

Company Number: 02025411

SPITALFIELDS DEVELOPMENTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2017



SPITALFIELDS DEVELOPMENTS LIMITED

DIRECTORS' REPORT

Year ended 31 December 2017

The Directors' Report has been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and consequently no Strategic Report has been prepared.

1. PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENT

The principal activity of Spitalfields Developments Limited (the "Company") is property development in the United Kingdom. The Directors do not anticipate any significant change in the principal activity in the foreseeable future.

2. RESULTS AND DIVIDENDS

The Company made neither a profit nor a loss after tax for the year (2016: £nil). The Directors do not recommend the payment of a dividend for the year (2016: £nil).

Net assets for the Company as at 31 December 2017 were £4,550,000 (2016: £4,550,000)

3. DIRECTORS

- (a) Mr. A.J. Berger-North and Mr. P.W.B. Cole were Directors of the Company throughout the year.
- (b) In accordance with the Articles of Association of the Company, the Directors are not required to retire by rotation.
- (c) 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. GOING CONCERN

The Directors have considered the use of the going concern basis in the preparation of the financial statements as at 31 December 2017 and concluded that it was appropriate. More information is provided in note 1(b) to the financial statements.

6. INDEMNITY

The Company's ultimate parent company, Hammerson plc, has made qualifying third party indemnity provisions for the benefit of the Company's Directors which were in place throughout the year and which remain in place at the date of this report.

7. AUDITORS

PricewaterhouseCoopers LLP were appointed as auditors of the Company during the year and shall be deemed to be re-appointed as auditors for a further term under the provisions of section 487(2) of the Companies Act 2006.

PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

SPITALFIELDS DEVELOPMENTS LIMITED

DIRECTORS' REPORT (CONTINUED)

Year ended 31 December 2017

8. STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping 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.

The Directors 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.

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board



B. Lees
For and on behalf of
Hammerson Company Secretarial Limited
acting as Secretary
Date: 11 April 2018

Registered Office:
Kings Place
90 York Way
London N1 9GE
Registered in England and Wales No. 02025411

SPITALFIELDS DEVELOPMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPITALFIELDS DEVELOPMENTS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Spitalfields Developments Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2017; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

SPITALFIELDS DEVELOPMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPITALFIELDS DEVELOPMENTS LIMITED (CONTINUED)

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the Directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Paul Cragg (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
11 April 2018

SPITALFIELDS DEVELOPMENTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 December 2017

	Notes	2017 £'000	2016 £'000
Result from ordinary activities		-	-
Result from ordinary activities before and after taxation and total comprehensive income for the financial year		<hr/> - <hr/>	<hr/> - <hr/>

All amounts relate to continuing activities.

SPITALFIELDS DEVELOPMENTS LIMITED

BALANCE SHEET

As at 31 December 2017

	Notes	2017		2016	
		£'000	£'000	£'000	£'000
Current assets					
Development work in progress	4	950		950	
Receivables	5	<u>105,670</u>		<u>104,234</u>	
		106,620		105,184	
Current liabilities					
Payables	6	<u>(70,607)</u>		<u>(69,171)</u>	
Total assets less current liabilities and net current assets			36,013		36,013
Non-current liabilities					
Payables	7		<u>(31,463)</u>		<u>(31,463)</u>
Net assets			<u>4,550</u>		<u>4,550</u>
Capital and reserves					
Called up share capital	8		-		-
Retained earnings	9		<u>4,550</u>		<u>4,550</u>
Shareholder's equity			<u>4,550</u>		<u>4,550</u>

These financial statements were approved by the Board of Directors on 11 April 2018 and authorised for issue on 11 April 2018.

Signed on behalf of the Board of Directors



A.J. Berger-North

Director

Company Number: 02025411

SPITALFIELDS DEVELOPMENTS LIMITED**STATEMENT OF CHANGES IN EQUITY**
For the year ended 31 December 2017

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2016	-	4,550	4,550
Result and total comprehensive income for the year	-	-	-
Balance at 31 December 2016	-	4,550	4,550
Result and total comprehensive income for the year	-	-	-
Balance at 31 December 2017	-	4,550	4,550

SPITALFIELDS DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

1. ACCOUNTING POLICIES

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

(a) Basis of accounting

Basis of preparation

Spitalfields Developments Limited is a private company limited by shares and incorporated in the United Kingdom under the Companies Act 2006. The nature of the Company's operations and its principal activities are set out on page 1. The address of the registered office is Kings Place, 90 York Way, London, N1 9GE.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101") as issued by the Financial Reporting Council and have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The presentation currency used is sterling and amounts have been presented in round thousands ("£000s"). The financial statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1(h).

Disclosure exemptions adopted

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments; Disclosures';
- Paragraphs 91 to 99 of IFRS 13 'Fair value measurement' disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities';
- Paragraph 38 of IAS1, 'Presentation of financial statements' – comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
 - paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period);
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirements for minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information);
 - 111 (cash flow statement information); and
 - 134 – 136 (capital management disclosures);
- IAS 7, 'Statement of cash flows';

SPITALFIELDS DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2017

1. ACCOUNTING POLICIES (continued)

(a) Basis of accounting (continued)

- Paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS what has been issued but is not yet effective);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation); and
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

The above disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Hammerson plc into which the Company is consolidated. The financial statements of Hammerson plc can be obtained as described in note 11.

(b) Going concern

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 financial statements.

(c) Turnover

Turnover represents the value of construction services provided, and sale proceeds of any properties sold in the year.

(d) Development work in progress

Development work in progress is stated at cost. All property costs for ongoing development are recognised in profit and loss. All other property costs, including interest payable less interest receivable have been capitalised. The Company is indemnified against any liability for losses arising on the sale of a development. On the sale of a development, the proceeds are credited to development costs.

(e) Loans receivable

Loans receivable are financial assets which are initially measured at fair value, plus acquisition costs and are subsequently measured at amortised cost, using the effective interest method, less any impairment.

SPITALFIELDS DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

1. ACCOUNTING POLICIES (continued)

(f) Borrowings

Borrowings are recognised initially at fair value, after taking account of any discount on issue and attributable transaction costs. Subsequently, borrowings are held at amortised cost, such that discounts and costs are charged to the statement of comprehensive income over the term of the borrowing at a constant return on the carrying value of the liability.

(g) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs). Financial assets and liabilities are subsequently carried at amortised cost using the effective interest method. Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(h) Critical accounting policies and estimation uncertainties

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates. Estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods.

The Company's critical judgement and area of estimation uncertainty is in respect of the recovery of its development property. The Company's development property is carried in the balance sheet at historical cost less provision for impairment. The Directors must ensure that they are satisfied that the Company's development property is appropriate for the accounts.

SPITALFIELDS DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

2. ADMINISTRATION EXPENSES

The average number of employees during the year, excluding Directors, was nil (2016: nil).

The Directors did not receive any remuneration for their services from the Company in the year (2016: £nil), having been paid by other group undertakings. It is deemed impractical to allocate their remuneration between group undertakings for the purpose of disclosure.

Another group company has paid the auditors' fees for the audit of the Company's annual financial statements in both the current and preceding financial year. Fees for the audit of the Company were £2,200 (2016: £1,623).

3. TAXATION

(a) Tax charge

	2017 £'000	2016 £'000
Tax charge on result from ordinary activities	-	-

(b) Factors affecting current tax charge

The tax assessed on the result for the year is different from the standard rate of corporation tax of 19.25% (2016: 20.00%). The differences are reconciled below:

	2017 £'000	2016 £'000
Result from ordinary activities before tax	-	-
Result at UK corporation tax rate of 19.25% (2016: 20.00%)	-	-
Effect of:		
Deemed interest payable on loan from Spitalfields Holdings Limited	(135)	(132)
Group relief	135	132
Total current tax	-	-

SPITALFIELDS DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2017

4. DEVELOPMENT WORK IN PROGRESS

	2017 £'000	2016 £'000
At 1 January and 31 December	<u>950</u>	<u>950</u>

5. RECEIVABLES

	2017 £'000	2016 £'000
Trade receivables	59	59
Amounts owed by ultimate parent company	105,543	104,108
Amounts owed by RT Group Developments Limited	2	2
Other receivables	<u>66</u>	<u>65</u>
	<u>105,670</u>	<u>104,234</u>

All amounts shown under receivables fall due for payment within one year and are repayable on demand. Amounts owed by the ultimate parent company bear interest at variable rates based on LIBOR. Amounts owed by RT Group Developments Limited are non-interest bearing.

6. PAYABLES: CURRENT LIABILITIES

	2017 £'000	2016 £'000
Trade payables	92	92
Amounts owed to Spitalfields Development Group	70,258	68,828
Amounts owed to Hammerson Investments (No. 35) Limited	104	104
Accruals	131	131
Other payables	<u>22</u>	<u>16</u>
	<u>70,607</u>	<u>69,171</u>

All amounts shown under payables fall due for payment within one year. Amounts owed to Spitalfields Development Group and Hammerson Investments (No.35) Limited are repayable on demand and non-interest bearing.

SPITALFIELDS DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2017

7. PAYABLES: NON-CURRENT LIABILITIES

	2017 £'000	2016 £'000
Amounts owed to immediate parent company	<u>31,463</u>	<u>31,463</u>

The amounts owed to the immediate parent company represent a loan made to fund the developments. The loan is interest-bearing at variable rates based on LIBOR. The immediate parent company has agreed that the rate of interest is nil throughout the current and preceding financial years.

8. SHARE CAPITAL

	2017 £	2016 £
Authorised:		
300 ordinary shares of £1 each	<u>300</u>	<u>300</u>
Allotted, called up and fully paid:		
300 ordinary shares of £1 each	<u>300</u>	<u>300</u>

9. RESERVES

The following describes the nature and purpose of each reserve within equity:

<u>Reserve</u>	<u>Description and purpose</u>
Share capital	Nominal value of share capital subscribed for
Retained earnings	Cumulative profits and losses less any dividends paid

10. ADVANCES, CREDIT AND GUARANTEES

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

11. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

At 31 December 2017, 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 2017, the Company's immediate parent company was Spitalfields Holdings Limited.

The consolidated financial statements of the ultimate parent company, Hammerson plc, are available from that company's registered office, Kings Place, 90 York Way, London N1 9GE.