

HAMMERSON (PADDINGTON) LIMITED
REPORT AND FINANCIAL STATEMENTS
Year ended 31 December 2007

SATURDAY



ATQL12BS

A11

16/08/2008

25

COMPANIES HOUSE

HAMMERSON (PADDINGTON) LIMITED

REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2007

1 PRINCIPAL ACTIVITIES

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

2 RESULTS AND DIVIDEND

The loss for the year was £214,000 (2006 Restated £219,000). The Directors do not recommend the payment of a dividend (2006 nil).

3 REVIEW OF ACTIVITIES AND FUTURE PROSPECTS

It is expected that the Company will continue to hold land at Paddington Triangle for property investment and development purposes for the foreseeable future.

The Company, as a small company, is exempt from the requirement to report an Enhanced Business Review as permitted by s246 (4) of the Companies Act 1985.

4 DIRECTORS

- (a) Mr D J Atkins, Mr P W B Cole, Mr J M Emery, Mr N A S Hardie and Mr A J G Thomson were directors of the Company throughout the year.
- (b) Mr J A Bywater resigned as a director of the Company on 31 March 2007.
- (c) In accordance with the Articles of Association of the Company, the directors are not required to retire by rotation.
- (d) No director has any interests in contracts entered into by the Company.
- (e) This Directors report does not contain a statement as to Directors' interests, debentures or options over shares in the Company, the ultimate parent of the Company, or any other body corporate in the same group following the repeal of the paragraphs 2, 2A and 2B of schedule 7 to the Companies Act 1985. These paragraphs ceased to be in force on 6 April 2007 in relation to accounts approved following that date by the Companies Act 2006 (Commencement No 2, Consequential Amendments, Transitional Provisions and Savings) Order 2007 (S1 2007/1093).

5 SECRETARY

Mr S J Haydon was Secretary of the Company throughout the year.

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 (PADDINGTON) LIMITED

REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2007

7 AUDITORS

The Company has elected to dispense with the obligations to appoint auditors annually. Deloitte & Touche LLP resigned as auditors on 1 March 2008, and BDO Stoy Hayward LLP were appointed in their place.

BDO Stoy Hayward LLP has indicated its willingness to be appointed as auditors of the Company.

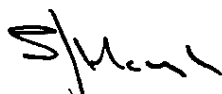
8 PROVISION OF INFORMATION TO AUDITORS

In accordance with Section 234ZA of the Companies Act 1985, each of those persons who are directors of the Company at the date of approval of this report have confirmed that,

- (a) so far as they are 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 directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This directors' report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the Board



S J Haydon
Secretary

07 AUG 2008

Registered Office
10 Grosvenor Street
London, W1K 4BJ
Registered in England and Wales No 4789699

HAMMERSON (PADDINGTON) LIMITED

REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2007

HAMMERSON (PADDINGTON) LIMITED

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the annual report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

United Kingdom company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that year

In preparing those financial statements, the directors are required to select suitable accounting policies and then apply them consistently, make judgments and 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF HAMMERSON (PADDINGTON) LIMITED

We have audited the financial statements of Hammerson (Paddington) Limited for the year ended 31 December 2007 which comprise the profit and loss account, balance sheet, statement of total recognised gains and losses, reconciliation of movements in shareholder's deficit and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with those financial statements. We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF HAMMERSON
(PADDINGTON) LIMITED**

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and,
- the information given in the Directors' Report is consistent with the financial statements


BDO STOY HAYWARD LLP

Chartered Accountants and Registered Auditors

Epsom

Date 7 August 2008

HAMMERSON (PADDINGTON) LIMITED**PROFIT AND LOSS ACCOUNT**Year ended 31 December 2007

	Notes	2007 £'000	2006 Restated* £'000
Rents payable and other property outgoings		-	(2)
Net rental expense		-	(2)
Administration expenses	2	(12)	(13)
Operating loss		(12)	(15)
Net cost of finance	3	(202)	(139)
Loss on ordinary activities before taxation		(214)	(154)
Taxation	4	-	(65)
Loss for the financial year		(214)	(219)
		=====	=====

* Restated for change in accounting policies (see note 1(a))

All amounts relate to continuing operations

HAMMERSON (PADDINGTON) LIMITED

BALANCE SHEET

As at 31 December 2007

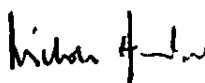
	Notes	2007 £'000	2006 Restated* £'000
Tangible fixed assets			
Land and buildings	5	4,014	3,258
Current assets			
Debtors	6	85	235
Creditors: amounts falling due within one year	7	(6,316)	(5,633)
Net current liabilities		(6,231)	(5,398)
Total assets less current liabilities		(2,217)	(2,140)
Creditors: amounts falling due after one year			
UK REIT entry charge payable		-	(33)
Net liabilities		(2,217)	(2,173)
Capital and reserves			
Called up share capital	8	-	-
Revaluation reserve	9	(1,439)	(1,609)
Profit and loss account	9	(778)	(564)
Shareholder's deficit		(2,217)	(2,173)

* Restated for change in accounting policies (see note 1(a))

07 AUG 2008

The financial statements were approved and authorised for issue by the Board of Directors on

Signed on behalf of the Board of Directors



HAMMERSON (PADDINGTON) LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**Year ended 31 December 2007

	2007	2006
	£'000	Restated*
		£'000
Loss for the financial year	(214)	(219)
Unrealised surplus/(deficit) on revaluation of properties	170	(97)
	<u>-----</u>	<u>-----</u>
Total recognised gains and losses for the year	(44)	(316)
	=====	=====

* The prior year restatement explained in note 1(a) has no impact on the total gains and losses recognised since the last annual report and financial statements

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S DEFICITYear ended 31 December 2007

	2007	2006
	£'000	Restated*
		£'000
Loss for the financial year	(214)	(219)
Unrealised surplus/(deficit) on revaluation of properties	170	(97)
	<u>-----</u>	<u>-----</u>
Net movement in shareholder's deficit	(44)	(316)
Shareholder's deficit at 1 January	(2,173)	(1,857)
	<u>-----</u>	<u>-----</u>
Shareholder's deficit at 31 December	(2,217)	(2,173)
	=====	=====

* Restated for change in accounting policies (see note 1(a))

HAMMERSON (PADDINGTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2007

1 ACCOUNTING POLICIES

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

(a) Changes in accounting policy

Comparative figures have been restated to reflect two changes in accounting policies, which the directors considers gives a more appropriate presentation of the Company's operations

i Lease incentives and costs associated with entering into tenant leases are added to the cost of property and 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. Previously, lease incentives were amortised over the period to the earlier of the first rent review, the first break option, or the end of the lease

ii Marketing costs are expensed in the profit and loss account as incurred. Previously, marketing costs were capitalised to the cost of property where they were deemed to enhance the value of that property

As a result, comparative figures for the year ended 31 December 2006 have been adjusted as follows

	Net rental income	Profit and loss account	Revaluation reserve
	£'000	£'000	£'000
As previously reported	(2)	(548)	(1,625)
Effect of the change in accounting policies	-	(16)	16
As restated	(2)	(564)	(1,609)

Following the changes in the accounting policy explained above there is no effect on operating profit or shareholder's funds at 31 December 2007

(b) Basis of accounting

The financial statements are prepared under the historical cost convention, as modified by the revaluation of investment properties and other fixed asset investments, in accordance with all applicable United Kingdom law and accounting standards. The financial statements are in compliance with the Companies Act 1985 except that, as explained below, investment properties are not depreciated

HAMMERSON (PADDINGTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 December 2007**

1. ACCOUNTING POLICIES (continued)

(c) Net rental income

Rental income from properties 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.

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.

(d) Investments properties

Properties held for the long term are valued at the balance sheet date at market value. Surpluses and deficits arising from revaluation are taken to the revaluation reserve.

All costs directly associated with the purchase and construction of a development property are capitalised. A property is regarded as being in the course of development until ready for its intended use.

(e) 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 1985, 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.

(f) Deferred taxation

In accordance with Financial Reporting Standard 19 "Deferred Tax", deferred tax is provided in respect of all timing differences that may give rise to an obligation to pay more or less tax in the future.

HAMMERSON (PADDINGTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2007

2 ADMINISTRATION EXPENSES

	2007 £'000	2006 £'000
Management fee paid to Hammerson UK Properties plc	12 =====	13 =====

The average number of employees during the year, excluding directors, was nil (2006 nil)

The directors did not receive any remuneration for services to the Company in both the current and preceding financial year

Another group company has paid the auditors' remuneration in both the current and preceding financial year Fees for the audit of the Company were £1,375 (2006 £1,900)

3 NET COST OF FINANCE

	2007 £'000	2006 £'000
Interest payable to ultimate parent company	202 =====	139 =====

4 TAXATION

Tax charge

	2007 £'000	2006 £'000
Current tax charge		
Entry charge payable on election for UK REIT status	- -----	65 -----
Tax charge on profit on ordinary activities	- =====	65 =====

The Company's ultimate parent company, Hammerson plc, elected to be taxed as a UK Real Estate Investment Trust ("UK REIT") from 1 January 2007, 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 other items 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 in the year and this is expected to continue for the foreseeable future Losses surrendered as group relief for the year ended 31 December 2007 are nil (2006 £155,000)

The prior year current tax charge represented the provision for the UK REIT entry charge

HAMMERSON (PADDINGTON) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2007

5 INVESTMENT PROPERTY

- (a) The movements in the year on investment property on valuation were

	Freehold land £'000
At 1 January 2007	3,258
Additions at cost	586
Surplus on revaluation	170
	<hr/>
At 31 December 2007	4,014
	=====

- (b) The Company's investment property is stated at market value at 31 December 2007, valued by professionally qualified external valuers, DTZ Debenham Tie Leung, Chartered Surveyors, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. The surplus arising on revaluation has been transferred to the revaluation reserve.
- (c) The historic cost of investment property at 31 December 2007 was £5,453,000 (2006 Restated £4,867,000)

6 DEBTORS

	2007 £'000	2006 £'000
Trade debtors	25	54
Amounts owed by fellow group undertakings	53	145
Other debtors	7	36
	<hr/>	<hr/>
	85	235
	=====	=====

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

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £'000	2006 £'000
Trade creditors	36	52
Amounts owed to the ultimate parent company	6,196	5,458
Amounts owed to fellow group undertakings	51	91
UK REIT entry charge payable	33	32
	<hr/>	<hr/>
	6,316	5,633
	=====	=====

Interest is charged on amounts owed to the ultimate parent company at variable rates based on LIBOR. The amounts owed to fellow group undertakings are non-interest bearing. Repayment of the amounts owed to the ultimate parent company will only be demanded if the Company has sufficient reserves to make such a payment.

HAMMERSON (PADDINGTON) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2007

8 CALLED UP SHARE CAPITAL

	2007 £	2006 £
Authorised:		
100 Ordinary shares of £1 each	100 =====	100 =====
Called up, allotted and fully paid:		
2 Ordinary shares of £2 each	2 =====	2 =====

9 RESERVES

	Profit and loss account £'000	Revaluation reserve £'000
Balance at 1 January 2007 as previously stated	(548)	(1,625)
Restatement (see note 1(a))	(16)	16
At 1 January 2007 as restated	(564)	(1,609)
Loss for the financial year	(214)	-
Surplus on revaluation of investment properties	-	170
Balance at 31 December 2007	(778) =====	(1,439) =====

10 RELATED PARTY DISCLOSURE AND CASH FLOW STATEMENT

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.

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

11 ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

At 31 December 2007, the Company's ultimate parent company was Hammerson plc, which is registered in England and Wales and the parent undertaking of the smallest and largest group to consolidate these financial statements. At 31 December 2007, the Company's immediate parent company was Hammerson (UK) Properties plc.

Copies of the consolidated financial statements of Hammerson plc are available from the Company Secretary, 10 Grosvenor Street, London, W1K 4BJ.