

**HAMMERSON (NEWCASTLE) LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

Year ended 31 December 2017



## **HAMMERSON (NEWCASTLE) 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 Hammerson (Newcastle) Limited (the "Company") is property investment in the United Kingdom. On 8 January 2016, the Company disposed of its investment property. The Directors anticipate there will be residual property related activities in the foreseeable future.

#### **2. RESULTS AND DIVIDENDS**

The profit for the year after tax was £850,000 (2016: £387,000). 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 £36,824,000 (2016: £35,974,000).

#### **3. DIRECTORS**

- (a) Mr. W.S. Austin, Mr. A.J. Berger-North, Mr. P.W.B. Cole and Mr. R.G. Shaw were Directors of the Company throughout the year.
- (b) Mr. M. Plocica resigned as a Director of the Company on 17 March 2017.
- (c) Mr. M.R. Bourgeois was appointed as a Director of the Company on 17 March 2017.
- (d) In accordance with the Articles of Association of the Company, the Directors are not required to retire by rotation.
- (e) 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(e) to the financial statements.

#### **6. INDEMNITY**

The Company's ultimate parent company, Hammerson plc, has put in place 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 approval 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.

## HAMMERSON (NEWCASTLE) 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: 10 May 2018

Registered Office  
Kings Place  
90 York Way  
London N1 9GE  
Registered in England and Wales  
No.04044451

# HAMMERSON (NEWCASTLE) LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAMMERSON (NEWCASTLE) LIMITED

### Report on the audit of the financial statements

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#### Opinion

In our opinion, Hammerson (Newcastle) 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 profit 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 and 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.

## HAMMERSON (NEWCASTLE) LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAMMERSON (NEWCASTLE) 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 in respect of the financial statements, 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](http://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.

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## **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.



Sonia Copeland (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

10 May 2018

**HAMMERSON (NEWCASTLE) LIMITED****STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 December 2017**

	<b>Notes</b>	<b>2017 £'000</b>	<b>2016 £'000</b>
Gross rental income		-	39
Rents payable and other property outgoings		<u>95</u>	<u>71</u>
Net rental income		95	110
Administration expenses	2	<u>-</u>	<u>(1)</u>
<b>Operating profit before profit on sale of properties</b>		<b>95</b>	<b>109</b>
Profit on sale of properties	3	<u>277</u>	<u>80</u>
<b>Operating profit</b>		<b>372</b>	<b>189</b>
Net finance income	4	<u>478</u>	<u>198</u>
<b>Profit before and after taxation and total comprehensive income for the financial year</b>		<b><u>850</u></b>	<b><u>387</u></b>

All amounts relate to continuing activities

**HAMMERSON (NEWCASTLE) LIMITED****BALANCE SHEET****As at 31 December 2017**

	Notes	2017 £'000	2016 £'000
<b>Current assets</b>			
Receivables	6	36,824	35,980
<b>Current liabilities</b>			
Payables	7	-	(6)
<b>Net current assets</b>		<u>36,824</u>	<u>35,974</u>
<b>Net assets</b>		<u>36,824</u>	<u>35,974</u>
<b>Capital and reserves</b>			
Called up share capital	8	8,000	8,000
Retained earnings	9	<u>28,824</u>	<u>27,974</u>
<b>Shareholder's equity</b>		<u>36,824</u>	<u>35,974</u>

These financial statements were approved by the Board of Directors on 10 May 2018 and authorised for issue on 10 May 2018.

Signed on behalf of the Board of Directors



**A.J. Berger-North**

Director

Company Number: 04044451

**HAMMERSON (NEWCASTLE) LIMITED****STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 December 2017**

	<b>Called up share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Shareholder's equity £'000</b>
Balance at 1 January 2016	8,000	27,587	35,587
Profit and total comprehensive income for the year	-	387	387
Balance as at 31 December 2016	8,000	27,974	35,974
Profit and total comprehensive income for the year	-	850	850
<b>Balance at 31 December 2017</b>	<b>8,000</b>	<b>28,824</b>	<b>36,824</b>



# HAMMERSON (NEWCASTLE) 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*

Hammerson (Newcastle) Ltd 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, except for the revaluation of investment properties. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

The preparation of financial instruments 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(j).

##### *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:
  - i. paragraph 79(a)(iv) of IAS 1;
  - ii. paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
  - iii. 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':
  - i. 10(d) (statement of cash flows);
  - ii. 16 (statement of compliance with all IFRS);
  - iii. 38A (requirements for minimum of two primary statements, including cash flow statements);
  - iv. 38B-D (additional comparative information);
  - v. 111 (cash flow statement information); and
  - vi. 134 – 136 (capital management disclosures);
- IAS 7, 'Statement of cash flows';
- 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);

# HAMMERSON (NEWCASTLE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

### 1. ACCOUNTING POLICIES

#### (a) Basis of accounting (continued)

- 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) Net rental income

Rental income from investment property leased out under an operating lease is recognised in the statement of comprehensive income 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 lease term on a straight line basis or, if the probability that the break option will be exercised is considered high, over the period to the first break option.

Property operating expenses are expensed as incurred and any property operating expenditure not recovered from tenants through service charges is charged to the statement of comprehensive income.

#### (c) Profit on sale of properties

Profits on sale of properties are taken into account on completion of contract, and are calculated by reference to the carrying value at the end of the previous year, adjusted for subsequent capital expenditure.

#### (d) Net finance income

Net finance income include interest payable on borrowings, net of interest capitalised and interest receivable on funds invested and is included within the statement of comprehensive income.

#### (e) 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.

# HAMMERSON (NEWCASTLE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

### 1. ACCOUNTING POLICIES

(f) 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.

(g) 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.

(h) Cash and cash equivalents and restricted monetary assets

Cash and deposits comprise cash and short-term bank deposits with an original maturity of three months or less which are readily accessible. Restricted monetary assets relate to cash balances which legally belong to the Company but which the Company cannot readily access. These do not meet the definition of cash and cash equivalents and consequently are presented separately from cash and deposits in the balance sheet.

(i) 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.

(j) 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. At 31 December 2017 the Directors do not believe there are any critical accounting policies or areas of estimation uncertainty.

## HAMMERSON (NEWCASTLE) 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 financial statements in both the current and preceding financial year. Fees for the audit of the Company were £1,500 (2016: £2,921).

#### 3. PROFIT ON SALE OF PROPERTIES

	2017 £'000	2016 £'000
Gross proceeds on sale	-	75,000
Carrying value of properties sold	-	(74,514)
Surplus over carrying value	-	486
Selling expenses	277	(406)
Profit on sale of properties	277	80

On 8 January 2016, the Company disposed of its investment property. During the current year, the Company received a rates rebate relating to the property. This has been shown as selling expenses as it relates to the property during the period of ownership.

#### 4. NET FINANCE INCOME

	2017 £'000	2016 £'000
Interest receivable from ultimate parent company	478	198

#### 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. The profits covered by group relief for the year ended 31 December 2017 are £478,000 (2016: £402,000).

# HAMMERSON (NEWCASTLE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

### 6. RECEIVABLES: CURRENT ASSETS

	2017 £'000	2016 £'000
Amounts owed by ultimate parent company	36,452	35,980
Other debtors	372	-
	<u>36,824</u>	<u>35,980</u>

All amounts shown under receivables fall due for payment within one year and are repayable on demand. Interest is charged on amounts owed by the ultimate parent company at variable rates based on LIBOR.

### 7. PAYABLES: CURRENT LIABILITIES

	2017 £'000	2016 £'000
Amounts owed to other subsidiary undertakings	-	6
	<u>-</u>	<u>6</u>

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

### 8. SHARE CAPITAL

	2017 £'000	2016 £'000
<b>Authorised:</b>		
8,000,000 ordinary shares of £1 each	<u>8,000</u>	<u>8,000</u>
<b>Allotted, called up and fully paid:</b>		
8,000,000 ordinary shares of £1 each	<u>8,000</u>	<u>8,000</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
Share premium	Amount subscribed for share capital in excess of nominal value
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 current or preceding year.

## **HAMMERSON (NEWCASTLE) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2017

#### **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 Hammerson UK Properties plc.

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.