

Company Number: 4789699

**HAMMERSON (PADDINGTON) LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
Year ended 31 December 2004



## HAMMERSON (PADDINGTON) LIMITED

### REPORT AND FINANCIAL STATEMENTS Year ended 31 December 2004

#### 1. PRINCIPAL ACTIVITIES

The principal activity of the Company is property investment and development in the UK.

#### 2. RESULTS AND DIVIDEND

The loss for the year was £177,645 (2003: £nil). No dividend was paid or proposed during the current year or preceding period.

#### 3. REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The Company will continue to hold land at Paddington Triangle for its investment value for the foreseeable future.

#### 4. DIRECTORS

- (a) Mr. M.J. Baker, Mr. J.A. Bywater, Mr. P.W.B. Cole, Mr. N.A.S. Hardie, and Mr. G.H. Wright were directors of the Company throughout the year.
- (b) Mr D J Atkins was appointed as a director of the Company on 1 January 2005.
- (c) In accordance with the Articles of Association of the Company, the directors are not required to retire by rotation.
- (d) On 31 December 2004 Mr. J.A. Bywater and Mr. P.W.B. Cole were directors of the Company's ultimate parent company, Hammerson plc, in whose financial statements their interests are given. On 31 December 2004 Mr. M.J. Baker, Mr. N.A.S. Hardie and Mr. G.H. Wright were directors of Hammerson UK Properties plc, a fellow subsidiary undertaking, in whose financial statements their interests in the shares of the Company's ultimate parent company, Hammerson plc, are given.
- (e) None of the directors have any interests in the shares of the Company or any other group company, except as noted above.
- (f) No director has any interests in contracts entered into by the Company.

#### 5 SECRETARY

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

**HAMMERSON (PADDINGTON) LIMITED**

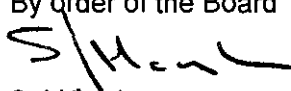
**REPORT AND FINANCIAL STATEMENTS**

Year ended 31 December 2004

**6. AUDITORS**

The Company has elected to dispense with the obligation to appoint auditors annually and accordingly, Deloitte & Touche LLP shall be deemed to be re-appointed as auditors for a further term under the provisions of section 386(2) of the Companies Act 1985.

By order of the Board

  
S.J. Haydon  
Secretary

**04 JUL 2005**

Registered Office:  
100 Park Lane  
London, W1K 7AR  
Registered in England and Wales No. 4789699

## **HAMMERSON (PADDINGTON) LIMITED**

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

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 the financial year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, 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 SOLE MEMBER OF HAMMERSON (PADDINGTON) LIMITED**

We have audited the financial statements of Hammerson (Paddington) Limited for the year ended 31 December 2004 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 1 to 11. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's member, in accordance with section 235 of the Companies Act 1985. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom auditing standards 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.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche LLP* 05/07/05

Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
London  
( )

**HAMMERSON (PADDINGTON) LIMITED****PROFIT AND LOSS ACCOUNT**Year ended 31 December 2004

	Note	Year ended 31 December 2004 £'000	6 June 2003 to 31 December 2003 £'000
Administration expenses	2	(13)	-
Operating loss		(13)	-
Net cost of finance	3	(165)	-
Loss on ordinary activities before and after taxation and retained loss for the financial year		(178)	-
		=====	=====

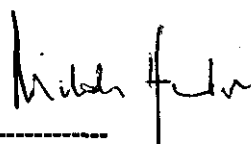
All activities derive from continuing operations.

**HAMMERSON (PADDINGTON) LIMITED****BALANCE SHEET**As at 31 December 2004

	Note	31 December 2004 £'000	31 December 2003 £'000
<b>Tangible fixed assets</b>			
Land and buildings	5	2,650	3,795
<b>Current assets</b>			
Debtors	6	80	-
<b>CREDITORS: amounts falling due within one year</b>	7	(4,167)	(3,750)
<b>Net current liabilities</b>		(4,087)	(3,750)
<b>Net (liabilities)/assets</b>		(1,437)	45
<b>Capital and reserves</b>			
Called up share capital	8	-	-
Revaluation reserve	9	(1,259)	45
Profit and loss account	9	(178)	-
<b>Equity shareholder's (deficit)/funds</b>		(1,437)	45

These financial statements were approved by the Board of Directors on **04 JUL 2005**.

Signed on behalf of the Board of Directors

  
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Director

  
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Director

**HAMMERSON (PADDINGTON) LIMITED****STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**Year ended 31 December 2004

	<b>Year ended 31 December 2004 £'000</b>	<b>6 June 2003 to 31 December 2003 £'000</b>
Retained loss for the year	(178)	-
(Deficit)/surplus arising on revaluation	(1,304)	45
	-----	-----
Total recognised (losses)/gains for the year	(1,482)	45
	=====	=====

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S DEFICIT**Year ended 31 December 2004

	<b>Year ended 31 December 2004 £'000</b>	<b>6 June 2003 to 31 December 2003 £'000</b>
Retained loss for the year	(178)	-
(Deficit)/surplus arising on revaluation	(1,304)	45
	-----	-----
Net movement in shareholder's funds	(1,482)	45
Shareholder's funds at 1 January 2004 / 6 June 2003	45	-
	-----	-----
Shareholder's (deficit)/funds at 31 December	(1,437)	45
	=====	=====



## **HAMMERSON (PADDINGTON) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS** **Year ended 31 December 2004**

#### **1. ACCOUNTING POLICIES**

##### **(a) Basis of accounting**

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

##### **(b) Profits on sale of properties**

Profits on sale of properties are taken into account on the completion of contract. Profits arising from the sale of trading properties acquired with a view to resale are included in the profit and loss account as part of the operating profit of the Company. Profits or losses arising from the sale of investment properties are calculated by reference to book value and treated as non operating exceptional items.

##### **(c) Cost of properties**

An amount equivalent to the net development outgoings, including interest, attributable to properties held for development or resale is added to the cost of such properties. A property is regarded as being in the course of development until substantially let and income producing or until income exceeds outgoings.

##### **(d) Depreciation**

In accordance with Statement of Standard Accounting Practice 19 "Accounting for investment properties", no depreciation is provided in respect of freehold properties or leasehold properties with over 20 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.

##### **(e) 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.

##### **(f) Valuation of properties**

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

# HAMMERSON (PADDINGTON) LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2004

### 2. ADMINISTRATION EXPENSES

	Year ended 31 December 2004 £'000	6 June 2003 to 31 December 2003 £'000
Management fee paid to Hammerson UK Properties Limited	13 =====	- =====

The directors did not receive any remuneration for services of the Company in either the current or previous financial period.

The Company had no employees in either the current financial year or previous financial period.

The auditors' remuneration has been paid by another group company in both the current financial year and previous financial period.

### 3. NET COST OF FINANCE

	Year ended 31 December 2004 £'000	6 June 2003 to 31 December 2003 £'000
Intercompany interest payable	165 =====	- =====

### 4. TAXATION (a)

	Year ended 31 December 2004 £'000	6 June 2003 to 31 December 2003 £'000
Tax charge on profit on ordinary activities		
UK corporation tax	- =====	- =====

# HAMMERSON (PADDINGTON) LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2004

### 4. TAXATION (continued)

#### (b) Factors affecting current tax charge

The tax assessed on the profit of ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 30% (2003: 30%). The differences are reconciled below:

	Year ended 31 December 2004 £'000	6 June 2003 to 31 December 2003 £'000
Loss on ordinary activities before tax	(178)	-
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30%	(53)	-
Effect of:		
Group relief surrendered	53	-
Current tax charge	-	-

It is anticipated that for the foreseeable future the Company will not bear current tax as it is the policy of the Hammerson group to surrender group relief without payment.

### 5. INVESTMENT PROPERTY

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

	Freehold Land £'000
At 1 January 2004	3,795
Additions at cost	159
Deficit on revaluation	(1,304)
At 31 December 2004	2,650

#### (b) The Company's property is stated at market value at 31 December 2004, valued by professionally qualified external valuers. The valuation has been prepared by DTZ, Chartered Surveyors, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. The deficit arising on revaluation has been transferred to the revaluation reserve.

#### (c) Should the property be disposed of at the valuation shown above a tax liability of £nil (2003: £150,000) would arise.

#### (d) The cost of investment property at 31 December 2004 was £3,909,000 (2003: £3,750,000).

**HAMMERSON (PADDINGTON) LIMITED****NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2004****6. DEBTORS**

	<b>31 December 2004 £'000</b>	<b>31 December 2003 £'000</b>
Amounts owed by fellow group undertakings	52	-
Other debtors	28	-
	<u>80</u>	<u>-</u>
	<u>=====</u>	<u>=====</u>

**7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>31 December 2004 £'000</b>	<b>31 December 2003 £'000</b>
Trade creditors	29	-
Amounts owed to ultimate parent company	4,085	-
Amounts owed to fellow group undertakings	53	3,750
	<u>4,167</u>	<u>3,750</u>
	<u>=====</u>	<u>=====</u>

**8. CALLED UP SHARE CAPITAL**

	<b>31 December 2004 £'000</b>	<b>31 December 2003 £'000</b>
<b>Authorised:</b>		
100 Ordinary shares of £1 each	100	100
	<u>=====</u>	<u>=====</u>
<b>Called up, allotted and fully paid:</b>		
2 Ordinary shares of £2 each	2	2
	<u>=====</u>	<u>=====</u>

**9. RESERVES**

	<b>Profit and loss account £'000</b>	<b>Revaluation reserve £'000</b>
Balance at 1 January 2004	-	45
Loss retained for the year	(178)	-
Deficit arising on revaluation	-	(1,304)
	<u>(178)</u>	<u>(1,259)</u>
	<u>=====</u>	<u>=====</u>

## **HAMMERSON (PADDINGTON) LIMITED**

### **NOTES TO THE ACCOUNTS** **Year ended 31 December 2004**

#### **10. ULTIMATE PARENT COMPANY AND CONTROLLING ENTITY**

The immediate parent company is Hammerson UK Properties plc. The ultimate parent company and controlling party is Hammerson plc, which is incorporated in Great Britain and is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of its financial statements are available from that company's registered office, 100 Park Lane, London, W1K 7AR.

#### **11. CASH FLOW AND RELATED PARTY DISCLOSURE**

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.

The Company meets the exemption requirements of FRS 8 "Related Party Disclosures", in that 90% or more of its voting rights are controlled by Hammerson plc. The Company has therefore not separately disclosed transactions with other Group companies and investments of the Group qualifying as related parties.