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HAMMERSON GROUP MANAGEMENT LIMITED

COMPANIES HOUSE
REPORT AND FINANCIAL STATEMENTS

Year ended 31st December 1989

22 MAY 1990 23 MAY 1990

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Touche Ross & Co.
Hill House
1 Little New Street
London, EC4A 3TR

HANMERSON GROUP MANAGEMENT LIMITED

Board of Directors:

Sydney Mason (Chairman)
J.R. Parry
W. Tindale
H.R. Vogt
J.M.D. Scott
R.S. Johnson
J.H. Riddell
M.M. Gill
R.J.G. Richards

Secretary and Registered Office:

R.S. Johnson
100 Park Lane
London W1Y 4AR

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held at 100 Park Lane, London W1Y 4AR on Wednesday 11th April 1990 at 09.00a.m. to transact the ordinary business of the Company.

By order of the Board


Secretary

11th April 1990

Registered Office:

100 Park Lane
London W1Y 4AR

Notes:

Any member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead and that proxy need not be a member. Any instrument appointing a proxy must be deposited at the Company's Registered Office by not later than 48 hours before the time fixed for the meeting.

HAMMERSON GROUP MANAGEMENT LIMITED

REPORT OF THE DIRECTORS

Year ended 31st December 1989

1. RESULTS FOR THE YEAR

- (a) The net loss for the year attributable to shareholders and transferred to reserves amounted to £320,331 (1988 - loss £9,489,439).
- (b) No dividend was paid during the year (1988 - £Nil).

2. EXTRAORDINARY ITEM

The company incurred costs of £321,888 (1988 - £9,619,000) associated with the defence against the bid by Rodamco Land Plc. These costs have been treated as an extraordinary item in the profit and loss account.

3. PRINCIPAL ACTIVITIES AND REVIEW OF FUTURE PROSPECTS

The principal activity of the company is the management and administration of The Hammerson Group's property development and investment companies. This will continue for the foreseeable future.

4. DIRECTORS

- (a) Sydney Mason, J.R. Parry, W. Tindale, H.R. Vogt, J.M.D. Scott, R.S. Johnson and J.H. Riddell were directors of the company throughout the year.
- (b) M.M. Gill and R.J.G. Richards were appointed additional directors of the company on 9th March 1990.
- (c) The directors retiring by rotation are H.R. Vogt and J.M.D. Scott who, being eligible, offer themselves for re-election.
- (d) M.M. Gill and R.J.G. Richards retire in accordance with the Articles of Association and, being eligible, offer themselves for re-election.
- (e) None of the directors has any interest in the shares of the company. Their interests in the shares of the holding company, The Hammerson Property Investment and Development Corporation plc, are given in the financial statements of that company.
- (f) No director has any interest in contracts entered into by the company.

HANNERSON GROUP MANAGEMENT LIMITED

REPORT OF THE DIRECTORS

Year ended 31st December 1989

5. CLOSE COMPANY STATUS

The company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

6. DONATIONS

During the year charitable and political donations made by the company amounted to £43,398 and £25,000 respectively (1988 - £46,229 and £25,000). The political donation was made to the Conservative Party.

7. AUDITORS

Touche Ross and Co., the company's auditors, have indicated their willingness to continue in office in accordance with the provisions of the Companies Act 1985.

By order of the Board


Secretary

11th April 1990

Registered Office:
100 Park Lane
London W1Y 4AR

Touche Ross & Co.
Chartered Accountants
15 Abchurch Lane
London EC4A 3DF
Telephone: 044 441 1111
International: 044 441 1111
Telex: 044 441 1111
Fax: 044 441 1111
Cable: 044 441 1111

Touche Ross

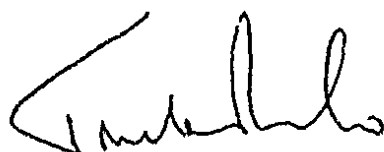
Chartered Accountants

HAMMERSON GROUP MANAGEMENT LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 13 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st December 1989 and of its loss and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants
London

11th April 1990

Alençon, Birmingham, Bristol, Cardiff, Crawley, Dartford, Edinburgh,
Glasgow, Leeds, Leicester, Liverpool, London, Manchester, Milton Keynes,
Newcastle upon Tyne, Newport and Swansea

Principal place of business at which a list of partners' names is available
15 Abchurch Lane, London EC4A 3DF

Authorised by the Institute of Chartered Accountants in England and Wales
to carry on investment business

HANMERSON GROUP MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT
Year ended 31st December 1989

	Notes	1989 £	1988 £
Management fees receivable from group companies		6,852,000	4,608,461
Other income	2	<u>205,811</u>	<u>225,519</u>
Total income		7,057,811	4,833,980
Rents payable and other property outgoings		525,277	554,508
Cost of finance, administration and other charges	3	<u>6,530,977</u>	<u>4,149,911</u>
Profit on ordinary activities before taxation		1,557	129,561
Tax on profit on ordinary activities	4	<u>-</u>	<u>-</u>
Profit for the financial year attributable to shareholders before extraordinary item		1,557	129,561
Extraordinary item	5	<u>(321,888)</u>	<u>(9,619,000)</u>
Loss for the financial year transferred to reserves	11	£ (320,331) =====	£(9,489,439) =====

HAMMERSON GROUP MANAGEMENT LIMITED

BALANCE SHEET as at 31st December 1989

	Notes	£	1989	£	£	1988	£
TANGIBLE FIXED ASSETS							
Land and building	6(a)	742,188			733,188		
Fixtures, fittings and equipment	6(b)	<u>938,904</u>			<u>816,426</u>		
			1,681,092			1,549,614	
CURRENT ASSETS							
Debtors	7	2,327,762			332,012		
Cash at bank and in hand		<u>14,403</u>			<u>29,225</u>		
TOTAL CURRENT ASSETS		2,342,165			361,237		
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	8	<u>3,651,414</u>			<u>8,946,970</u>		
NET CURRENT LIABILITIES			(1,309,249)			(8,585,733)	
TOTAL ASSETS LESS CURRENT LIABILITIES			371,843			(7,036,119)	
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	9		(9,822,731)			(2,094,438)	
			£(9,450,888)			£(9,130,557)	
			*****			*****	
CAPITAL AND RESERVES							
Called up share capital	10		100			100	
Profit and loss account	11		<u>(9,450,988)</u>			<u>(9,130,657)</u>	
			£(9,450,888)			£(9,130,557)	
			*****			*****	

The financial statements were approved by the Board of Directors on 11th April 1990.

[Handwritten signatures of two directors]

} Directors

HANMERSON GROUP MANAGEMENT LIMITED

SOURCE AND APPLICATION OF FUNDS
Year ended 31st December 1989

	1989 £	1988 £
SOURCE OF FUNDS		
Proceeds from sale of fixed assets	35,200	59,054
Advances from holding company	7,728,293	1,205,752
Increase in creditors	-	8,562,689
Decrease in cash and bank balances	<u>14,822</u>	<u>-</u>
TOTAL FUNDS GENERATED	7,778,315 *****	9,827,495 *****
FUNDS ABSORBED BY OPERATIONS		
Loss attributable to shareholders	320,331	9,489,439
Adjustment for items not involving the movement of funds		
Depreciation	(222,323)	(179,440)
Profit on sale of fixed assets	<u>3,136</u>	<u>10,160</u>
	101,144	9,320,159
Purchase of tangible fixed assets	385,865	366,765
Increase in cash and bank balances	-	10,657
Increase in debtors	1,995,750	129,914
Decrease in creditors	<u>5,295,556</u>	<u>-</u>
	7,778,315 *****	9,827,495 *****

HANMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31st December 1989

1. ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements are prepared under the historical cost convention and in compliance with the Companies Act 1985.

(b) Tangible assets

Land and building:

Depreciation is not provided on the company's short leasehold property as the directors are of the opinion that there will be no permanent diminution in the value of the land and building.

Fixtures, fittings and equipment:

Depreciation is provided on a reducing balance basis having regard to the estimated useful life and residual value of the assets. The rates used are:

Office furniture and equipment	-	20%
Motor cars	-	25%
Computer equipment	-	33%

No depreciation is charged against antiques of high value.

(c) Deferred taxation

No provision is made for taxation that may arise on the disposal of the company's interest in leasehold property except to the extent that a liability may arise in the foreseeable future.

RAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31st December 1989

2. OTHER INCOME

	1989 £	1988 £
Rental income	200,776	212,140
Fees receivable from third parties	1,899	3,219
Profit from sale of fixtures, fittings and equipment	<u>3,136</u>	<u>10,160</u>
	<u>205,811</u>	<u>225,519</u>
	*****	*****

3. COST OF FINANCE, ADMINISTRATION AND OTHER CHARGES

	1989 £	1988 £
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(a) Finance charges:

Bank interest	507	421
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(b) Administrative expenses:

Auditors' remuneration	130,014	121,463
Depreciation:		
Property, fixtures, fittings and equipment	222,323	179,440
Staff costs (see below)	3,898,724	2,500,508
Other costs	<u>2,279,409</u>	<u>1,348,079</u>
	<u>6,530,977</u>	<u>4,149,911</u>
	*****	*****

(c) Staff costs:

	1989 £	1988 £
Wages and salaries	2,315,933	1,609,720
Social security costs	230,943	163,630
Other pension costs	1,300,928	709,002
Other staff benefits	<u>50,920</u>	<u>18,156</u>
	<u>3,898,724</u>	<u>2,500,508</u>
	*****	*****

(d) The average weekly number of persons employed by the company during the year was as follows:

	1989 No.	1988 No.
Administrative staff	63	57
	***	***

WANNERSON GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31st December 1989

3. COST OF FINANCE, ADMINISTRATION AND OTHER CHARGES (continued)

(e) Administration expenses include the following charges:

	1989 £	1988 £
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Directors' emoluments:

Remuneration as executives (including pension scheme contributions)	2,443,387 =====	1,044,993 =====
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The emoluments of directors, excluding pension scheme contributions, were as follows:

	1989 £	1988 £
Chairman	211,000 =====	160,000 =====

Other directors:	No.	No.
£ 20,001 to £ 25,000	-	1
£ 60,001 to £ 65,000	-	2
£ 70,001 to £ 75,000	-	1
£ 80,001 to £ 85,000	-	1
£ 85,001 to £ 90,000	-	1
£ 95,001 to £100,000	1	-
£100,001 to £105,000	1	-
£115,001 to £120,000	1	-
£120,001 to £125,000	1	-
£125,001 to £130,000	1	-
£200,001 to £205,000	1	-

	1989 No.	1988 No.
Other employees:		
£30,001 to £35,000	3	3
£35,001 to £40,000	2	2
£40,001 to £45,000	-	1
£45,001 to £50,000	2	2
£50,001 to £55,000	2	-
£55,001 to £60,000	1	-
£70,001 to £75,000	1	-
£80,001 to £85,000	1	-

HANMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31st December 1989

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

No tax charge arises in the current year owing to the availability of group losses for which no payment will be made.

The total potential deferred tax liability at 31st December 1989 is £58,000 (1988-£71,000). In the opinion of the directors this liability will not crystallize in the foreseeable future and no provision for deferred tax has therefore been made.

5. EXTRAORDINARY ITEM	1989 £	1988 £
Costs associated with the defence against the bid by Rodamco Land Plc	£ 321,888 *****	£9,619,000 *****

6. TANGIBLE FIXED ASSETS

(a) Land and building

The movements in the year were:

Cost	
At 1st January 1989	733,188
Additions at cost	<u>9,000</u>
At 31st December 1989	742,188 *****

The short leasehold property was valued on 31 December 1989 at open market value at £5,060,000 by Donaldsons, Chartered Surveyors.

(b) Fixtures, fittings and equipment

The movements in the year were:

	Cost £	Depreciation £	Net book value £
At 1st January 1989	1,602,767	(786,341)	816,426
Additions	376,865	(222,323)	154,542
Disposals	<u>(85,863)</u>	<u>53,799</u>	<u>(32,064)</u>
At 31st December 1989	1,893,769 *****	(954,865) *****	938,904 *****

7. DEBTORS

	1989 £	1988 £
Trade debtors	13,365	16,703
Other debtors	102,032	181,534
Prepayments	1,488,631	133,775
Amounts owed by fellow subsidiaries	<u>723,734</u>	<u>-</u>
	2,327,762 *****	332,012 *****

HANMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31st December 1989

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1989 £	1988 £
Bank overdraft	236,850	-
Trade creditors	2,363	45,420
Social security	97,598	60,762
Other creditors	110,900	12,357
Accruals	653,567	8,828,431
Amounts owed to fellow subsidiaries	<u>2,550,136</u>	<u>-</u>
	3,651,414	8,946,970
	*****	*****

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1989 £	1988 £
Amounts owed to holding company	<u>9,822,731</u>	<u>2,094,438</u>
	*****	*****

The creditor company has agreed that repayment will not be required within twelve month. of the balance sheet date.

10. CALLED UP SHARE CAPITAL

	1989 and 1988 Authorised £	Allotted & fully paid £
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
	*****	*****

11. PROFIT AND LOSS ACCOUNT

	1989 £	1988 £
At 1st January	(9,130,657)	314,846
Release of provision for diminution in value of land and building no longer required	-	43,936
Loss retained for the year	<u>(320,331)</u>	<u>(9,489,439)</u>
At 31st December	(9,450,988)	(9,130,657)
	*****	*****

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31st December 1989

12. PENSIONS

The Hammerson Group Management Limited Pension Scheme (the Scheme) which is the company's principal pension scheme is a funded defined benefit scheme and the assets are held under a Deposit Administration contract with NM Life Assurance Limited.

An actuarial valuation by professional actuaries is carried out triennially to determine the payments to be made to the Scheme.

The latest actuarial valuation was made as at 1st January 1989 at which date the market value of the Scheme assets was £3,446,000.

This valuation was prepared on the aggregate funding method and showed that the level of funding at that date was 80% after the special payment referred to below. The actuaries recommended a future contribution rate of 50.5% (1988 50.5%) which is 12.7% above the regular funding requirement. This will result in a funding level of 100% by 31st December 1998.

The main financial assumptions used in the latest valuation were:

	<u>Percentage per annum</u>
Investment return	8.0
Salary increases	6.5
Future pension increases	5.0

In April 1989 a special payment of £1,560,000 was made to the Scheme to meet the additional cost of improvements in benefits. This payment is being amortised over five years. A consequent debtor of £1,248,000 is included within prepayments.

The amount charged to the profit and loss account in respect of contributions to the Scheme was £1,301,000 (1988 £709,000). The increase is due to amortisation of the special payment and increases in pensionable payroll.

13. HOLDING COMPANY

The company is a subsidiary of The Hammerson Property Investment and Development Corporation plc which is incorporated in Great Britain.