

Company Number: 643320

**WEST QUAY SHOPPING CENTRE LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

Year ended 31 December 2004



## **WEST QUAY SHOPPING CENTRE LIMITED**

### **REPORT OF THE DIRECTORS**

Year ended 31 December 2004

#### **1. RESULTS FOR THE YEAR**

The Company made a profit of £6,017,000 during the year (2003: £6,474,000 ).

#### **2. PRINCIPAL ACTIVITIES**

The principal activity of the Company is to hold for investment West Quay Shopping Centre, Southampton. The company is now owned 100% by Hammerson (West Quay) Limited following its' acquisition of Barclay's Bank plc's shareholding in the Company in December 2004.

#### **3. DIVIDEND**

No dividend was paid or proposed during the year (2003: £nil).

#### **4. REVIEW OF PERFORMANCE AND FUTURE PROSPECTS**

The letting and rent review programmes at West Quay are progressing as anticipated, and the directors do not anticipate any significant changes in the future.

#### **5. DIRECTORS**

- (a) Mr. J.A.Bywater, Ms.V.Forster and Mr.N.A.S.Hardie were directors of the Company throughout the year.
- (b) Ms W.Au, Mr C.S.Davies and Mr A.F.Pritchard resigned as Directors of the Company on 13 December 2004.
- (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 was a director of the Company's ultimate parent company, Hammerson plc, in whose financial statements his interests are given. On 31 December 2004, Mr. N.A.S. Hardie was a director of the Company's immediate parent company, Hammerson UK Properties plc, in whose financial statements his 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.

#### **6. SECRETARY**

Mrs. N. Walters resigned as secretary of the Company and Mr. S.J. Haydon was appointed secretary on 23 April 2004.

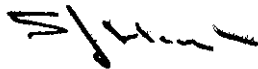
**WEST QUAY SHOPPING CENTRE LIMITED**

**REPORT OF THE DIRECTORS**  
Year ended 31 December 2004

**7. 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

Registered Office:  
100 Park Lane  
London, W1K 7AR  
Registered in England and Wales No. 643320

**- 5 OCT 2005**

## **WEST QUAY SHOPPING CENTRE 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 WEST QUAY SHOPPING CENTRE LIMITED**

We have audited the financial statements of West Quay Shopping Centre Limited for the year ended 31 December 2004 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the reconciliation of movements in equity shareholder's funds and the related notes 1 to 13. 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 profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte Touche LLP*

Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
London

*06 October 2005*

# WEST QUAY SHOPPING CENTRE LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 31 December 2004

	Note	2004 £'000	2003 £'000
Gross rental income		21,938	21,005
Rents payable and other property outgoings		(2,575)	(2,829)
		-----	-----
Net rental income	1(b)	19,363	18,176
Administration expenses	2	(593)	(646)
		-----	-----
Operating profit		18,770	17,530
(Loss)/Profit on disposal of investment properties		(5)	488
		-----	-----
Profit on ordinary activities before interest		18,765	18,018
Net cost of finance	3	(9,900)	(8,868)
		-----	-----
Profit on ordinary activities before taxation		8,865	9,150
Taxation on profit on ordinary activities	4	(2,848)	(2,676)
		-----	-----
Profit on ordinary activities after taxation and retained profit for the financial year	11	6,017	6,474
		=====	=====

All activities derive from continuing operations.

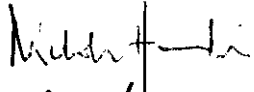
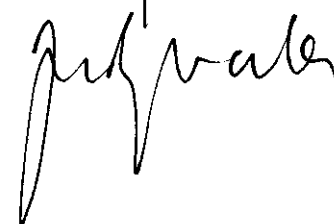
**WEST QUAY SHOPPING CENTRE LIMITED**

**BALANCE SHEET**  
**31 December 2004**

	Note	2004		2003	
		£'000	£'000	£'000	£'000
<b>Tangible fixed assets</b>					
Land and buildings	5		465,410		416,870
Investments	6		-		-
<b>Current assets</b>					
Debtors	7	1,249		1,835	
Cash and deposits		-		8,105	
		-----		-----	
		1,249		9,940	
<b>Creditors: amounts falling due within one year</b>	8	(189,218)		(7,917)	
		-----		-----	
<b>Net current (liabilities) / assets</b>			(187,969)		2,023
			-----		-----
<b>Total assets less current liabilities</b>			277,441		418,893
<b>Creditors: amounts falling due after more than one year</b>	9		-		(200,400)
<b>Provision for liabilities and charges:</b>					
Deferred tax	4(c)		(6,732)		(3,884)
			-----		-----
			270,709		214,609
			=====		=====
<b>Capital and reserves</b>					
Called up share capital	10		80,000		80,000
Revaluation reserve	11		173,594		123,349
Profit and loss account	11		17,115		11,260
			-----		-----
Equity shareholder's funds			270,709		214,609
			=====		=====

The Board of Directors approved the financial statements on **- 5 OCT 2005**

Signed on behalf of the Board of Directors

  
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Directors

**WEST QUAY SHOPPING CENTRE LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

For the year ended 31 December 2004

	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Retained profit for the financial year	6,017	6,474
Surplus arising on revaluation	50,083	36,864
	-----	-----
Total recognised gains and losses for the year	56,100	43,338
	=====	=====

**RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDER'S FUNDS**

For year ended 31 December 2004

	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Retained profit for the financial year	6,017	6,474
Surplus arising on revaluation	50,083	36,864
	-----	-----
Net increase in equity shareholder's funds	56,100	43,338
Equity shareholder's funds at 1 January	214,609	171,271
	-----	-----
Equity shareholder's funds at 31 December	270,709	214,609
	=====	=====



## **WEST QUAY SHOPPING CENTRE LIMITED**

### **NOTES TO THE ACCOUNTS**

Year ended 31 December 2004

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

(a) Basis of accounting

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

(b) Net rental income

Rent increases arising from rent reviews are taken into account when values of reviews have been agreed with tenants. Where a lease incentive does not enhance the property, it is amortised over the period to the earlier of the first rent review, the first break option, or the end of the lease term. On new leases with rent-free periods, rental income is allocated evenly over the period from the date of lease commencement to the date of the first rent review.

Differences between property operating expenditure incurred and that recovered from tenants through services charges are included in net rental income.

(c) Cost and valuation of properties

Fully developed 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.

## WEST QUAY SHOPPING CENTRE LIMITED

### NOTES TO THE ACCOUNTS

Year ended 31 December 2004

#### 1. ACCOUNTING POLICIES (continued)

##### (d) Cost and valuation of properties (continued)

For properties in the course of development, an amount equivalent to the net development outgoings, including interest, attributable to properties held for development is added to the cost of such properties. A property is regarded as being in the course of development until ready for its intended use.

On new developments, all letting costs are capitalised. On subsequent lettings, the previous costs are written off against the results for the year and the new costs capitalised. Where new costs are less than those previously capitalised, such new costs are written off.

##### (e) Depreciation

In accordance with Statement of Standard Accounting Practice No 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.

##### (f) Investments

Investments in subsidiary undertakings are stated at cost less provision for impairment.

##### (g) Deferred tax

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

## WEST QUAY SHOPPING CENTRE LIMITED

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

#### 2. ADMINISTRATION EXPENSES

	2004 £'000	2003 £'000
Management fee payable to controlling party	529	590
Audit fees	6	6
Other administration expenses	58	50
	-----	-----
	593	646
	=====	=====

The directors did not receive any remuneration for services to the Company in either the current or preceding financial year. The Company had no employees in either the current or preceding years.

#### 3. NET COST OF FINANCE

	2004 £'000	2003 £'000
Interest received	189	160
Interest paid to Shareholders	(10,089)	(9,028)
	-----	-----
	(9,900)	(8,868)
	=====	=====

#### 4. TAXATION

##### (a) Tax charge

	2004 £'000	2003 £'000
Deferred tax charge	(2,848)	(2,676)
	=====	=====

# WEST QUAY SHOPPING CENTRE LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2004

### 4. TAXATION (continued)

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

	2004 £'000	2003 £'000
Profit on ordinary activities before tax	8,865	9,150
Profit multiplied by UK corporation tax rate of 30%	2,660	2,745
Effects of:		
Capital allowances for period	-	(1,100)
Tax losses brought forward utilised	(2,660)	(1,498)
Disposals profits	-	(147)
Current tax charge for the period	-	-

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.

#### (c) Deferred tax

	2004 £'000	2003 £'000
Deferred tax provision:		
Capital allowances	4,307	6,806
Other UK	3,892	3,892
Tax losses	(1,467)	(6,814)
	6,732	3,884
Movement in period:		
Opening deferred tax provision	3,884	1,208
Charge in profit and loss account	2,848	2,676
Closing deferred tax provision	6,732	3,884

The deferred tax provisions will not crystallise to the extent that capital allowances are retained on property disposals.

#### (d) Contingent tax

Should the properties be sold at book value a tax liability of approximately £46,600,000 (2003: £34,400,000) would arise.

## WEST QUAY SHOPPING CENTRE LIMITED

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

#### 5. LAND AND BUILDINGS

- (a) The movements in the year on the valuation of investment properties were:

	<b>Long leasehold £'000</b>
At 1 January 2004	416,870
Amortisation of lease incentives	(1,440)
Cost Adjustment	(103)
Surplus arising on revaluation	50,083
	-----
At 31 December 2004	465,410
	=====

The Company's property is stated at market value at 31 December 2004, valued by professionally qualified external valuers. The valuation has been prepared Donaldsons, 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.

- (b) The historical cost of investment properties at 31 December 2004 was £291,816,000 (2003: £293,521,000).

#### 6. INVESTMENTS

Investments represent the company's direct shareholding of £2 in its subsidiary Governeffect Limited. Governeffect Limited holds an investment comprising 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 2004

### 7. DEBTORS

	2004 £'000	2003 £'000
Trade debtors	972	1,309
Amounts owed by group undertaking	147	526
Other debtors	130	-
	-----	-----
	1,249	1,835
	=====	=====

### 8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £'000	2003 £'000
Bank overdraft	27	-
Trade creditors	4,383	4,823
Amounts owed to group companies	227	23
Amounts owed to ultimate parent company	182,746	-
Other creditors and accruals	1,835	3,071
	-----	-----
	189,218	7,917
	=====	=====

Interest is charged on the balances due to the ultimate parent company at variable rates based on LIBOR.

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

	2004 £'000	2003 £'000
Amount owed to Hammerson (West Quay) Limited	-	100,200
Amount owed to Barclays Bank PLC	-	100,200
	-----	-----
	-	200,400
	=====	=====

As part of the acquisition by Hammerson (West Quay) Ltd of the entire share capital, the loans were repaid. The above loans bore interest at variable rates based on LIBOR.

## WEST QUAY SHOPPING CENTRE LIMITED

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

#### 10. CALLED UP SHARE CAPITAL

	Called up, authorised, allotted and fully paid	
	2004	2003
	£'000	£'000
40,000,001 Class A shares of £1 each	40,000	40,000
40,000,001 Class B shares of £1 each	40,000	40,000
	-----	-----
	80,000	80,000
	=====	=====

The A and B shares are owned by Hammerson (West Quay) Ltd and rank pari passu in all respects.

#### 11. RESERVES

	Revaluation reserve £'000	Profit and loss account £'000
At 1 January 2004	123,349	11,260
Reserves transfer	162	(162)
Retained profit for the year	-	6,017
Surplus arising on revaluation of properties	50,083	-
	-----	-----
At 31 December 2004	173,594	17,115
	=====	=====

#### 12. CASH FLOW AND RELATED PARTY TRANSACTIONS

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.

#### 13. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The immediate parent company is Hammerson (West Quay) Limited which acquired all of the share capital in the year. The ultimate parent company is Hammerson plc, which is incorporated in Great Britain and is the parent undertaking of the largest and smallest 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.