

Company Number: 03744383

**MARTINEAU GALLERIES (GP) LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

Year ended 31 December 2018

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## **MARTINEAU GALLERIES (GP) LIMITED**

### **DIRECTORS' REPORT**

Year ended 31 December 2018

The Directors' Report has been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and consequently no Strategic Report has been prepared.

#### **1. PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS**

The principal activity of Martineau Galleries (GP) Limited (the "Company") is to act as the General Partner to The Martineau Galleries Limited Partnership (the "Partnership"). Hammerson Martineau Galleries Limited, Hammerson MGLP Limited and Hammerson MGLP 2 Limited are the Limited Partners, each owning 33.18% of the Partnership, with the Company owning the remaining 0.46%. The Directors do not anticipate any significant change in the principal activity in the foreseeable future.

#### **2. RESULTS AND DIVIDENDS**

The loss for the year after tax was £1,000 (2017: £nil). The Directors do not recommend the payment of a dividend for the year (2017: £nil).

Net liabilities of the Company as at 31 December 2018 were £115,000 (2017: £114,000).

#### **3. DIRECTORS**

- (a) Mr. W.S. Austin, Mr M.R. Bourgeois and Mr. P.F. Cooper were Directors of the Company throughout the year.
- (b) Mr. P.F. Cooper resigned as a Director of the Company on 30 April 2019.
- (c) Mr. A.J. Berger-North was appointed as a Director of the Company on 30 April 2019.
- (d) In accordance with the Articles of Association of the Company, the Directors are not required to retire by rotation.
- (e) No Director has any interests in contracts entered into by the Company.

#### **4. SECRETARY.**

Hammerson Company Secretarial Limited was Secretary of the Company throughout the year.

#### **5. GOING CONCERN**

The Directors have considered the use of the going concern basis in the preparation of the financial statements in light of the net liability position on the balance sheet as at 31 December 2018 and concluded that it was appropriate. More information is provided in note 1(b) to the financial statements.

#### **6. INDEMNITY**

The Company's ultimate parent company, Hammerson plc, has made qualifying third party indemnity provisions for the benefit of the Company's Directors which were in place throughout the year and which remain in place at the date of this report.

## MARTINEAU GALLERIES (GP) LIMITED

### DIRECTORS' REPORT (CONTINUED)

Year ended 31 December 2018

#### 7. INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP shall be deemed to be re-appointed as auditors for a further term under the provisions of section 487(2) of the Companies Act 2006.

PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

#### 8. STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The Directors 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.

## MARTINEAU GALLERIES (GP) LIMITED

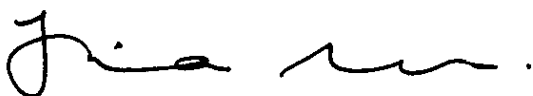
### DIRECTORS' REPORT (CONTINUED)

Year ended 31 December 2018

In the case of each Director in office at the date the Directors' Report is approved:

- (a) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (b) they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board



**J. Crane**

For and on behalf of  
Hammerson Company Secretarial Limited

acting as Secretary

Date: 22 May 2019

Registered Office:

Kings Place

90 York Way

London N1 9GE

Registered in England and Wales

No. 07784823

## **MARTINEAU GALLERIES (GP) LIMITED**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MARTINEAU GALLERIES (GP) LIMITED

### **Report on the audit of the financial statements**

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#### **Opinion**

In our opinion, Martineau Galleries (GP) Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2018; the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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#### **Conclusions relating to going concern**

ISAs (UK) require us to report to you when:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Company's trade, customers, suppliers and the wider economy.

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#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

## **MARTINEAU GALLERIES (GP) LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MARTINEAU GALLERIES (GP) LIMITED (CONTINUED)**

#### *Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

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

##### *Responsibilities of the Directors for the financial statements*

As explained more fully in the Statement of Directors' Responsibilities in respect of the Financial Statements set out on page 2, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

##### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

##### *Use of this report*

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.

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## **Other required reporting**

### **Companies Act 2006 exception reporting**

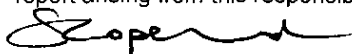
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### **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 from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.



Sonia Copeland (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
Date: 22 May 2019

**MARTINEAU GALLERIES (GP) LIMITED****STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 December 2018**

	<b>Note</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
Reduction in fair value adjustment	4(c)	<u>(1)</u>	<u>-</u>
<b>(Loss)/result after taxation and total comprehensive (expense)/income for the financial year</b>		<u><b>(1)</b></u>	<u><b>-</b></u>

All amounts relate to continuing activities.

**MARTINEAU GALLERIES (GP) LIMITED****BALANCE SHEET****As at 31 December 2018**

	<b>Note</b>	<b>2018</b>		<b>2017</b>	
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Non-current assets</b>					
Investments	4(a)		5		6
<b>Current liabilities</b>					
Payables	5	<u>(120)</u>		<u>(120)</u>	
<b>Net current liabilities</b>			<u>(120)</u>		<u>(120)</u>
<b>Net liabilities</b>			<u>(115)</u>		<u>(114)</u>
<b>Capital and reserves</b>					
Called up share capital	6		2		2
Accumulated deficit	7		<u>(117)</u>		<u>(116)</u>
<b>Shareholder's deficit</b>			<u>(115)</u>		<u>(114)</u>

The financial statements were authorised for issue by the Board of Directors on 22 May 2019 and were signed on its behalf.

**W.S. Austin**

Director

Company Number: 03744383



**MARTINEAU GALLERIES (GP) LIMITED****STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 December 2018**

	<b>Called up share capital £'000</b>	<b>Accumulated deficit £'000</b>	<b>Shareholder's deficit £'000</b>
Balance at 1 January 2017	2	(116)	(114)
Result and total comprehensive income/(expense) for the financial year	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 December 2017	2	(116)	(114)
Loss and total comprehensive expense for the financial year	<u>-</u>	<u>(1)</u>	<u>(1)</u>
<b>Balance at 31 December 2018</b>	<b><u>2</u></b>	<b><u>(117)</u></b>	<b><u>(115)</u></b>

## MARTINEAU GALLERIES (GP) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

#### 1. ACCOUNTING POLICIES

The following principal accounting policies have been applied consistently throughout the current and preceding year, unless otherwise stated.

##### (a) Basis of accounting

During 2018, the following relevant new and revised Standards and Interpretations have been adopted:

- IFRS 9 Financial Instruments, effective for accounting periods beginning on or after 1 January 2018
- IFRS 15 Revenue from Contracts with Customers, effective for accounting periods beginning on or after 1 January 2018.

##### *Impact of new and revised Standards*

##### *IFRS 9 Financial Instruments*

This standard deals with the classification, measurement and recognition of financial assets and liabilities and replaces the guidance in IAS39 Financial Instruments: Recognition and Measurement.

The standard also introduces an expected credit losses model, which replaces the incurred loss impairment model. Under IFRS9, entities are required to calculate expected credit losses on all financial assets, including intercompany loans within the scope of IFRS 9. The financial impact of the new standard is immaterial.

##### *IFRS 15 Revenue from Contracts with Customers*

The standard is based on the principle that revenue is recognised when control passes to a customer. The Company has no revenue and therefore there is no impact of the new standard of the new standard.

##### *Basis of preparation*

Martineau Galleries (GP) Limited is a private company limited by shares and incorporated in the United Kingdom under the Companies Act 2006. The nature of the Company's operations and its principal activities are set out on page 1. The address of the registered office is Kings Place, 90 York Way, London N1 9GE.

These financial statements were prepared in accordance with the Companies Act 2006 and Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101") as issued by the Financial Reporting Council and have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The presentation currency used is sterling and amounts have been presented in round thousands ("£000s"). The financial statements have been prepared on a historical cost basis, except for other investments which are held at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

The preparation of financial statements in conformity with FRS 101 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 in note 1(g).

## MARTINEAU GALLERIES (GP) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2018

#### 1. ACCOUNTING POLICIES (continued)

##### (a) Basis of accounting (continued)

###### *Disclosure exemptions adopted*

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101. No additional exemptions have arisen from the updates to IFRS 9 and IFRS 15:

- IFRS 7, 'Financial Instruments; Disclosures';
- Paragraphs 91 to 99 of IFRS 13 'Fair value measurement' disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities';
- Paragraph 38 of IAS1, 'Presentation of financial statements' – comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
  - paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period);
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirements for minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 111 (cash flow statement information); and
  - 134 – 136 (capital management disclosures);
- IAS 7, 'Statement of cash flows';
- Paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS what has been issued but is not yet effective);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation); and
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

The above disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Hammerson plc into which the Company is consolidated. The financial statements of Hammerson plc can be obtained as described in note 9. Group financial statements have not been prepared on the basis that the Company is included in the consolidated financial statements of Hammerson plc.

##### (b) Going concern

The financial position of the Company is as set out in the Balance Sheet. The Company has net current liabilities as at 31 December 2018 and is reliant on the support of its ultimate parent company, Hammerson plc, to be able to meet its liabilities as they fall due. The Directors consider that the Company is an integral part of Hammerson plc's structure and strategy and this is evidenced by a letter of support from Hammerson plc, which states its intent to provide the necessary financial support to ensure that the Company is a going concern for at least twelve months from the date of signing of these financial statements. After making enquiries and taking account of the factors noted above, the Directors have a reasonable expectation that the Company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

## MARTINEAU GALLERIES (GP) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2018

#### 1. ACCOUNTING POLICIES (continued)

##### (c) Fixed asset investments

Fixed asset investments, including investments in subsidiaries and associates, are shown at cost less provision for impairment.

##### (d) Borrowings

Borrowings are recognised initially at fair value, after taking account of any discount on issue and attributable transaction costs. Subsequently, borrowings are held at amortised cost, such that discounts and costs are charged to the statement of comprehensive income over the term of the borrowing at a constant return on the carrying value of the liability.

##### (e) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs). Financial assets and liabilities are subsequently carried at amortised cost using the effective interest method. Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

##### (f) Other Investments

Other investments are shares held in quoted investments and are accounted for on the fair value basis. These other investments are held on the balance sheet and any increase or decrease in fair value is reflected on the statement of comprehensive income.

##### (g) Critical accounting policies

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates. Estimates and the underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods.

## **MARTINEAU GALLERIES (GP) LIMITED**

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

Year ended 31 December 2018

#### **1. ACCOUNTING POLICIES (continued)**

##### **(g) Critical accounting policies (continued)**

The Company's critical judgement and area of estimation uncertainty is in respect of the valuation of investments. The Company's investments includes its investment in The Martineau Galleries Limited Partnership (the "Partnership"), which is carried in the balance sheet at historical cost less provision for impairment, which is valued by the Directors based upon the net assets of the Partnership in which the Company invests. The principal asset of the Partnership is its investment properties which are valued six monthly by professional qualified external valuers. The Directors must ensure they are satisfied that the Company's investment in the Partnership is appropriate for the financial statements. The basis of valuation of the Partnership's investment properties is set out in the notes to the financial statements of the Partnership for the year ended 31 December 2018.

#### **2. ADMINISTRATION EXPENSES**

The average number of employees during the year, excluding Directors, was nil (2017: nil).

The Directors did not receive any remuneration for their services from the Company in the year (2017: £nil), having been paid by other Group undertakings. It is deemed impractical to allocate their remuneration between Group undertakings for the purpose of disclosure.

Another Group company has paid the auditors' fees for the audit of the Company's annual financial statements in both the current and preceding financial year. Fees for the audit of the Company were £1,500 (2017: £1,500).

#### **3. TAXATION**

The Company's ultimate parent company, Hammerson plc, is a UK Real Estate Investment Trust ("UK REIT"). As a consequence, its subsidiaries are exempted from UK corporation tax on the profits of a UK property rental business and on the gains on UK investment properties (including profits and gains from activities conducted via a limited partnership).

Group companies remain subject to UK corporation tax on items other than UK property rental profits and gains on UK investment properties but, as the Group has surplus tax losses, the Group's policy is for these taxable profits and losses to be fully offset by group relief surrendered without payment, so that individual subsidiaries do not bear tax.

During the year the Company had taxable income of £nil (2017: £nil) relating to its share of the interest income of The Martineau Galleries Limited Partnership. The Company therefore had no tax charge for the year, and this is expected to continue for the foreseeable future.

## MARTINEAU GALLERIES (GP) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2018

#### 4. INVESTMENTS

##### (a) Summary

	2018 £'000	2017 £'000
Investment in The Martineau Galleries Limited Partnership - <i>note 4 (b)</i>	2	2
Other investments - <i>note 4 (c)</i>	3	4
	<u>5</u>	<u>6</u>

##### (b) Investment in The Martineau Galleries Limited Partnership:

	Cost £'000	Impairment provision £'000	Carrying value £'000
Cost and net book value			
At 1 January and 31 December 2017	2	-	2
At 1 January and 31 December 2018	<u>2</u>	<u>-</u>	<u>2</u>

The Company has a 0.46% interest in The Martineau Galleries Limited Partnership ("the Partnership") a joint venture that owns and manages a portfolio of properties in Birmingham. The remaining interests in the Partnership are held by fellow subsidiaries of Hammerson plc. The registered office of the above entities is Kings Place, 90 York Way, London N1 9GE.

##### (c) Other investments

	Cost £'000	Fair value adjustment £'000	Total £'000
At 1 January 2017	7	(3)	4
Movement in fair value	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2017	7	(3)	4
Decrease in fair value	<u>-</u>	<u>(1)</u>	<u>(1)</u>
At 31 December 2018	<u>7</u>	<u>(4)</u>	<u>3</u>

Other investments comprise shares held in quoted investments.

The market value of the above quoted investments at 31 December 2018 was £3,216 (2017: £4,234).

## MARTINEAU GALLERIES (GP) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2018

#### 5. PAYABLES: CURRENT LIABILITIES

	2018 £'000	2017 £'000
Amounts owed to The Martineau Galleries Limited Partnership	<u>120</u>	<u>120</u>
	<u>120</u>	<u>120</u>

Amounts owed to fellow subsidiary undertakings are repayable on demand and are non-interest bearing. All amounts owed are unsecured.

#### 6. CALLED-UP SHARE CAPITAL

	2018 £	2017 £
<b>Authorised:</b>		
180,000 ordinary shares of £0.01 each	<u>1,800</u>	<u>1,800</u>
<b>Allotted, called up and fully paid:</b>		
180,000 ordinary shares of £0.01 each	<u>1,800</u>	<u>1,800</u>

#### 7. RESERVES

The following describes the nature and purpose of each reserve within equity:

<u>Reserve</u>	<u>Description and purpose</u>
Share capital	Nominal value of share capital subscribed for
Accumulated deficit	Cumulative profits and losses less any dividends paid

#### 8. ADVANCES, CREDIT AND GUARANTEES

The Company did not grant any credits, advances or guarantees of any kind to its Directors during the current or preceding year.

#### 9. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

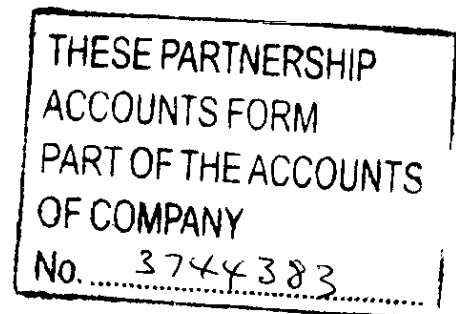
At 31 December 2018, the Company's ultimate parent company was Hammerson plc, which is registered in England and Wales and is the largest and smallest group to consolidate these financial statements. At 31 December 2018, the Company's immediate parent company was Hammerson Birmingham Properties Limited.

The consolidated financial statements of the ultimate parent company, Hammerson plc, are available from that company's registered office, Kings Place, 90 York Way, London N1 9GE.

**THE MARTINEAU GALLERIES LIMITED PARTNERSHIP**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

Year ended 31 December 2018





# THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

## REPORT OF THE GENERAL PARTNER Year ended 31 December 2018

Martineau Galleries (GP) Limited (the "General Partner") submits its report and the audited financial statements for The Martineau Galleries Limited Partnership (the "Partnership") for the year ended 31 December 2018.

The Report of the General Partner has been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and consequently no Strategic Report has been prepared.

### 1. PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The principal activity of the Partnership is property investment and development in the United Kingdom. The General Partner does not anticipate any significant change in the principal activity in the foreseeable future.

### 2. RESULTS AND DISTRIBUTIONS

The Partnership made a profit for the financial year of £15,844,000 before partners' interests (2017: £4,819,000). No distributions have been made during the year (2017: £nil).

Net assets for the Partnership as at 31 December 2018 were £93,188,000 (2017: £77,344,000).

### 3. DIRECTORS OF THE GENERAL PARTNER

- (a) Mr. W.S. Austin, Mr M.R. Bourgeois and Mr. P.F. Cooper were Directors of the General Partner throughout the year.
- (b) Mr. P.F. Cooper resigned as a Director of the General Partner on 30 April 2019.
- (c) Mr. A.J. Berger-North was appointed as a Director of the General Partner on 30 April 2019.
- (d) In accordance with the Articles of Association of the General Partner, the Directors are not required to retire by rotation.
- (e) No Director has any interests in contracts entered into by the General Partner.

### 4. INDEMNITY

The General Partner's ultimate parent company, Hammerson plc has put in place qualifying third party indemnity provisions for the benefit of its respective Directors of the General Partner, which were in place throughout the year and remain in place at the date of approval of this report.

### 5. GOING CONCERN

The Directors have considered the use of the going concern basis in the preparation of the financial statements as at 31 December 2018 and concluded that it was appropriate. More information is provided in note 1(b) to the financial statements.

### 6. INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP shall be deemed to be re-appointed as auditors for a further term under the provisions of section 487(2) of the Companies Act 2006.

PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

## THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

### REPORT OF THE GENERAL PARTNER (CONTINUED)

Year ended 31 December 2018

#### 7. STATEMENT OF GENERAL PARTNER'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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 General Partner to prepare financial statements for each financial year. Under that law the General Partner has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the General Partner 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 Partnership and of the profit or loss of the Partnership for that period. In preparing the financial statements, the General Partner is required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the qualifying Partnership will continue in business.

The General Partner 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.

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

#### General Partner's confirmations

In the case of each partner in office at the date the General Partner' Report is approved:

- (a) so far as the Directors of the General Partner are aware, there is no relevant audit information of which the Partnership's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a Director of the General Partner of the Partnership in order to make himself aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information.

Approved by Martineau Galleries (GP) Limited, General Partner, and signed on its behalf



**W.S. Austin**

Director

Date: 22 May 2019

## THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

### Report on the audit of the financial statements

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#### Opinion

In our opinion, The Martineau Galleries Limited Partnership's financial statements:

- give a true and fair view of the state of the Partnership's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); 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.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2018; the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We remained independent of the Partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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#### Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the General Partner's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the General Partner has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Partnership's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Partnership's trade, customers, suppliers and the wider economy.

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#### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The General Partner is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Report of the General Partner, we also considered whether the disclosures required by the UK Companies Act 2006 as applied to qualifying partnerships have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

## **THE MARTINEAU GALLERIES LIMITED PARTNERSHIP**

### **INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF THE MARTINEAU GALLERIES LIMITED PARTNERSHIP (CONTINUED)**

#### *Report of the General Partner*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Report of the General Partner for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Partnership and its environment obtained in the course of the audit, we did not identify any material misstatements in the Report of the General Partner.

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

##### *Responsibilities of the General Partner for the financial statements*

As explained more fully in the Statement of the General Partner's responsibilities in respect of the Financial Statements set out on page 2, the General Partner is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The General Partner is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the General Partner is responsible for assessing the Partnership's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the General Partner either intends to liquidate the qualifying partnership or to cease operations, or has no realistic alternative but to do so.

##### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

##### *Use of this report*

This report, including the opinion, has been prepared for and only for the Partners of the 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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## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 as applied to qualifying partnerships 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 by the Partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of General Partner's remuneration specified by law are not made; 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 MARTINEAU GALLERIES LIMITED PARTNERSHIP**

INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF THE MARTINEAU GALLERIES LIMITED  
PARTNERSHIP (CONTINUED)

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**Entitlement to exemptions**

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



Sonia Copeland (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
22 May 2019

# THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Revenue*	3	3,709	3,214
Rents payable and other property outgoings	3	<u>(1,658)</u>	<u>(1,333)</u>
Net rental income	3	2,051	1,881
Administration expenses	4	<u>(437)</u>	<u>(291)</u>
<b>Operating profit before property revaluation gains</b>		1,614	1,590
Revaluation gains on properties	6(a)	<u>14,401</u>	<u>3,431</u>
<b>Operating profit</b>		16,015	5,021
Net finance expense	5	<u>(171)</u>	<u>(202)</u>
<b>Profit and total comprehensive income for the financial year before partners' interests</b>		<u>15,844</u>	<u>4,819</u>

All amounts relate to continuing activities.

\*Following the adoption of IFRS 15 Revenue from Contracts with Customers, a new financial statement line "Revenue" replaces the previously reported "Gross rental income". Comparative figures have been amended accordingly. See note 1(a) for further details.

# THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

## BALANCE SHEET

As at 31 December 2018

	Note	2018 £'000	2017 £'000
<b>Non-current assets</b>			
Investment properties	6(a)	52,460	37,400
Interest in leasehold properties	7	1,181	1,198
<b>Total non-current assets</b>		<b>53,641</b>	<b>38,598</b>
<b>Current assets</b>			
Receivables	8	42,526	41,413
Cash and deposits	9	739	546
		<b>43,265</b>	<b>41,959</b>
<b>Current liabilities</b>			
Payables	10	(2,286)	(1,781)
<b>Net current assets</b>		<b>40,979</b>	<b>40,178</b>
<b>Total assets less current liabilities</b>		<b>94,620</b>	<b>78,776</b>
<b>Non-current liabilities</b>			
Payables	11	(186)	(185)
Obligations under head leases	12	(1,246)	(1,247)
<b>Net assets</b>		<b>93,188</b>	<b>77,344</b>
<b>Represented by:</b>			
<b>Partners' equity</b>			
Partners' capital accounts	13	109,352	109,352
Partners' current accounts	13	(16,164)	(32,008)
		<b>93,188</b>	<b>77,344</b>

The financial statements were authorised for issue by the Directors of the General Partner on 22 May 2019 and were signed on its behalf.



**W.S. Austin**

Director

Partnership registration number: LP006355

# THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

## STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2018

	Partners' capital accounts £'000	Partners' current accounts £'000	Partners' equity £'000
Balance at 1 January 2017	109,352	(36,827)	72,525
Profit and total comprehensive income for the financial year	-	4,819	4,819
Balance at 31 December 2017	109,352	(32,008)	77,344
Profit and total comprehensive income for the financial year	-	15,844	15,844
<b>Balance at 31 December 2018</b>	<b>109,352</b>	<b>(16,164)</b>	<b>93,188</b>



# THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

### 1. ACCOUNTING POLICIES

The following principal accounting policies have been applied consistently throughout the current and preceding year, unless otherwise stated.

#### (a) Basis of accounting

During 2018, the following relevant new and revised Standards and Interpretations have been adopted:

- IFRS 9 Financial Instruments, effective for accounting periods beginning on or after 1 January 2018
- IFRS 15 Revenue from Contracts with Customers, effective for accounting periods beginning on or after 1 January 2018.

#### *Impact of new and revised Standards*

##### *IFRS 9 Financial Instruments*

This standard deals with the classification, measurement and recognition of financial assets and liabilities and replaces the guidance in IAS 39 Financial Instruments: Recognition and Measurement.

The standard also introduces an expected credit losses model, which replaces the incurred loss impairment model. The financial impact of the new standard is immaterial. Trade receivables are shown after deducting a loss allowance provision as set out in note 8. The Partnership applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. For intercompany loans IFRS 9's full expected credit loss model is applied in calculating the relevant expected credit loss.

##### *IFRS 15 Revenue from Contracts with Customers*

The standard is based on the principle that revenue is recognised when control passes to a customer. The majority of the Partnership's income is from tenant leases and is outside the scope of the new standard. However, certain non-rental income streams, such as car park and service charge income are within the scope of the standard.

A new 'Revenue' line has been included within the statement of comprehensive income which replaces the previously presented 'Gross rental income'. An analysis of 'Revenue' is provided in note 3 to the financial statements. For management reporting purposes, Gross rental income and Net rental income remain the primary income measures.

##### *Basis of preparation*

The Martineau Galleries Limited Partnership (the 'Partnership') is registered pursuant to the provisions of The Limited Partnerships Act 1907. The Partnerships and Unlimited Companies (Accounts) Regulations 2008 (SI 2008/569) require certain qualifying partnerships to prepare and have audited financial statements as required for a company by the Companies Act 2006. The nature of the Partnership's operations and its principal activities are set out on page 1. The address of the registered office of the General Partner is the same as that of Hammerson plc, the ultimate controlling party, which is Kings Place, 90 York Way, London N1 9GE.

# THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2018

### 1. ACCOUNTING POLICIES (continued)

#### (a) Basis of accounting (continued)

These financial statements were prepared in accordance with the Companies Act 2006 and Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101") as issued by the Financial Reporting Council and have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The presentation currency used is sterling and amounts have been presented in round thousands ("£000s"). The financial statements have been prepared on a historical cost basis, except for the revaluation of investment properties. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

The preparation of financial statements in conformity with FRS 101 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 note 1(l).

#### *Disclosure exemptions adopted*

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101. No additional exemptions have arisen from the updates to IFRS 9 and IFRS 15:

- IFRS 7, 'Financial Instruments; Disclosures';
- Paragraphs 91 to 99 of IFRS 13 'Fair value measurement' disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities';
- Paragraph 38 of IAS1, 'Presentation of financial statements' – comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
  - paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period);
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirements for minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 111 (cash flow statement information); and
  - 134 – 136 (capital management disclosures);
- IAS 7, 'Statement of cash flows';
- Paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS what has been issued but is not yet effective);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation); and
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

## THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2018

#### 1. ACCOUNTING POLICIES (continued)

##### (a) Basis of accounting (continued)

The above disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Hammerson plc into which the Partnership is consolidated. The financial statements of Hammerson plc can be obtained as described in note 16.

##### (b) Going concern

The General Partner has reviewed the current and projected financial position of the Partnership, making reasonable assumptions about the future trading performance. After making enquiries, the General Partner has a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the General Partner continues to adopt the going concern basis in preparing the Annual Report and Financial Statements.

##### (c) Net rental income

Rental income from investment property leased out under an operating lease is recognised in the statement of comprehensive income on a straight-line basis over the lease term. Non-rental income such as car park or commercialisation income or contingent rents, such as turnover rents, rent reviews and indexation, are recorded as income in the period in which they are earned. Rent reviews are recognised when such reviews have been agreed with tenants.

Lease incentives and costs associated with entering into tenant leases are amortised over the lease term or, if the probability that the break option will be exercised is considered high, over the period to the first break option.

Property operating expenses, including any operating expenditure not recovered from tenants through service charges, are charged to the income statement as incurred.

##### (d) Investment properties

The Partnership applies the fair value accounting model to investment properties, being market value determined by professionally qualified external valuers. Changes in fair value are recognised in statement of comprehensive income. All costs directly associated with the purchase and construction of a property are capitalised.

##### (e) Leasehold properties

Leasehold properties that are leased out to tenants under operating leases, are classified as investment properties or development properties, as appropriate, and included in the balance sheet at fair value. The obligation to the freeholder or superior leaseholder for the land element of the leasehold is included in the balance sheet as a head lease at the present value of the minimum lease payments at inception. Payments to the freeholder or superior leaseholder are apportioned between a finance charge and a reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents payable, such as rent reviews or those related to rental income, are charged as an expense in the period in which they are incurred. An asset equivalent to the leasehold obligation is recorded in the balance sheet within 'interests in leasehold properties', and is amortised over the lease term.

## THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2018

#### 1. ACCOUNTING POLICIES (continued)

##### (f) Loans receivable

Loans receivable are financial assets which are initially measured at fair value, plus acquisition costs and are subsequently measured at amortised cost, using the effective interest method, less any impairment.

##### (g) Borrowings

Borrowings are recognised initially at fair value, after taking account of any discount on issue and attributable transaction costs. Subsequently, borrowings are held at amortised cost, such that discounts and costs are charged to the statement of comprehensive income over the term of the borrowing at a constant return on the carrying value of the liability.

##### (h) Financial instruments

Financial assets and financial liabilities are recognised when the Partnership becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs). Financial assets and liabilities are subsequently carried at cost using the effective interest method. Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Partnership intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Partnership transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Partnership, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

##### (i) Cash and cash equivalents and restricted monetary assets

Cash and deposits comprise cash and short-term bank deposits with an original maturity of three months or less which are readily accessible.

##### (j) Critical accounting policies and estimation uncertainties

In the application of the Partnership's accounting policies, the Directors of the General Partner are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates. Estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods.

## THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2018

#### 1. ACCOUNTING POLICIES (continued)

##### (k) Critical accounting policies and estimation uncertainties (continued)

The Partnership's critical judgement and area of estimation uncertainty is in respect of property valuations. The Partnership's investment property, which is carried in the balance sheet at fair value, is valued six-monthly by professionally qualified external valuers and the Directors of the General Partner must ensure that they are satisfied that the valuation of the Partnership's property is appropriate for the financial statements. Investment properties, excluding properties held for development, are valued by adopting the 'investment method' of valuation. This approach involves applying market-derived capitalisation yields to current and market-derived future income streams with appropriate adjustments for income voids arising from vacancies or rent-free periods. These capitalisation yields and future income streams are derived from comparable property and leasing transactions and are considered to be key inputs in the valuation. Other factors that are taken into account in the valuations include the tenure of the property, tenancy details and ground and structural conditions.

In the case of on-site developments, the approach applied is the 'residual method' of valuation, which is the investment method of valuation as described above with a deduction for all costs necessary to complete the development, together with a further allowance for remaining risk, developers' profit and purchasers' costs. Properties held for future development are generally valued by adopting the higher of the residual method of valuation allowing for all associated risks, or the investment method of valuation for the existing assets.

#### 2. LIMITED PARTNERSHIP AGREEMENT ('The Agreement')

- (a) The Agreement dated 1 March 2002 states that the purpose of the Partnership is to carry out property investment and development.
- (b) During the year Martineau Galleries (GP) Limited acting as the General Partner had an interest of 0.46% in the profits and assets of the Partnership.
- (c) At 31 December 2018, Hammerson Martineau Galleries Limited, Hammerson MGLP Limited and Hammerson MGLP 2 Limited acting as the Limited Partners had interests of 33.18% each in the profits and assets of the Partnership.

## THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2018

#### 3. NET RENTAL INCOME

	2018 £'000	2017 £'000
Base rent	2,038	1,947
Car park income*	1,040	1,038
Lease incentive recognition	27	-
Other rental income/(expense)	132	(116)
Gross rental income	3,237	2,869
Service charge income*	472	345
<b>Revenue</b>	<b>3,709</b>	<b>3,214</b>
Ground and equity rents payable	(131)	(117)
Service charge expenses	(1,074)	(841)
Inclusive lease costs recovered through rent	(279)	(260)
Other property outgoings	(174)	(115)
Rents payable and other property outgoings	(1,658)	(1,333)
<b>Net rental income</b>	<b>2,051</b>	<b>1,881</b>

\*The income streams indicated above reflect revenue recognised under IFRS15 "Revenue from Contracts with Customers".

#### 4. ADMINISTRATION EXPENSES

	2018 £'000	2017 £'000
Management fee payable to Hammerson UK Properties plc	431	282
Valuation fees	6	-
Other administration fees	-	9
	<b>437</b>	<b>291</b>

The Directors of the General Partner did not receive any remuneration for their services from the Partnership in the year (2017: £nil), having been paid by other group undertakings. It is deemed impractical to allocate their remuneration between group undertakings for the purpose of disclosure. The services of the Directors of the General Partner are of a non-executive nature.

The Partnership had no employees in either the current or preceding financial year.

Another group company has paid the auditors' fees for the audit of the Partnership's annual financial statements in the current year. Fees for the audit of the Partnership were £2,200 (2017: £2,200).

# THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2018

### 5. NET FINANCE EXPENSE

	2018 £'000	2017 £'000
Interest on obligations under head leases	<u>(171)</u>	<u>(202)</u>

### 6. INVESTMENT PROPERTIES

(a) The movements in the year on the valuation of properties were:

Long Leasehold	2018 £'000	2017 £'000
At 1 January	37,400	33,685
Additions at cost	659	284
Gain on revaluation	<u>14,401</u>	<u>3,431</u>
At 31 December	<u>52,460</u>	<u>37,400</u>

(b) The properties are stated at fair value at 31 December 2018, valued by professionally qualified external valuers, Cushman & Wakefield Debenham Tie Leung, Chartered Surveyors. The valuations have been prepared in accordance with the RICS Valuation – Professional Standards 2014 based on certain assumptions as set out in note 1(k).

(c) The historical cost of investment properties at 31 December 2018 was £65,093,000 (2017: £64,434,000).

### 7. INTEREST IN LEASEHOLD PROPERTIES

	2018 £'000	2017 £'000
At 1 January	1,198	1,135
(Amortisation)/Increase	<u>(17)</u>	<u>63</u>
At 31 December	<u>1,181</u>	<u>1,198</u>

### 8. RECEIVABLES: CURRENT ASSETS

	2018 £'000	2017 £'000
Trade receivables	773	877
Amounts owed by Martineau Galleries (GP) Limited	120	120
Amounts owed by the Limited Partners	35,952	35,952
Amounts owed by Hammerson UK Properties plc	5,603	3,990
Other receivables and prepayments	<u>78</u>	<u>474</u>
	<u>42,526</u>	<u>41,413</u>

All amounts shown under receivables fall due for payment within one year and are repayable on demand. The amounts owed are unsecured. Amounts owed by Martineau Galleries (GP) Limited, the Limited Partners and Hammerson UK Properties plc are non-interest bearing.

Trade receivables are shown after deducting a loss allowance provision of £39,000 (2017: £22,000).

# THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2018

### 9. CASH AND DEPOSITS

	2018 £'000	2017 £'000
Cash at bank	<u>739</u>	<u>546</u>

At 31 December 2018, the Partnership's managing agent held cash of £739,000 (2017: £546,000) on behalf of the Partnership which is not restricted and is available to the Partnership and as such has been included in cash and deposits.

### 10. PAYABLES: CURRENT LIABILITIES

	2018 £'000	2017 £'000
Trade payables	221	273
Amounts due to Hammerson Group Management Limited	1,183	750
Other payables and accruals	229	226
Deferred income	<u>653</u>	<u>532</u>
	<u>2,286</u>	<u>1,781</u>

The amounts due to the Hammerson Group Management Limited are repayable on demand and are non-interest bearing. All amounts owed are unsecured.

### 11. PAYABLES: NON-CURRENT LIABILITIES

	2018 £'000	2017 £'000
Other payables		
- Over 5 years	<u>186</u>	<u>185</u>

### 12. OBLIGATIONS UNDER HEAD LEASES

Head lease obligations in respect of rents payable on the leasehold properties are payable as follows:

	2018			2017		
	Minimum lease payments £'000	Interest £'000	Present Value of minimum lease payments £'000	Minimum lease payments £'000	Interest £'000	Present Value of minimum lease payments £'000
After 5 years	10,876	(9,631)	1,245	11,048	(9,802)	1,246
2-5 years	513	(512)	1	513	(512)	1
1-2 years	171	(171)	-	171	(171)	-
Within 1 year	171	(171)	-	171	(171)	-
	<u>11,731</u>	<u>(10,485)</u>	<u>1,246</u>	<u>11,903</u>	<u>(10,656)</u>	<u>1,247</u>



## THE MARTINEAU GALLERIES LIMITED PARTNERSHIP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2018

#### 13. PARTNERS' EQUITY

	2018 £'000	2017 £'000
Partners' capital accounts		
- Martineau Galleries (GP) Limited	2	2
- Hammerson MGLP Limited	36,450	36,450
- Hammerson MGLP 2 Limited	36,450	36,450
- Hammerson Martineau Galleries Limited	36,450	36,450
	<u>109,352</u>	<u>109,352</u>
Partners' current accounts	<u>(16,164)</u>	<u>(32,008)</u>
	<u>93,188</u>	<u>77,344</u>

The Partners' capital contribution is in proportion to each Partner's interest. Under the Limited Partnership Agreement no further capital is required to be injected and no interest is payable on the capital.

The Partners' current accounts represent the cumulative profits and losses of the Partnership after deduction of distributions to the Partners.

#### 14. THE PARTNERSHIP AS LESSOR – OPERATING LEASE RECEIPTS

At the balance sheet date, the Partnership had contracted with tenants for the future minimum lease receipts as shown in the table below. The data is for the period to the first tenant break option.

	2018 £'000	2017 £'000
Within one year	1,633	2,272
From one to two years	1,393	2,075
From two to five years	2,798	4,814
Over five years	<u>1,233</u>	<u>35,684</u>
	<u>7,057</u>	<u>44,845</u>

#### 15. ADVANCES, CREDIT AND GUARANTEES

The General Partner did not grant any credits, advances or guarantees of any kind to its Directors during the current or preceding year.

## **THE MARTINEAU GALLERIES LIMITED PARTNERSHIP**

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

Year ended 31 December 2018

#### **16. ULTIMATE CONTROLLING PARTIES**

The Partners listed in note 2 are the immediate controlling parties of the Partnership. The ultimate controlling party is Hammerson plc, which is registered in England and Wales.

The consolidated financial statements of the ultimate controlling parties are available from their registered offices:

Hammerson plc  
The Company Secretarial Department  
Kings Place  
90 York Way  
London N1 9GE