

Company Number: 4044451

HAMMERSON (NEWCASTLE) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2014

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HAMMERSON (NEWCASTLE) LIMITED

REPORT OF THE DIRECTORS

Year ended 31 December 2014

The Directors' Report has been prepared in accordance with the provisions applicable to companies subject to the small companies' regime. The Company has taken the exemption from preparing a Strategic Report.

1. PRINCIPAL ACTIVITIES

The principal activity of the Company is property investment in the United Kingdom. The Directors do not anticipate any significant change in the principal activity in the foreseeable future.

2. RESULTS AND DIVIDENDS

The profit for the year after tax was £719,000 (2013: loss of £768,000). The Directors do not recommend the payment of a dividend for the year (2013: £nil).

3. DIRECTORS

- a) Mr. A.J. Berger-North, Mr. P.W.B. Cole and Mr M.Plocica were Directors of the Company throughout the year.
- b) Mr. A.J.G. Thomson resigned as a Director of the Company on 19 March 2014.
- c) Mr R.G Shaw and Mr W.S Austin appointed as a Director of the Company on 25 April 2014.
- 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 interest 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 current liability position on the balance sheet as at 31 December 2014 and concluded that it was appropriate. More information is provided in note 1 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.

HAMMERSON (NEWCASTLE) LIMITED

REPORT OF THE DIRECTORS Year ended 31 December 2014

7. AUDITOR

Deloitte LLP have indicated their willingness to continue in office in accordance with the Companies Act 2006.

8. PROVISION OF INFORMATION TO THE AUDITOR

Each of the persons who is a Director of the Company at the date of approval of this report has confirmed that:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418(2) of the Companies Act 2006.

By order of the Board



B Lees
For and on behalf of
Hammerson Company Secretarial Limited
acting as Secretary
Date: 9 September 2015

Registered Office:
Kings Place
90 York Way
London, N1 9GE
Registered in England and Wales No. 4044451

HAMMERSON (NEWCASTLE) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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. 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.

HAMMERSON (NEWCASTLE) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SOLE MEMBER OF HAMMERSON (NEWCASTLE) LIMITED

We have audited the financial statements of Hammerson (Newcastle) Limited for the year ended 31 December 2014 which comprise the profit and loss account, the balance sheet, statement of recognised gains and losses, the reconciliation of movements in shareholder's funds and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

HAMMERSON (NEWCASTLE) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SOLE MEMBER OF HAMMERSON (NEWCASTLE) LIMITED (CONTINUED)

Matters on which we are required to report by exception

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

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



Ian Waller (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
Date: 10 September 2015

HAMMERSON (NEWCASTLE) LIMITED**PROFIT AND LOSS ACCOUNT****For the year ended 31 December 2014**

	Notes	2014 £'000	2013 £'000
Gross rental income		2,327	892
Rents payable and other property outgoings		<u>(28)</u>	<u>(528)</u>
Net rental income		2,299	364
Administration expenses	2	<u>(444)</u>	<u>(335)</u>
Operating profit		1,855	29
Net finance costs	3	<u>(1,135)</u>	<u>(797)</u>
Profit/(loss) on ordinary activities before and after taxation for the financial year	10	<u>720</u>	<u>(768)</u>

All amounts relate to continuing activities.

HAMMERSON (NEWCASTLE) LIMITED

BALANCE SHEET

As at 31 December 2014

	Notes	2014 £'000	2013 £'000
Tangible fixed assets			
Investment properties	5	<u>66,700</u>	<u>51,350</u>
Current assets			
Debtors	6	880	226
Current liabilities			
Creditors: amounts falling due within one year	7	<u>(40,797)</u>	<u>(37,853)</u>
Net current liabilities		<u>(39,917)</u>	<u>(37,627)</u>
Total assets less current liabilities		26,783	13,723
Creditors: amounts falling due after one year	8	-	(13)
Net assets		<u>26,783</u>	<u>13,710</u>
Capital and reserves			
Called up share capital	9	8,000	8,000
Revaluation reserve	10	17,938	5,585
Profit and loss account	10	<u>845</u>	<u>125</u>
Shareholder's funds		<u>26,783</u>	<u>13,710</u>

These financial statements were approved by the Board of Directors on 9 September 2015 and authorised for issue on 9 September 2015.

Signed on behalf of the Board of Directors



A.J. Berger-North

Director

Company Number: 4044451

HAMMERSON (NEWCASTLE) LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**For the year ended 31 December 2014

	2014 £'000	2013 £'000
Profit/(loss) for the financial year	720	(768)
Unrealised surplus on revaluation of properties	12,353	6,231
Total recognised gains and losses for the year	13,073	5,463

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDSFor the year ended 31 December 2014

	2014 £'000	2013 £'000
Profit/(loss) for the financial year	720	(768)
Unrealised surplus on revaluation of properties	12,353	6,231
Net increase in shareholder's funds	13,073	5,463
Shareholder's funds at 1 January	13,710	8,247
Shareholder's funds at 31 December	26,783	13,710

HAMMERSON (NEWCASTLE) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2014

1. ACCOUNTING POLICIES

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

a) Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties in accordance with all applicable law and United Kingdom accounting standards, with the exception of the depreciation of investment properties as explained below.

b) Going concern

The current economic conditions have created a number of uncertainties which are likely to affect the Company's future performance. The key risks relate to tenant default and property valuations which are closely monitored by the Directors. The financial position of the Company is as set out in the Balance Sheet.

The Company has net current liabilities as at 31 December 2014 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.

c) Cash flow statement

As the Company is a wholly owned subsidiary it has taken exemption under the terms of Financial Reporting Standard 1 (revised 1996) from preparing a cash flow statement, as its cash flows are included in the consolidated financial statements of Hammerson plc, which are publicly available.

d) Net rental income

Rental income from property leased out under an operating lease is recognised in the profit and loss account on a straight-line basis over the lease term. Contingent rents, such as turnover rents, rent reviews and indexation are recorded as income in the periods in which they are earned. Rent reviews are recognised when such reviews have been agreed with tenants.

HAMMERSON (NEWCASTLE) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2014

1. ACCOUNTING POLICIES (continued)

d) Net rental income (continued)

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

Property operating expenses are accounted for on an accruals basis and any property operating expenditure not recovered from tenants through service charges is charged to the profit and loss account.

e) Net finance costs

Net finance costs include interest payable on borrowings, net of interest capitalised and interest receivable on funds invested.

f) Investment properties

The property portfolio, which is carried in the balance sheet at fair value, is valued six-monthly by professionally qualified external valuers and the Directors must ensure that they are satisfied that the valuation of the properties is appropriate for the accounts. 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 the 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 ongoing 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. 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 asset.

All changes in fair value are taken to the revaluation reserve and all costs directly associated with the purchase and construction of a property are capitalised.

g) Depreciation

In accordance with Statement of Standard Accounting Practice No 19, no depreciation is provided in respect of freehold properties or leasehold properties with over twenty years to expiry. This is a departure from the requirements of the Companies Act 2006, which requires all properties to be depreciated. Such properties are not held for consumption, but for investment, and the Directors consider that to depreciate them would not give a true and fair view. Depreciation is only one amongst many factors reflected in the annual valuation of properties and accordingly the amount of depreciation, which might otherwise have been charged, cannot be separately identified or quantified. The Directors consider that this policy results in the accounts giving a true and fair view.

HAMMERSON (NEWCASTLE) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2014

2. ADMINISTRATION EXPENSES

	2014 £'000	2013 £'000
Management fee payable to fellow group company	440	335
Other administration fees	4	-
	<u>444</u>	<u>335</u>

The average number of employees during the year, excluding Directors, was nil (2013: nil).

The Directors did not receive any remuneration for services to the Company in either the current or preceding financial year.

Another group company has paid the auditor's fees for the audit of the Company's annual accounts in the current financial year. Fees for the audit of the Company were £2,836 (2013: £2,780).

3. NET FINANCE COSTS

	2014 £'000	2013 £'000
Interest payable to ultimate parent company	(1,135)	(798)
Other interest receivable	-	1
	<u>(1,135)</u>	<u>(797)</u>

4. TAXATION

The Company's ultimate parent company, Hammerson plc, is taxed as a UK Real Estate Investment Trust ("UK REIT"), and as a consequence, group companies are exempted from UK corporation tax on the profits of a UK property rental business and on the gains on UK investment properties.

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.

The Company therefore had no tax charge for the year, and this is expected to continue for the foreseeable future. Losses surrendered as group relief for the year ended 31 December 2014 are £nil (2013: £nil).

HAMMERSON (NEWCASTLE) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2014

5. INVESTMENT PROPERTIES

- (a) The movements in the year on properties were:
- | | Freehold
£'000 |
|--------------------------------|---------------------------|
| At 1 January 2014 | 51,350 |
| Additions at cost | 2,997 |
| Surplus arising on revaluation | <u>12,353</u> |
| At 31 December 2014 | <u>66,700</u> |
- (b) Property is stated at market value at 31 December 2014, valued by professionally qualified external valuers, DTZ Debenham Tie Leung, Chartered Surveyors. The valuations have been prepared in accordance with the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors and with IVA 1 of the International Valuation Standards. The surplus arising on revaluation has been transferred to the revaluation reserve.
- (c) The historical cost of investment property at 31 December 2014 was £48,762,000 (2013: £45,765,000).

6. DEBTORS

	2014 £'000	2013 £'000
Trade debtors	290	129
Amounts owed by fellow subsidiary undertakings	582	1
Other debtors and prepayments	<u>8</u>	<u>96</u>
	<u>880</u>	<u>226</u>

All amounts shown under debtors fall due for payment within one year. Amounts owed to fellow subsidiary undertakings are non-interest bearing.

7. CREDITORS: FALLING DUE WITHIN ONE YEAR

	2014 £'000	2013 £'000
Trade creditors	107	99
Accruals and deferred income	390	147
Amounts owed to ultimate parent company	39,426	35,506
Amounts owed to fellow subsidiary undertakings	308	2,085
Other creditors	<u>566</u>	<u>16</u>
	<u>40,797</u>	<u>37,853</u>

Interest is charged on amounts owed to the ultimate parent company at variable rates based on LIBOR. Amounts owed to fellow subsidiary undertakings are repayable on demand and are non-interest bearing.

HAMMERSON (NEWCASTLE) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2014

8. CREDITORS FALLING DUE AFTER ONE YEAR

	2014 £'000	2013 £'000
Other creditors		
- Greater than 5 years	-	13

9. SHARE CAPITAL

	2014 £'000	2013 £'000
Allotted, called up and fully paid: 8,000,000 ordinary shares of £1	8,000	8,000

10. RESERVES

	Revaluation reserve £'000	Profit and loss account £'000
At 1 January 2014	5,585	125
Surplus on revaluation of properties	12,353	-
Loss for the financial year	-	720
At 31 December 2014	17,938	845

11. ADVANCES, CREDIT AND GUARANTEES

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

12. RELATED PARTY DISCLOSURE

The Company has taken advantage of the exemption available to wholly owned subsidiary undertakings under Financial Reporting Standard 8, "Related Party Disclosures", not to disclose details of all of its related party transactions with other group companies. In the opinion of the Directors there are no other related party transactions to be disclosed in the current or preceding financial year.

13. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

At 31 December 2014, 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 2014, the Company's immediate parent company was Hammerson UK Properties plc.

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.