

Company Number 643320

**WEST QUAY SHOPPING CENTRE LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
Year ended 31 December 2014

THURSDAY



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## **WEST QUAY SHOPPING CENTRE LIMITED**

### **REPORT OF THE DIRECTORS** **Year ended 31 December 2014**

#### **1 PRINCIPAL ACTIVITIES**

The principal activity of the Company is to act as the General Partner for the West Quay Limited Partnership. 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 £4,841,000 (2013: £4,698,000). The Directors do not recommend the payment of a final dividend for the year (2013: £nil).

#### **3 DIRECTORS**

- a) Mr P F Cooper, Mr M Plocica and Mr R G Shaw were Directors of the Company throughout the year.
- b) Mr W S Austin was appointed as Director of the Company on 8 April 2014.
- 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.

#### **4 SECRETARY**

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

#### **5 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.

#### **6 AUDITOR**

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

Deloitte LLP have indicated their willingness to continue in office.

**WEST QUAY SHOPPING CENTRE LIMITED**

**REPORT OF THE DIRECTORS**  
**Year ended 31 December 2013**

**7 PROVISION OF INFORMATION TO 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 18 May 2015

Registered Office  
10 Grosvenor Street  
London, W1K 4BJ  
Registered in England and Wales No 643320

## **WEST QUAY SHOPPING CENTRE LIMITED**

### **STRATEGIC REPORT**

Year ended 31 December 2014

#### **BUSINESS REVIEW AND FUTURE PROSPECTS**

It is expected that the Company will continue to act as the General Partner for the West Quay Limited Partnership for the foreseeable future

The Directors have considered the use of the going concern basis in the preparation of the financial statements as at 31 December 2014 and concluded that it was appropriate. More information is provided in note 1 to 16 the financial statements

During 2014 the Company's share of net rental income of the Partnership was £12,721,000 (2013 £12,510,000). As shown in note 6(a) of the accounts, at 31 December 2014 the Company's share of the Partnership's properties were valued at £266,341,000 (2013 £253,220,000), and there was a revaluation surplus in the year of £12,237,000 (2013 £8,396,000)

The key risks facing the Company relate to the tenant exposure and the strength of the UK property market. Tenants' covenants are monitored at the start of leasing agreements and on an ongoing basis and collection is closely monitored. Quarterly property valuations are used to monitor the valuation performance of the Company's property assets against IPD benchmark.

A more comprehensive discussion of risks, risk management and key performance indicators is included in the Annual Report of the ultimate parent company, Hammerson plc which does not form part of this report.

Signed on behalf of the Board of Directors



**R. G. Shaw**  
Director

## **WEST QUAY SHOPPING CENTRE 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,
- state whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements, 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.

## **WEST QUAY SHOPPING CENTRE LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE SOLE MEMBER OF WEST QUAY SHOPPING CENTRE LIMITED**

We have audited the financial statements of West Quay Shopping Centre Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholder's funds and the related notes 1 to 16. 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**WEST QUAY SHOPPING CENTRE LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE SOLE MEMBER OF WEST QUAY SHOPPING CENTRE 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

*Ian Waller*

**Ian Waller** (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom  
Date **19** May 2015

# WEST QUAY SHOPPING CENTRE LIMITED

## PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2014

	Notes	2014 £'000	2013 £'000
Gross rental income		15,903	15,199
Rents payable and other property outgoings		<u>(3,182)</u>	<u>(2,689)</u>
Net rental income		12,721	12,510
Administration expenses	2	<u>(642)</u>	<u>(623)</u>
Profit on ordinary activities before net finance costs		12,079	11,887
Profit on sale of investment properties	3	16	-
Net finance costs	4	<u>(7,254)</u>	<u>(7,189)</u>
Profit on ordinary activities before and after taxation for the financial year	13	<u>4,841</u>	<u>4,698</u>

All amounts relate to continuing activities



# WEST QUAY SHOPPING CENTRE LIMITED

## BALANCE SHEET

As at 31 December 2014

	Notes	2014		2013	
		£'000	£'000	£'000	£'000
<b>Tangible fixed assets</b>					
Investment properties	6		266,341		253,220
Investments	7		-		-
			<u>266,341</u>		<u>253,220</u>
<b>Current assets</b>					
Debtors	8	213,831		210,194	
Cash	9	<u>2,479</u>		<u>4,324</u>	
<b>Total current assets</b>		<b>216,310</b>		<b>214,518</b>	
<b>Current liabilities</b>					
Creditors amounts falling due within one year	10	<u>(8,798)</u>		<u>(10,890)</u>	
<b>Net current assets</b>			<u><b>207,512</b></u>		<u><b>203,628</b></u>
<b>Total assets less current liabilities</b>			<b>473,853</b>		<b>456,848</b>
Creditors amounts falling due after one year	11		<u>(298,617)</u>		<u>(298,690)</u>
<b>Net assets</b>			<u><b>175,236</b></u>		<u><b>158,158</b></u>
<b>Capital and reserves</b>					
Called up share capital	12		23,000		23,000
Revaluation reserve	13		114,668		102,426
Profit and loss account	13		<u>37,568</u>		<u>32,732</u>
<b>Shareholder's funds</b>			<u><b>175,236</b></u>		<u><b>158,158</b></u>

These financial statements were approved by the Board of Directors on 18 May 2015 and authorised for issue on 18 May 2015

Signed on behalf of the Board of Directors



R. G. Shaw  
Company Number: 643320

**WEST QUAY SHOPPING CENTRE LIMITED****STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**For the year ended 31 December 2014

	<b>2014</b> <b>£'000</b>	<b>2013</b> <b>£'000</b>
Profit for the financial year	<b>4,841</b>	4,689
Unrealised surplus on revaluation of properties	<b>12,237</b>	8,396
Total recognised gains and losses for the year	<b>17,078</b>	13,094

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS**For year ended 31 December 2014

	<b>2014</b> <b>£'000</b>	<b>2013</b> <b>£'000</b>
Profit for the financial year	<b>4,841</b>	4,698
Unrealised surplus on revaluation of properties	<b>12,237</b>	8,396
Net increase in shareholder's funds	<b>17,078</b>	13,094
Shareholder's funds at 1 January	<b>158,158</b>	145,064
Shareholder's funds at 31 December	<b>175,236</b>	158,158

## WEST QUAY SHOPPING CENTRE LIMITED

### NOTES TO THE ACCOUNTS Year ended 31 December 2014

#### **1 ACCOUNTING POLICIES**

The following 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 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 and these are explained in the Strategic Report. The financial position of the Company is as set out in the Balance Sheet

The Directors have reviewed the current and projected financial position of the Company, making reasonable assumptions about the future trading performance. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and 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) Joint arrangements

The Company, acting as a General Partner, has an interest of 49.995% in the results, assets and liabilities of West Quay Limited Partnership ("the Partnership"). The financial statements include the financial statements of the Company together with the Company's share of results, assets, liabilities and cash flows arising from its interest in the Partnership, which is accounted for as a joint arrangement and measured according to the terms of that arrangement. The Company is exempt from the requirement to prepare group accounts, as it is a wholly owned subsidiary of Hammerson plc. The Company's results are included in the group accounts of Hammerson plc, a company registered in England and Wales

## WEST QUAY SHOPPING CENTRE LIMITED

### NOTES TO THE ACCOUNTS Year ended 31 December 2014

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

##### **(e) 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.

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.

##### **(f) Net finance costs**

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

##### **(g) Investment properties**

Investment properties are stated at fair value, being market value determined by professionally qualified external valuers, and changes in fair value are taken to the revaluation reserve.

All costs directly associated with the purchase and construction of a property are capitalised.

##### **(h) 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.

##### **(i) Fixed asset investments**

Fixed asset investments are stated at the balance sheet date at the lower of cost and net realisable value. Investments in the Company's subsidiaries are stated at cost less provision for impairment.

## WEST QUAY SHOPPING CENTRE LIMITED

### NOTES TO THE ACCOUNTS Year ended 31 December 2014

#### 2. ADMINISTRATION EXPENSES

	2014 £'000	2013 £'000
Management fee payable to immediate parent company	625	613
Other administration expenses	17	10
	<u>642</u>	<u>623</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 the preceding financial year

Another group company has paid the auditor's fees for the audit of the Company's annual accounts in both the current and preceding financial year. Fees for the audit of the Company were £1,260 (2013 £1,235)

#### 3. PROFIT ON SALE OF INVESTMENT PROPERTIES

	2014 £'000	2013 £'000
Gross proceeds on sale	45	-
Historic cost of properties sold	(33)	-
Historic cost profit	12	-
Valuation surplus	5	-
Surplus over carrying value	17	-
Selling expenses	(1)	-
	<u>16</u>	<u>-</u>

#### 4. NET FINANCE COSTS

	2014 £'000	2013 £'000
Interest receivable from ultimate parent company	4,261	4,134
Other interest receivable	5	5
Interest payable to ultimate parent company	(5,742)	(5,644)
Interest payable to third parties	(5,742)	(5,644)
Bank and other interest payable	(36)	(40)
	<u>(7,254)</u>	<u>(7,189)</u>

## WEST QUAY SHOPPING CENTRE LIMITED

### NOTES TO THE ACCOUNTS

Year ended 31 December 2014

#### 5. 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 Profits covered by group relief for the year ended 31 December 2014 are £XXX (2013 £4,139,000)

#### 6. INVESTMENT PROPERTIES

- (a) The movements in the year on properties were

	<b>Long leasehold £'000</b>
At 1 January 2014	253,220
Additions at cost	1,014
Amortisation of lease incentives	(102)
Disposals	(28)
Surplus arising on revaluation	12,237
	<hr/>
At 31 December 2014	<b>266,341</b>

- (b) Properties are 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 properties at 31 December 2014 was £151,673,000 (2013 £150,794,000)

#### 7. FIXED ASSET INVESTMENTS

Investments represent the Company's direct shareholding of £2 that is a 100% shareholding in its subsidiary Governeffect Limited, incorporated in the United Kingdom, registered in England and Wales Governeffect Limited holds an investment comprising a 0.01% beneficial interest in a protective lease on the site of West Quay, Southampton

## **WEST QUAY SHOPPING CENTRE LIMITED**

### **NOTES TO THE ACCOUNTS** **Year ended 31 December 2014**

#### **8. DEBTORS**

	<b>2014</b> <b>£'000</b>	<b>2013</b> <b>£'000</b>
Trade debtors	<b>2,006</b>	2,574
Amount owed by ultimate parent company	<b>211,075</b>	206,814
Amounts owed by fellow subsidiary undertakings	<b>615</b>	562
Other debtors	<b>94</b>	180
Prepayments	<b>41</b>	64
	<b><u>213,831</u></b>	<b><u>210,194</u></b>

All amounts shown under debtors fall due for payment within one year. Amounts owed by the ultimate parent company bear interest at variable rates based on LIBOR. Amounts owed by fellow subsidiary undertakings are non-interest bearing.

#### **9. CASH**

	<b>2014</b> <b>£'000</b>	<b>2013</b> <b>£'000</b>
Cash at bank	<b><u>2,479</u></b>	<b><u>4,324</u></b>

#### **10. CREDITORS: FALLING DUE WITHIN ONE YEAR**

	<b>2014</b> <b>£'000</b>	<b>2013</b> <b>£'000</b>
Trade creditors	<b>938</b>	1,110
Amounts owed to fellow subsidiary undertakings	<b>137</b>	52
Other creditors and accruals	<b><u>7,723</u></b>	<b><u>9,728</u></b>
	<b><u>8,798</u></b>	<b><u>10,890</u></b>

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

# WEST QUAY SHOPPING CENTRE LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2014

### 11. CREDITORS FALLING DUE AFTER ONE YEAR

	2014 £'000	2013 £'000
Amounts owed to ultimate parent company	149,223	149,223
Amounts owed to third party	149,224	149,224
	<u>298,447</u>	<u>298,447</u>
Other creditors		
From two to five years	170	243
	<u>298,617</u>	<u>298,690</u>

The above amounts owed by the ultimate parent company and third party are repayable on the earlier of (a) the date of dissolution of the Partnership or (b) the date of retirement of the associate of each lender in connection with the retirement of the associate from the Partnership. Interest is charged at a fixed rate of 6.75%, less a discount reducing from 12.5% in July 2008 to nil% in 2013, but interest charged is restricted depending on the operating profit of the Partnership.

### 12. SHARE CAPITAL

	2014 £'000	2013 £'000
<b>Allotted, called up and fully paid:</b>		
115,000,001 A Ordinary shares of £0.10 each	11,500	11,500
115,000,001 B Ordinary shares of £0.10 each	11,500	11,500
	<u>23,000</u>	<u>23,000</u>

### 13. RESERVES

	Revaluation reserve £'000	Profit and loss account £'000
At 1 January 2014	102,426	32,732
Surplus on revaluation of properties	12,237	-
Transfer on disposal of properties	5	(5)
Profit for the financial year	-	4,841
	<u>114,668</u>	<u>37,568</u>
At 31 December 2014		

### 14. ADVANCES, CREDIT AND GUARANTEES

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



## **WEST QUAY SHOPPING CENTRE LIMITED**

### **NOTES TO THE ACCOUNTS**

Year ended 31 December 2014

#### **15 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.

#### **16. 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, 10 Grosvenor Street, London W1K 4BJ.

Partnership registration LP012185

**WEST QUAY LIMITED PARTNERSHIP**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

Year ended 31 December 2014

## **WEST QUAY LIMITED PARTNERSHIP**

### **REPORT OF THE GENERAL PARTNER** **Year ended 31 December 2014**

The General Partner submits its report and the Partnership's financial statements for the year ended 31 December 2014

#### **1      PRINCIPAL ACTIVITIES**

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

#### **2      RESULTS AND DISTRIBUTION**

The Partnership made a profit for the financial year of £1,160,000 before partners' interest (2013 £1,129,000). Distributions of £1,149,000 were accrued during the year (2013 £1,129,000).

#### **3      INDEMNITY**

The General Partner's ultimate holding companies, Hammerson plc and Government of Singapore Investments Corporation (Realty) Pte Ltd, have made qualifying third party indemnity provisions for the benefit of their respective Directors of the General Partner which were in place throughout the year and which remain in place at the date of this report.

#### **4      AUDITOR**

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

Deloitte LLP have indicated their willingness to continue in office.

#### **5      PROVISION OF INFORMATION TO THE AUDITOR**

Each of the persons who is a Director of the General Partner for the Partnership at the date of approval of this report have confirmed that

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

Approved by West Quay Shopping Centre Limited, General Partner, and signed on its behalf



**R. G. Shaw**  
**Director**  
Date 18 May 2015

## **WEST QUAY LIMITED PARTNERSHIP**

### **STRATEGIC REPORT** **Year ended 31 December 2014**

#### **BUSINESS REVIEW AND FUTURE PROSPECTS**

The Partnership's principal business is to hold for investment the West Quay Shopping Centre in Southampton. The Directors of the General Partner do not expect any significant changes to the business in the foreseeable future.

The Directors of the General Partner 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 2014 and concluded that it was appropriate. More information is provided in note 1 to the financial statements.

The Directors of the General Partner consider the following measures to be the key performance indicators for the Partnership: net rental income, property valuation performance and total return.

The Partnership's properties produced net rental income of £25,444,000 (2013: £25,024,000). As shown in the note 7(a) to the accounts, the Partnership incurred capital expenditure of £2,025,000 (2013: £263,000) before the amortisation of lease incentives of £201,000 (2013: £164,000) and a revaluation surplus of £24,476,000 during the year (2013: £16,801,000). The IPD total return for the property in 2014 was 9.8% (2013: 8.7%).

The key risks facing the Partnership relate to the tenant exposure and the strength of the UK property market. Tenants' covenants are monitored at the start of leasing agreements and on an ongoing basis to minimise the risk of default. The General Partner monitors the UK property market through the analysis of market forecasts and the performance of the property assets are compared against target returns.

Signed on behalf of the General Partner



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**R. G. Shaw**  
**Director**  
Date: 18 May 2015

## **WEST QUAY LIMITED PARTNERSHIP**

### **PARTNERSHIP RESPONSIBILITIES STATEMENT IN RESPECT OF THE PREPARATION OF THE FINANCIAL STATEMENTS**

West Quay Limited Partnership ('the Partnership') is registered pursuant to the provisions of The Limited Partnerships Act 1907. The Partnerships (Accounts) Regulations 2008 require certain qualifying partnerships to prepare and have audited annual accounts and reports as required for a company by the Companies Act 2006. The Partnership is a qualifying partnership as all its members are limited companies. Under that law, the General Partner has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice.

West Quay Shopping Centre Limited, acting as the General Partner, is responsible under the Limited Partnership Agreement for preparing the annual report and financial statements in accordance with applicable law and regulations.

The General Partner is required to prepare financial statements for each financial year, which 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 these financial statements, the General Partner is required to

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

The General Partner is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Partnership and enable it to ensure that the financial statements comply with The Partnerships (Accounts) Regulations 2008. It 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.

## **WEST QUAY LIMITED PARTNERSHIP**

### **INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF WEST QUAY LIMITED PARTNERSHIP**

We have audited the financial statements of West Quay Limited Partnership for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Note of Historical Cost Profits and Losses, the Reconciliation of Movements in Partners' Deficit, the Cash Flow Statement, the Analysis in Movement in Net Debt, the Reconciliation of Net Cash Flow to Movement in Net Debt and the related notes 1 to 17. 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 members of the Partnership, as a body, 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 qualifying partnership's members 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 qualifying partnership and the qualifying partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of the General Partner and auditor**

As explained more fully in the Partnership Responsibilities Statement, the General Partner is 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 Partnership's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the General Partner, 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 qualifying Partnership'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

**WEST QUAY LIMITED PARTNERSHIP**

**INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF WEST QUAY LIMITED  
PARTNERSHIP (CONTINUED)**

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and Partnership Responsibilities Statement for the financial year for which the financial statements are prepared is consistent with the financial statements

**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 the remuneration of the Directors of the General Partner specified by law are not made, or
- we have not received all the information and explanations we require for our audit

*Ian Waller*

Ian Waller (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom  
Date **19.5.15**

**WEST QUAY LIMITED PARTNERSHIP****PROFIT AND LOSS ACCOUNT**For the year ended 31 December 2014

	<b>Notes</b>	<b>2014 £'000</b>	<b>2013 £'000</b>
Gross rental income		<b>31,809</b>	30,401
Rents payable and other property outgoings		<b>(6,365)</b>	(5,377)
Net rental income		<b>25,444</b>	25,024
Administration expenses	3	<b>(1,283)</b>	(1,246)
Operating profit on ordinary activities		<b>24,161</b>	23,778
Profit on sale of investment properties	4	<b>31</b>	-
Net finance costs	5	<b>(23,032)</b>	(22,649)
Profit for the financial year before partners' interests	13	<b>1,160</b>	1,129

All amounts relate to continuing activities



**WEST QUAY LIMITED PARTNERSHIP****BALANCE SHEET**As at 31 December 2014

	Notes	2014 £'000	2013 £'000
<b>Tangible fixed assets</b>			
Investment properties	7	532,735	506,491
<b>Current assets</b>			
Debtors	8	4,595	5,843
Cash	9	<u>4,959</u>	<u>8,650</u>
<b>Total current assets</b>		9,554	14,493
<b>Current liabilities</b>			
Creditors amounts falling due within one year	10	<u>(22,909)</u>	<u>(25,944)</u>
<b>Net current liabilities</b>		<u>(13,355)</u>	<u>(11,451)</u>
<b>Total assets less current liabilities</b>		519,380	495,040
<b>Creditors: amounts falling due after one year</b>	11	<u>(597,294)</u>	<u>(597,441)</u>
<b>Net liabilities</b>		<u>(77,914)</u>	<u>(102,401)</u>
<b>Represented by:</b>			
Partners' capital classified as equity	12	-	-
Partners' other interests	13	<u>(77,914)</u>	<u>(102,401)</u>
		<u>(77,914)</u>	<u>(102,401)</u>

The General Partner in accordance with the Limited Partnership Agreement approved the financial statements on 18 May 2015

Signed on behalf of the General Partner



**R. G Shaw**

**Director**

Date 18 May 2015

Partnership registration LP012185

**WEST QUAY LIMITED PARTNERSHIP****STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**For the year ended 31 December 2014

	<b>2014</b> <b>£'000</b>	<b>2013</b> <b>£'000</b>
Profit for the financial year	<b>1,160</b>	1,129
Unrealised surplus on revaluation of properties	<b>24,476</b>	16,801
Total recognised gains and losses for the year	<b>25,636</b>	17,930

**NOTE OF HISTORICAL COST OF PROFITS AND LOSSES**For the year ended 31 December 2014

	<b>2014</b> <b>£'000</b>	<b>2013</b> <b>£'000</b>
Profit on ordinary activities before taxation	<b>1,160</b>	1,129
Realisation of property revaluation losses of previous years	<b>(11)</b>	-
Historic cost profit on ordinary activities before taxation	<b>1,149</b>	1,129
Historic cost profit for the financial year after taxation	<b>1,149</b>	1,129

**RECONCILIATION OF MOVEMENTS IN PARTNERS' DEFICIT**For the year ended 31 December 2014

	<b>2014</b> <b>£'000</b>	<b>2013</b> <b>£'000</b>
Profit for the financial year	<b>1,160</b>	1,129
Distributions to partners	<b>(1,149)</b>	(1,129)
Unrealised surplus arising on revaluation of properties	<b>24,476</b>	16,801
Net decrease in partners' deficit	<b>24,487</b>	16,801
Partners' deficit at 1 January	<b>(102,401)</b>	(119,202)
Partners' deficit at 31 December	<b>(77,914)</b>	(102,401)

# WEST QUAY LIMITED PARTNERSHIP

## CASH FLOW STATEMENT

For the year ended 31 December 2014

	2014 £'000	2013 £'000
Operating profit	24,161	23,778
Decrease in debtors	1,248	1,143
Increase/(Decrease) in creditors	712	(109)
Non cash items	201	164
	<hr/>	<hr/>
Net cash inflow from operating activities	26,322	24,976
<u>Returns on investment and servicing of finance</u>		
Interest received	10	10
Interest paid	(27,755)	(23,884)
	<hr/>	<hr/>
Net cash outflow from returns on investment and servicing of finance	(27,745)	(23,874)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(2,355)	(466)
Sale of property	87	-
	<hr/>	<hr/>
	(2,268)	(466)
	<hr/>	<hr/>
(Decrease)/Increase in cash in the year	(3,691)	636

**WEST QUAY LIMITED PARTNERSHIP****ANALYSIS OF MOVEMENT IN NET DEBT**For the year ended 31 December 2014

	<b>Cash at bank £'000</b>	<b>Loan balances due after one year £'000</b>	<b>Net debt £'000</b>
Balance as at 1 January 2014	8,650	(596,954)	(588,304)
Movement in the year	<u>(3,691)</u>	<u>-</u>	<u>(3,691)</u>
Balance as at 31 December 2014	<u><b>4,959</b></u>	<u><b>(596,954)</b></u>	<u><b>(591,995)</b></u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**For the year ended 31 December 2014

	<b>2014 £'000</b>	<b>2013 £'000</b>
Change in net debt resulting from cash (outflow)/inflows	(3,691)	636
Net debt at 1 January	<u>(588,304)</u>	<u>(588,940)</u>
Net debt at 31 December	<u><b>(591,995)</b></u>	<u><b>(588,304)</b></u>

## WEST QUAY LIMITED PARTNERSHIP

### NOTES TO THE ACCOUNTS Year ended 31 December 2014

#### **1 ACCOUNTING POLICIES**

The following 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 Partnership's future performance and these are explained in the Strategic Report. The financial position of the Partnership is set out in the analysis of Net Debt.

The Partnership has net liabilities and net current liabilities as at 31 December 2014 and is reliant on the continued support of its lenders (which are associates of its partners) to be able to meet its liabilities as they fall due. The General Partner has received letters of support from Hammerson plc and Euro Hampton Private Limited which state their intent to provide the necessary financial support to ensure that the Partnership is a going concern for at least twelve months from the date of signing of these financial statements.

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 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.

## WEST QUAY LIMITED PARTNERSHIP

### NOTES TO THE ACCOUNTS Year ended 31 December 2014

#### 1. ACCOUNTING POLICIES (continued)

##### (d) 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 Company's 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.

##### (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 2006, which requires all properties to be depreciated. Such properties are not held for consumption, but for investment, and the Directors of the General Partner 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 of the General Partner consider that this policy results in the accounts giving a true and fair view.

## WEST QUAY LIMITED PARTNERSHIP

### NOTES TO THE ACCOUNTS

Year ended 31 December 2014

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

- (a) The Agreement dated 16 July 2007 states that the purpose of the Partnership is to carry out property investment
- (b) The Limited Partners are West Quay Shopping Centre Limited, East India Trust and Euro Hampton Private Limited, who had interests of 49.995%, 0.01% and 49.995% respectively in the assets and liabilities of the Partnership. West Quay Shopping Centre Limited acts as the General Partner to the Partnership.

#### 3. ADMINISTRATION EXPENSES

The Directors of the General Partner did not receive any remuneration for services to the Partnership during the current or preceding financial year. 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.

	2014 £'000	2013 £'000
Management fee payable to Hammerson UK Properties plc	1,252	1,224
Fees payable to the Partnership's auditor for the audit of the Partnership's annual accounts	9	8
Valuation fees	59	59
Registrar's fees	15	15
Insurance administration credit	(52)	(61)
Other fees	-	1
	<u>1,283</u>	<u>1,246</u>

#### 4. PROFIT ON SALE OF INVESTMENT PROPERTIES

	2014 £'000	2013 £'000
Gross proceeds on sale	90	-
Historic cost of properties sold	<u>(67)</u>	<u>-</u>
Historic cost profit	23	-
Valuation surplus	<u>11</u>	<u>-</u>
Surplus over carrying value	34	-
Selling expenses	<u>(3)</u>	<u>-</u>
Profit on sale of investment	<u>31</u>	<u>-</u>

# WEST QUAY LIMITED PARTNERSHIP

## NOTES TO THE ACCOUNTS Year ended 31 December 2014

### 5. NET FINANCE COSTS

	2014 £'000	2013 £'000
Interest payable on loan balances	22,972	22,579
Other interest payable	70	80
Total interest payable	23,042	22,659
Interest received	(10)	(10)
	<b>23,032</b>	<b>22,649</b>

### 6. DISTRIBUTIONS

	2014 £'000	2013 £'000
West Quay Shopping Centre Limited (Note 2)	575	564
Euro Hampton Private Limited (Note 2)	574	565
	<b>1,149</b>	<b>1,129</b>

### 7. INVESTMENT PROPERTIES

(a)	Freehold £'000
The movements in the year on properties were	
At 1 January 2014	506,491
Additions at cost	2,025
Amortisation of lease incentives	(201)
Disposals	(56)
Surplus arising on revaluation	24,476
At 31 December 2014	<b>532,735</b>
(b) The Partnership's properties are 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 IVA1 of the International Valuation Standards. The surplus on revaluation has been transferred to the revaluation reserve.	
(c) The historical cost of investment properties at 31 December 2014 was £610,649,000 (2013 £608,892,000)	



## WEST QUAY LIMITED PARTNERSHIP

### NOTES TO THE ACCOUNTS Year ended 31 December 2014

#### 8. DEBTORS

	2014 £'000	2013 £'000
Trade debtors	4,012	5,148
Amounts owed by Hammerson Operations Limited	225	106
Amounts owed by West Quay Shopping Centre Limited	88	88
Amounts owed by Hammerson (Watermark) Limited	-	13
Other debtors	188	361
Prepayments	82	127
	<u>4,595</u>	<u>5,843</u>

All amounts shown under debtors fall due for payment within one year. The amounts owed by Hammerson Operations Limited, West Quay Shopping Centre Limited and Hammerson (Watermark) Limited are non-interest bearing.

#### 9 CASH

	2014 £'000	2013 £'000
Cash at bank	<u>4,959</u>	<u>8,650</u>

#### 10. CREDITORS: FALLING DUE WITHIN ONE YEAR

	2014 £'000	2013 £'000
Trade creditors	1,877	2,219
Amounts owed to Hammerson Group Management Limited	97	17
Other creditors	2,067	1,459
Accruals and deferred income	<u>18,868</u>	<u>22,249</u>
	<u>22,909</u>	<u>25,944</u>

Included in accruals and deferred income are distributions of £5,763,000 (2013 £4,614,000) payable to the Limited Partners.

# WEST QUAY LIMITED PARTNERSHIP

## NOTES TO THE ACCOUNTS Year ended 31 December 2014

### 11. CREDITORS: FALLING DUE AFTER ONE YEAR

	2014 £'000	2013 £'000
Amounts due to Hammerson plc	298,477	298,477
Amounts due to Euroleum SARL	298,477	298,477
Loan balances	596,954	596,954
Other creditors From one to two years	340	487
	<b>597,294</b>	<b>597,441</b>

The above loans are repayable on the earlier of (a) the date of dissolution of the Partnership or (b) the date of retirement of the associate of each lender in connection with the retirement of the associate from the Partnership. Interest is charged at a fixed rate of 6.75%, less a discount reducing from 12.5% in July 2008 to nil% in 2014, but interest charged is restricted depending on the operating profit of the Partnership.

### 12. PARTNERS' CAPITAL CLASSIFIED AS EQUITY

	2014 £	2013 £
Limited Partners	200	200

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.

### 13. PARTNERS' OTHER INTERESTS

	Revaluation reserve £'000	Partners' current accounts £'000	Total £'000
At 1 January 2014	(102,401)	-	(102,401)
Transfer on disposal of properties	11	(11)	-
Surplus on revaluation of properties	24,476	-	24,476
Profit for the financial year	-	1,160	1,160
Distributions to partners	-	(1,149)	(1,149)
At 31 December 2014	<b>(77,914)</b>	<b>-</b>	<b>(77,914)</b>

### 14. CONTINGENT LIABILITIES

At 31 December 2014 there are contingent liabilities of £7,120,000 (2013: £7,120,000) relating to claims against the Company arising in the normal course of business.

## **WEST QUAY LIMITED PARTNERSHIP**

### **NOTES TO THE ACCOUNTS**

Year ended 31 December 2014

#### **15. ADVANCES, CREDIT AND GUARANTEES**

The General Partner has not granted any credits, advances or guarantees of any kind to its Directors during the year

#### **16 RELATED PARTY DISCLOSURE**

Other than as disclosed in notes 3, 5, 6, 8, 10 and 11 there were no material related party transactions during the year

#### **17. ULTIMATE CONTROLLING PARTIES**

The Partnership's General Partner is West Quay Shopping Centre Limited, a company incorporated in Great Britain and registered in England and Wales. The General Partner manages the Partnership for the benefit of the partners in accordance with the provisions of the Partnership's Limited Partnership Agreement.