in note 6.

CAPITAL MANAGEMENT

The directors consider the capital of the company to be the ordinary share capital of £78.3 million and funding from the Company's immediate parent company of £136.4 million. Management of this capital is performed at a group level.

CSC (ELDON SQUARE) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

DIRECTORS

The directors who held office during the year or until the date of this report are listed below:

Martin Ellis	appointed 3 November 2011
David Fischel	
Matthew Roberts	
Trevor Pereira	appointed 3 November 2011
Peter Weir	appointed 3 November 2011
Gerard Conway	appointed 3 November 2011, resigned 17 July 2012
Kay Chaldecott	resigned 17 June 2011
Gary Hoskins	resigned 3 November 2011
Mark Kildea	resigned 17 June 2011
Caroline Kirby	resigned 17 October 2011

DIRECTORS' INDEMNITY PROVISION

A qualifying indemnity provision (as defined in S234 of the Companies Act 2006) is in force for the benefit of the directors of the company. The company's ultimate parent, Capital Shopping Centres Group PLC, maintains directors' and officers' insurance which is reviewed annually.

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. 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information of which the auditors are unaware and each director has taken all reasonable steps to make himself or herself aware of any relevant audit information and to establish that the auditors are aware of that information.

CSC (ELDON SQUARE) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. Under the provisions of the Companies Act 2006, the company is not required to hold an annual general meeting. Elective Resolutions are in force to dispense with the appointment of auditors annually. The auditors, PricewaterhouseCoopers LLP, will therefore be deemed to be reappointed for each succeeding financial year.

By order of the Board



**David Fischel
Director
18 September 2012**

CSC (ELDON SQUARE) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CSC (ELDON SQUARE) LIMITED

We have audited the financial statements of CSC (Eldon Square) Limited (registered company no. 5503289) for the year ended 31 December 2011 which comprise the income statement, the balance sheet, the statement of changes in equity, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statement to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

CSC (ELDON SQUARE) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CSC (ELDON SQUARE) LIMITED

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

Grant Lee (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants
London
18 September 2012

CSC (ELDON SQUARE) LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £m	2010 £m
Revenue	2	<u>30.1</u>	<u>30.1</u>
Net rental income	2	11.7	11.2
Revaluation of investment and development property		0.1	14.0
Administration expenses		<u>(0.7)</u>	<u>(0.5)</u>
Operating profit	3	11.1	24.7
Net finance costs		<u>(0.2)</u>	<u>(0.3)</u>
Profit before taxation		10.9	24.4
Taxation	4	<u>-</u>	<u>(0.1)</u>
Profit for the year		<u>10.9</u>	<u>24.3</u>

Other than the items in the income statement above, there are no other items of comprehensive income and accordingly, a separate statement of comprehensive income has not been prepared.

CSC (ELDON SQUARE) LIMITED

BALANCE SHEET AT 31 DECEMBER 2011

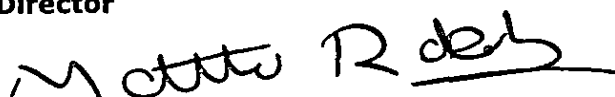
	Notes	2011 £m	2010 £m
Non-current assets			
Investment and development property	5	182.8	181.3
Trade and other receivables	6	<u>9.6</u>	<u>7.3</u>
		192.4	188.6
Current assets			
Trade and other receivables	6	3.4	6.1
Cash and cash equivalents		<u>0.6</u>	<u>0.6</u>
		4.0	6.7
Total assets		<u>196.4</u>	<u>195.3</u>
Current liabilities			
Trade and other payables	7	(150.3)	(160.1)
Finance lease obligations	9	<u>(0.3)</u>	<u>(0.3)</u>
		(150.6)	(160.4)
Non-current liabilities			
Finance lease obligations	9	<u>(1.7)</u>	<u>(1.7)</u>
		(1.7)	(1.7)
Total liabilities		<u>(152.3)</u>	<u>(162.1)</u>
Net assets		<u>44.1</u>	<u>33.2</u>
Equity			
Share capital	11	78.3	78.3
Retained earnings		<u>(34.2)</u>	<u>(45.1)</u>
Total equity		<u>44.1</u>	<u>33.2</u>

The notes on pages 10 to 24 form part of these financial statements.

The financial statements on pages 6 to 24 have been approved by the Board of Directors on 18 September 2012 and signed on its behalf by



David Fischel
Director



Matthew Roberts
Director

CSC (ELDON SQUARE) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2011

	Share capital £m	Retained earnings £m	Total equity £m
At 1 January 2010	78.3	(69.4)	8.9
Profit for the year	-	24.3	24.3
Total comprehensive income for the year	-	24.3	24.3
At 31 December 2010	78.3	(45.1)	33.2
At 1 January 2011	78.3	(45.1)	33.2
Profit for the year	-	10.9	10.9
Total comprehensive income for the year	-	10.9	10.9
At 31 December 2011	78.3	(34.2)	44.1

CSC (ELDON SQUARE) LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £m	2010 £m
Cash generated from operations	14	2.1	8.6
Interest paid		(0.2)	(0.3)
Taxation – REIT entry charge		(0.5)	(1.0)
Cash flows from operating activities		<u>1.4</u>	<u>7.3</u>
Purchase and development of property		(1.4)	(7.4)
Cash flows from investing activities		<u>(1.4)</u>	<u>(7.4)</u>
Net decrease in cash and cash equivalents		-	(0.1)
Cash and cash equivalents at 1 January		<u>0.6</u>	<u>0.7</u>
Cash and cash equivalents at 31 December		<u>0.6</u>	<u>0.6</u>

CSC (ELDON SQUARE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. Principal accounting policies

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

The financial statements have been prepared under the historical cost convention as modified by the revaluation of properties and derivative financial instruments. A summary of the accounting policies is set out below.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Where such judgements are made they are included within the accounting policies given below.

During 2011, the following standards, amendments and interpretations endorsed by the EU became effective for the first time for the Company's 31 December 2011 year end.

- IFRS 24 Related Party Disclosures;
- IFRS 32 Financial Instruments: Presentation (amendment)
- IFRIC 14 IAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction;
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments;
- and

Amendments arising from 2010 annual improvements project.

These either had no material impact on the financial statements or resulted in changes to presentation and disclosure only.

The following standard has been issued and adopted by the EU but is not effective for the year ended 31 December 2011 and has not been adopted early:

- IFRS 7 Financial Instruments: Disclosures (amendment)

This pronouncement is not expected to have a material impact on the financial statements, but may result in changes to presentations or disclosure.

CSC (ELDON SQUARE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. Principal accounting policies (continued)

Additionally a number of standards have been issued but are not yet adopted by the EU and so are not available for early adoption. The most significant of these are:

- IFRS 9 Financial Instruments,
- IFRS 10 Consolidated Financial Statements;
- IFRS 11 Joint Arrangements;
- IFRS 13 Fair Value Measurement; and
- IAS 28 Investments in Associates and Joint Ventures.

The impact of these on the company is being reviewed. It is anticipated that the earliest period that these standards may be applied will be the year ended 31 December 2013.

In assessing whether the going concern basis of preparation is appropriate to adopt, the directors considered a number of factors including financial projections of the company and the level of financial support that may be made available to the company by its ultimate parent, Capital Shopping Centres Group PLC. In addition, the directors assessed the risk of the company's immediate parent company, Capital Shopping Centres Debenture PLC, requesting settlement of the balance due to it. This assessment included reviewing the consolidated financial statements of Capital Shopping Centres Debenture PLC for the year ended 31 December 2011, which it was noted were prepared on a going concern basis.

Based on this review the directors have concluded that there is a reasonable expectation that the company will have sufficient resources to continue in operational existence for the foreseeable future and have therefore prepared the financial statements on a going concern basis.

CSC (ELDON SQUARE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. Principal accounting policies (continued)

Investment and development property

Investment and development property is owned by the company and held for long-term rental income and capital appreciation.

The company has elected to use the fair value model. Property is initially recognised at cost and subsequently revalued at the balance sheet date to fair value as determined by professionally qualified external valuers on the basis of market value. Valuations conform with the Royal Institution of Chartered Surveyors ("RICS"), Valuation Standards 7th Edition and IVS1 of International Valuation Standards.

The main estimates and judgements underlying the valuations are in relation to market rent, taking into account forecast growth rates and yields based on known transactions for similar properties and likely incentives offered to tenants.

The cost of investment and development property includes capitalised interest and other directly attributable outgoings incurred during development, except in the case of properties and land where no development is imminent, in which case no interest is included. Interest is capitalised (before tax relief), on the basis of the average rate of interest paid on the relevant debt outstanding, until the date of practical completion.

Gains or losses arising from changes in the fair value of investment property are recognised in the income statement. Depreciation is not provided in respect of investment property.

Revenue

The company recognises revenue on an accruals basis, when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the company.

Rental income receivable is spread evenly over the period from lease commencement to expiry. Directly attributable lease incentives are recognised within net rental income on the same straight-line basis as rental income.

Contingent rents, being those lease payments that are not fixed at the inception of a lease, for example increases arising on rent reviews or rents linked to tenant revenues, are recorded as income in the periods in which they are earned.

Rent reviews are recognised as income from the date of the rent review, based on management's estimates, when they can be measured reliably. Estimates are derived from knowledge of market rents for comparable properties determined on an individual property basis and updated for progress of negotiations.

Service charge income is recognised on an accruals basis in line with the service being provided.

CSC (ELDON SQUARE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. Principal accounting policies (continued)

Taxation

Current tax is the amount payable on the taxable income for the year and any adjustment in respect of prior years. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Leases

Leases are classified according to the substance of the transaction. A lease that transfers substantially all the risks and rewards of ownership to the lessee is classified as a finance lease. All other leases are normally classified as operating leases.

– Company as lessee:

Finance leases of investment property are accounted for as finance leases and recognised as an asset and an obligation to pay future minimum lease payments. The investment property asset is included in the balance sheet at fair value, gross of the recognised finance lease liability.

Other finance lease assets are capitalised at the lower of the fair value of the leased asset or the present value of the minimum lease payments and depreciated over the shorter of the lease term and the useful life of the asset.

Lease payments are allocated between the liability and finance charges so as to achieve a constant financing rate.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the lease term

– Company as lessor:

Properties are leased out under operating leases, with rental income being recognised on a straight-line basis over the lease term. For more detail see the revenue recognition policy.

Impairment of assets

The company's assets are reviewed at each balance sheet date to determine whether events or changes in circumstances exist that indicate that their carrying amount may not be recoverable. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (referred to as cash generating units)

CSC (ELDON SQUARE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. Principal accounting policies (continued)

Trade receivables

Trade receivables are recognised and subsequently measured at amortised cost

The Directors exercise judgement as to the collectability of the trade receivables and determine if it is appropriate to impair these assets. Factors such as days past due, *credit status of the counterparty* and historical evidence of collection are considered.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits with banks, whether restricted or unrestricted and other short-term liquid investments with original maturities of three months or less.

Trade payables

Trade payables are recognised and subsequently measured at amortised cost.

Borrowings

Borrowings are recognised initially at their net proceeds on issue and subsequently carried at amortised cost. Any transaction costs and premiums or discounts are recognised over the contractual life using the effective interest rate method.

Current/non-current classification

Current assets include assets held primarily for trading purposes, cash and cash equivalents, and assets expected to be *realised in, or intended for* sale or consumption in, the course of the company's operating cycle. All other assets are classified as non-current assets.

Current liabilities include liabilities held primarily for trading purposes, liabilities expected to be settled in the course of the company's operating cycle and those liabilities due within one year from the reporting date. All other liabilities are classified as non-current liabilities.

CSC (ELDON SQUARE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

2. Revenue and net rental income

Revenue arose in the United Kingdom from continuing operations and in the opinion of the directors the company carries on only one class of business

	2011 £m	2010 £m
Rent receivable	25.1	24.1
Service charge income	<u>5.0</u>	<u>6.0</u>
	30.1	30.1
Rent payable	(11.5)	(11.1)
Service charge costs	(5.7)	(6.4)
Other non-recoverable costs	<u>(1.2)</u>	<u>(1.4)</u>
Net rental income	<u>11.7</u>	<u>11.2</u>

3. Operating profit

The operating profit for the year ended 31 December 2011 of £11.1 million (2010 £24.7 million) did not include any fees in respect of auditors' remuneration or directors' remuneration (2010 £nil). No deduction is made for the auditors' remuneration of £3,300 (2010 £2,900), which was settled on behalf of the company by its ultimate parent company Capital Shopping Centres Group PLC and has not been recharged.

There were no employees during the year (2010 nil)

CSC (ELDON SQUARE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

4. Taxation

The tax charge for the year is lower (2010 higher) than the standard rate of corporation tax in the UK. The differences are explained below.

	2011 £m	2010 £m
Profit before taxation	<u>10.9</u>	<u>24.4</u>
Profit before taxation multiplied by the standard rate of tax in the UK of 26.5% (2010 28%)	2.9	6.8
Capital allowances	-	(0.4)
Expenses disallowed, net of capitalised interest	0.1	(0.1)
Change of accounting policy	-	0.5
Transfer pricing adjustment	(1.6)	(1.9)
Group relief	0.1	0.1
REIT exemption – corporation tax	(1.1)	(1.3)
REIT exemption – deferred tax	(0.4)	(3.7)
REIT exemption – entry charge	<u>-</u>	<u>0.1</u>
Taxation	<u>-</u>	<u>0.1</u>

CSC (ELDON SQUARE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

5. Investment and development property

	Leasehold £m
At 1 January 2010	160.0
Additions	7.3
Surplus on revaluation	<u>14.0</u>
At 31 December 2010	<u>181.3</u>
At 1 January 2011	181.3
Additions	1.4
Surplus on revaluation	<u>0.1</u>
At 31 December 2011	<u>182.8</u>
Adjustment in respect of tenant incentives	11.0
Adjustment in respect of headleases	<u>(2.0)</u>
Market value	<u>191.8</u>

The fair value of the company's investment property as at 31 December 2011 was determined by independent external valuers at that date. The valuation conforms with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards 7th edition and with IVS1 of International Valuation Standards, and was arrived at by reference to market transactions for similar properties.

Investment and development property represents the company's interest in the Eldon Square Shopping Centre, Newcastle upon Tyne.

6. Trade and other receivables

	2011 £m	2010 £m
Current		
Rents receivable	0.8	1.7
Other receivables	0.6	2.8
Prepayments and accrued income	<u>2.0</u>	<u>1.6</u>
	<u>3.4</u>	<u>6.1</u>
Non-current		
Prepayments and accrued income	<u>9.6</u>	<u>7.3</u>

Included within prepayments and accrued income are tenant lease incentives of £11.0 million (2010 £7.8 million).

CSC (ELDON SQUARE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

7. Trade and other payables

	2011 £m	2010 £m
Current		
Amounts due to immediate parent company	136.4	147.6
Rents received in advance	5.9	5.6
Accruals and deferred income	5.4	4.6
Other payables	1.4	0.6
Other taxation and social security	1.2	1.7
	<u>150.3</u>	<u>160.1</u>

Amounts due to the immediate parent company are unsecured, non-interest bearing and repayable on demand

8. Operating leases

The company earns rental income by leasing its investment properties to tenants under operating leases.

In the UK the standard shopping centre lease is for a term of 10 to 15 years. Standard lease provisions include service charge payments, recovery of other direct costs and a rent review every five years to market rent. Standard turnover based leases have a turnover percentage agreed with each lessee which is applied to a retail unit's annual sales and any excess between the resulting turnover rent and the minimum rent is receivable by the company.

The future minimum lease amounts receivable under non-cancellable operating leases for continuing operations are as follows:

	2011 £m	2010 £m
Not later than one year	23.9	19.4
Later than one year and not later than five years	81.4	77.1
Later than five years	<u>131.3</u>	<u>133.5</u>
	<u>236.6</u>	<u>230.0</u>

CSC (ELDON SQUARE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

9. Finance leases

	2011 £m	2010 £m
(a) Minimum lease payments under finance leases fall due:		
Not later than one year	0.3	0.3
Later than one year and not later than five years	1.3	1.3
Later than five years	8.4	8.4
	<u>10.0</u>	<u>10.0</u>
Future finance charges on finance leases	<u>(8.0)</u>	<u>(8.0)</u>
Present value of finance lease liabilities	<u>2.0</u>	<u>2.0</u>
(b) Present value of minimum finance lease obligations	2011 £m	2010 £m
Not later than one year	0.3	0.3
Later than one year and not later than five years	1.3	1.3
Later than five years	0.4	0.4
	<u>2.0</u>	<u>2.0</u>

Finance lease liabilities are in respect of leasehold investment property.

10. Financial risk management

Market risk

The company is exposed to a variety of risks arising from the company's operations being principally market risk (including market price risk), liquidity risk and credit risk.

The majority of the company's financial risk management is carried out by Capital Shopping Centres Group PLC's treasury department and the group's policies for managing each of these risks as they apply to the company and the principal effects of these policies on the results for the year are summarised below.

CSC (ELDON SQUARE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

10. Financial risk management (continued)

Liquidity risk

Liquidity risk is managed to ensure that the company is able to meet future payment obligations when financial liabilities fall due. Liquidity analysis is conducted to ensure that sufficient headroom is available to meet the operational requirements and committed investments. The group treasury policy aims to meet this objective through maintaining adequate cash, marketable securities and committed facilities to meet these requirements. The group's policy is to seek to optimise its exposure to liquidity risk by balancing its exposure to interest rate risk and to refinancing risk. In effect the group seeks to borrow for as long as possible at the lowest acceptable cost.

The tables below set out the maturity analysis of the company's financial liabilities based on the undiscounted contractual obligations to make payments of interest and to repay principal.

	2011				Total £m
	Within 1 year or on demand £m	1-2 years £m	3-5 years £m	over 5 years £m	
Finance lease obligations	0.3	0.3	1.0	8.4	10.0
Tax and other payables	2.6	-	-	-	2.6
Amounts due to immediate parent	136.4	-	-	-	136.4
	<u>139.3</u>	<u>0.3</u>	<u>1.0</u>	<u>8.4</u>	<u>149.0</u>
	2010				Total £m
	Within 1 year or on demand £m	1-2 years £m	3-5 years £m	over 5 years £m	
Finance lease obligations	0.3	0.3	1.0	8.4	10.0
Tax and other payables	2.3	-	-	-	2.3
Amounts due to immediate parent	147.6	-	-	-	147.6
	<u>150.2</u>	<u>0.3</u>	<u>1.0</u>	<u>8.4</u>	<u>159.9</u>

Credit risk

Credit risk is the risk of financial loss if a tenant or counterparty fails to meet an obligation under a contract. Credit risk arises primarily from trade receivables relating to tenants but also from the company's holdings of assets with counterparties such as cash deposits and loans.

Credit risk associated with trade receivables is actively managed, tenants are managed individually by asset managers, who continuously monitor and work with tenants, anticipating and, wherever possible, identifying and addressing risks prior to default.

CSC (ELDON SQUARE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

10. Financial risk management (continued)

Credit risk (continued)

Prospective tenants are assessed via a review process, including obtaining credit ratings and reviewing financial information which is conducted internally. As a result deposits or guarantors may be obtained. The amount of deposits held as collateral at 31 December 2010 is £0.3 million (2009 £0.3 million)

Due to the nature of tenants being managed individually by asset managers, it is Company policy to calculate any impairment on an individual tenant basis.

The ageing analysis of these trade receivables is as follows:

	2011 £m	2010 £m
Up to three months	<u>0.8</u>	<u>1.7</u>
Trade receivables	<u>0.8</u>	<u>1.7</u>

In 2011 trade receivables impaired amounted to £0.3 million (2010 £0.1 million), this is considered to be within an acceptable range given current economic conditions.

The credit risk relating to cash and deposits is actively managed centrally by Capital Shopping Centres Group PLC's treasury department. Relationships are maintained with a number of tier one institutional counterparties, ensuring compliance with Capital Shopping Centres Group PLC Group policy relating to limits on the credit ratings of counterparties (between BBB+ and AAA).

Excessive credit risk is mitigated through adhering to authorised limits for all counterparties.

CSC (ELDON SQUARE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

10. Financial risk management (continued)

Classification of financial assets and liabilities

The table below sets out the company's accounting classification of each class of financial assets and liabilities, and their fair values at 31 December 2011 and 31 December 2010.

	Carrying value £m	Fair value £m	Gain/(loss) to income statement £m
2011			
Trade and other receivables	12.9	12.9	-
Cash and cash equivalents	0.6	0.6	-
Total cash and receivables	13.5	13.5	-
Trade and other payables	(150.3)	(150.3)	-
Finance lease obligations	(2.0)	(2.0)	-
Total loans and payables	(152.3)	(152.3)	-
	Carrying value £m	Fair value £m	Gain/(loss) to income statement £m
2010			
Trade and other receivables	13.4	13.4	-
Cash and cash equivalents	0.6	0.6	-
Total cash and receivables	14.0	14.0	-
Trade and other payables	(160.1)	(160.1)	-
Finance lease obligations	(2.0)	(2.0)	-
Total loans and payables	(162.1)	(162.1)	-

No financial assets or liabilities of the company are recognised at fair value.

CSC (ELDON SQUARE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

11. Share capital

	2011 £	2010 £
Issued and fully paid		
Ordinary shares of £1 each	<u>78,317,548</u>	<u>78,317,548</u>

The concept of authorised share capital was abolished by the Companies Act 2006 with effect from 1 October 2009.

Under saving provisions, the current maximum number of shares which may be issued by the company is 78,500,000 ordinary shares of £1 each.

12. Capital commitments

At 31 December 2011, the company was contractually committed to £0.3 million (2010 £3.1 million) of future expenditure for the purchase, construction and enhancement of investment property. All of the £0.3 million is expected to be spent in 2012.

13. Cash generated from operations

	2011 £m	2010 £m
Profit before taxation	10.9	24.4
Remove:		
Revaluation of investment property	(0.1)	(14.0)
Amortisation of lease incentives and other direct costs	(3.2)	(5.2)
Net finance costs	0.2	0.3
Changes in working capital:		
Change in trade and other receivables	3.5	(3.9)
Change in trade and other payables	<u>(9.2)</u>	<u>7.0</u>
Cash generated from operations	<u>2.1</u>	<u>8.6</u>

14. Related party transactions

Balances outstanding between the company and other group companies are shown below:

	Amounts owed to 2011 £m	2010 £m
Capital Shopping Centres Debenture PLC	136.4	147.6

CSC (ELDON SQUARE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

15. Ultimate parent company

The ultimate parent company is Capital Shopping Centres Group PLC, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained from the Company Secretary, 40 Broadway, London, SW1H 0BT. The immediate parent company is Capital Shopping Centres Debenture PLC, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained as above.