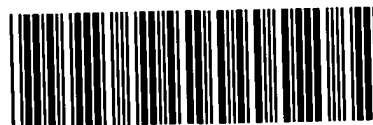


99 Bishopsgate Management Limited

**Annual report and financial statements
For the year ended 31 December 2022
Registered number 03071752**

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Directors' report

The Directors present their annual report on the affairs of 99 Bishopsgate Management Limited (the "Company"), together with the financial statements and auditor's report, for the year ended 31 December 2022.

The directors' report has been prepared in accordance with the provisions available to companies entitled to the small companies' exemption and consequently no strategic report has been prepared.

Principal activities

The principal activity of the Company is facilities management of commercial property in the United Kingdom. The Directors do not anticipate any significant change in the principal activity in the foreseeable future.

Business review

The Company recognised a loss for the year ended 31 December 2022 of £14k (2021: 18k).

The Company had net liabilities of £10k as at 31 December 2022 (2021: net liabilities £46k).

The Company provides facilities management services to 99 Bishopsgate Real Estate S.a.r.l., a company which holds the investment property known as 99 Bishopsgate. The Company is party to the lease agreements held for 99 Bishopsgate under which the obligation to continue to provide facilities management services arises.

It is expected that the Company will continue to provide facilities management of commercial property for the foreseeable future. During the year 1 ordinary share of £1 was issued to 99 Bishopsgate Real Estate S.a.r.l for consideration of £50,000.

There were no employees for the year ending 31 December 2022 (2021: Nil).

Principal risks and uncertainties

The key business risks facing the Company are considered at regular board meetings of management. Key risks facing the business and the processes in place by which the Company aims to manage those risks are:

- **The impact of changes in legislation particularly in respect of taxation, planning, environmental legislation and EU directives:** through both the use of experienced professional advisors and direct contact, management ensure compliance with current and future regulations.
- **Health and safety:** the Directors ensure that Health and Safety is considered a priority and is appropriately considered at board meetings and safety leadership meetings. In-house property management functions have adequate safety management systems in place, including regular risk assessments and auditing arrangements. Through compliance with UK legislation and global minimum requirements we are confident we will maintain the highest standards in health and safety to ensure the safety and wellbeing of our employees, contractors, tenants, and visitors.
- **Financing risk:** management has processes in place to ensure that funding requirements are monitored and reported at board meetings. The company is able to draw on the treasury expertise and the established banking relationships of management.
- **Financial risk management objectives and policies:** information relating to financial risk management and future developments has been included in note 11 of the financial statements.
- **Economic environment:** The impact of increasing interest rates and inflation has been considered by the Directors. The Company has access to sufficient liquidity to enable all operations of the business to continue, and therefore the Directors do not expect there to be a material impact to the Company and its operations.

Directors

Set out below are the Directors who held office during the year and up to the date of this report:

Paras Maalde (appointed on 11 August 2022)

R Meller (resigned on 11 August 2022)

N Zhang

Marco Rudolf Johannes Van Der Werff (appointed 20 April 2022)

Directors' report (continued)

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company is currently loss making and in a net liability position, however it continues to receive support from its parent, 99 Bishopsgate Real Estate S.a.r.l. Required funds are drawn down monthly with any excess cash redistributed up to the parent accordingly.

The Directors have reviewed the current and projected financial position of the Company and have conducted stress tests on forecasts. These forecasts have been assessed and discussed with its parent company and its direct owners. A letter of support has been provided by 99 Bishopsgate Real Estate S.a.r.l., stating its commitment to continue providing the necessary financial support for 12 months from the approval of the December 2022 Financial Statements. The Directors have considered 99 Bishopsgate Real Estate S.a.r.l.'s ability and intent to provide this support and are satisfied that it will continue to be provided. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Subsequent events

There are no subsequent events which may have an effect on the financial statements or disclosures to the financial statements.

Financial risk management objectives and policies

The main financial risks arising from the Company's activities are credit risk and liquidity risk (note 11).

- Credit risk - this is primarily attributable to trade debtors and thorough checks are undertaken on any new customers / contracts. The amounts carried in the balance sheet are net of allowances for any doubtful debtors.
- Liquidity risk - sufficient cash resources are available to ensure payments are made when they fall due. 99 Bishopsgate Real Estate Sarl has committed to providing the necessary financial support 12 months from the approval of the 31 December 2022 Financial Statements.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that:

- so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each Director has taken all the steps that they ought to have taken as a director to make themselves 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 s418 of the Companies Act 2006.

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and the Directors' have agreed to their reappointment.

Approved by the Board and signed on its behalf by:



Director

Paras Maalde

Level 26
One Canada Square
Canary Wharf
London
E14 5AB
27 June 2023

Statement of Directors' responsibilities

The directors are responsible for preparing the Annual Report and the 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 adopted international accounting standards. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of 99 Bishopsgate Management Limited
Report on the audit of the financial statements

Opinion

In our opinion the financial statements of 99 Bishopsgate Management Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law, and United Kingdom adopted international accounting standards and IFRSs as issued by the IASB.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Independent auditor's report to the members of 99 Bishopsgate Management Limited (continued)

Responsibilities of directors

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, and for such internal control as the directors 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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 auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included IFRS, UK Companies Act, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in determining the cut-off of cost of sales, as this is then recharged as revenue. Our specific procedures performed to address this are described below:

- We obtained and documented an understanding of the relevant controls in booking costs;
- We obtained the breakdown of service charge costs in the year and tested for accuracy and completeness; and
- We performed cut-off testing for expenses booked around the year end dates, to ensure they have been recorded in the correct period.

Independent auditor's report to the members of 99 Bishopsgate Management Limited (continued)

In common with all audits under ISAs (UK), we are required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house & external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the director's report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, 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 company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andy Siddons

Andy Siddons FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

27 June 2023

**Statement of comprehensive income
For the year ended 31 December 2022**

	Notes	2022 £000	2021 £000
Revenue	5	6,060	5,407
Cost of sales		<u>(6,060)</u>	<u>(5,407)</u>
Gross Profit	6	-	-
Other expenses		(20)	(18)
Loss before tax		<u>(20)</u>	<u>(18)</u>
Taxation	7	6	-
Total comprehensive loss for the year		<u>(14)</u>	<u>(18)</u>

All results relate to continuing operations.

There were no items of other comprehensive loss for the current or preceding year and consequently no separate statement of other comprehensive income is presented.

The statement of comprehensive income should be read in conjunction with the notes to the financial statements.

Statement of financial position
As at 31 December 2022

	Notes	2022 £000	2021 £000
Current assets			
Trade and other receivables	8	2,895	2,045
Cash and cash equivalents	9	14	13
Total assets		2,909	2,058
Current liabilities			
Trade and other payables	10	(2,919)	(2,104)
Total liabilities		(2,919)	(2,104)
Net liabilities		(10)	(46)
Equity			
Share capital	12	-	-
Share premium	12	100	50
Accumulated losses		(110)	(96)
Total shareholder's deficit		(10)	(46)

The statement of financial position should be read in conjunction with the notes to the financial statements.

The financial statements of 99 Bishopsgate Management Limited, registered number 03071752, were approved by the Board of Directors on 27 June 2023 and were signed on their behalf by:



Director
Paras Maalde

**Statement of changes in equity
for the year ended 31 December 2022**

	Share capital	Share Premium	Accumulated loss	Total
	£000	£000	£000	£000
At 1 January 2021	-	50	(78)	(28)
Total comprehensive loss for the year	-	-	(18)	(18)
At 31 December 2021	-	50	(96)	(46)
Total comprehensive loss for the year	-	-	(14)	(14)
Share capital issued (note 12)	-	50	-	50
At 31 December 2022	-	100	(110)	(10)

The statement of changes in equity should be read in conjunction with the notes to the financial statements.

Statement of cash flows
For the year ended 31 December 2022

	Year ended 31 December 2022	Year ended 31 December 2021
	£000	£000
Cash flows - operating activities		
Loss for the year	(14)	(18)
Operating cash flows before changes in working capital	<u>(14)</u>	<u>(18)</u>
Increase in receivables	(850)	(721)
Increase in payables	815	716
Net cash used in operating activities	<u>(49)</u>	<u>(23)</u>
Cashflow - financing activities		
Share capital issued	50	-
Net cash from financing activities	<u>50</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	1	(23)
Cash and cash equivalents at the beginning of the year	13	36
Cash and cash equivalents at the end of the year	<u>14</u>	<u>13</u>

The Statement of cash flows should be read in conjunction with the Notes to the financial statements.

Notes to the financial statements
(forming part of the financial statements)

1 General information

99 Bishopsgate Management Limited is a limited liability company incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The Company is a private company, limited by shares. The address of the registered office is Level 26, One Canada Square, Canary Wharf, London, E14 5AB, United Kingdom. The nature of the Company's operations and its principal activities are set out in the Directors' report.

2 Adoption of new and revised standards

These financial statements have been prepared in accordance with UK-adopted IFRS.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective and in some cases had not been adopted by the UK.

Standard/ Amendment	Description	Effective for periods beginning on or after
IFRS 17 (including amendments)	Insurance contracts	01 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	01 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	01 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2)	Disclosure of Accounting Policies	01 January 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current Non-Current Liabilities with Covenants	1 January 2024*
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024 *

*subject to UK endorsement

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of Company aside from additional disclosures.

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the consolidated balance sheets and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether the Company will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted. The Company is in the process of determining the impact of the amendments on its financial statements.

3 Significant accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) adopted by the United Kingdom.

The financial statements have been prepared under the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies have been consistently applied in the current and prior periods and are set out below. The financial statements are expressed in pounds sterling which is the functional currency of the Company.

Notes to the financial statements (continued)

3 Significant accounting policies (continued)

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company is currently loss making and in a net liability position however, it continues to receive support from its parent, 99 Bishopsgate Real Estate S.a.r.l. Required funds are drawn down monthly with any excess cash redistributed up to the parent accordingly.

The Directors have reviewed the current and projected financial position of the Company and have conducted stress tests on forecasts. These forecasts have been assessed and discussed with its parent company and its direct owners. A letter of support has been provided by 99 Bishopsgate Real Estate S.a.r.l., stating its commitment to continue providing the necessary financial support for 12 months from the approval of the December 2022 Financial Statements. The Directors have considered 99 Bishopsgate Real Estate S.a.r.l.'s ability and intent to provide this support and are satisfied that it will continue to be provided. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Revenue

Revenue includes service charge income received under various tenancy agreements.

Revenue is measured at the fair value of the consideration received or receivable and represents fees in proportion to the services provided by the Company at the commercial property which it manages in the normal course of business.

Taxation

Tax on the profit or loss for the year comprises current tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Investments and other financial assets

(i) Classification

The company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the trade date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Notes to the financial statements (continued)

3 Significant accounting policies (continued)

Investments and other financial assets (continued)

(iii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains (losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains (losses) and impairment expenses are presented as a separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in statement of profit or loss and is presented net within other gains (losses) in the period in which it arises.

(iv) Impairment

The Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company's financial assets are subject to the expected credit loss model.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2022 or 1 January 2022, respectively, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the liability of the tenants to settle the receivable. Such forward-looking information would include:

- changes in economic, regulatory, technological and environmental factors, (such as industry outlook, GDP, employment and politics);
- external market indicators; and
- tenant base.

Notes to the financial statements (continued)

3 Significant accounting policies (continued)

Investments and other financial assets (continued)

(iv) Impairment (continued)

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired debts are derecognised when they are assessed as uncollectible.

Debt investment and other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

The impairment charge for debt investments at FVOCI is recognised in profit or loss and reduces the fair value loss otherwise recognised in OCI.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently are measured at amortised cost using the effective interest method, less impairment provision. The company holds the trade receivables with the objective to collect the contractual cash flows. A loss allowance is recognised based on the lifetime expected credit loss after taking expectations of future events into consideration.

Financial liabilities

The Company recognises a financial liability when it first becomes a party to the contractual rights and obligations in the contract.

All financial liabilities are initially recognised at fair value, minus (in the case of a financial liability that is not at FVPL) transaction costs that are directly attributable to issuing the financial liability. Financial liabilities are measured at amortised cost, unless the Company opted to measure a liability at FVPL.

All loans and borrowings are initially recognized initially at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash held on behalf of the entity by Brookfield Properties (UK PM) Limited.

4 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with the International Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The Directors consider there are no critical accounting judgements or key sources of estimation uncertainty pertinent to the preparation of these financial statements.

Notes to the financial statements (continued)

5 Revenue

	2022	2021
	£000	£000
Service charge income	5,724	5,071
Sinking fund income	336	336
	<u>6,060</u>	<u>5,407</u>

6 Gross profit

The gross profit for the year is £nil (2021: £ nil).

The Directors did not receive any remuneration for services to the Company during the current year (2021: nil). The Company had no employees in the current year (2021: nil).

Fees payable to the Company's auditor in respect of their audit of these financial statements are £18,240 (2021: £16,275). There are no non-audit fees to disclose in either year.

7 Taxation

	2022	2021
	£000	£000
Recognised in the statement of comprehensive income		
Current tax expense:		
Current year	(4)	-
Prior year	(2)	-
	<u>(6)</u>	<u>-</u>
Reconciliation of effective tax rate		
Loss before tax	(20)	(18)
Tax using the UK corporate tax rate of 19% (2021: 19%)	(4)	(3)
Losses surrendered under group relief	4	-
Receivable from a subsidiary in respect of group relief of current year	(4)	-
Receivable from a subsidiary in respect of group relief of prior years	(2)	3
Total tax result in income statement	<u>(6)</u>	<u>-</u>

The Company has carried forward losses as at 31 December 2022 of £55,810 (2021: £75,167; please note post approval of the 2021 accounts an amount of £19,357 was group relieved to 99 Bishopsgate Real Estate Sarl, the parent company of 99 Bishopsgate Management Limited). These tax losses carry forward indefinitely and have no expiry period. No deferred tax asset is recognised in respect of these losses as the utilisation of these losses is uncertain.

The Company's standard rate of corporation tax is 19% in 2022 (2021: 19%).

In March 2021, the UK Government announced their intention to increase the main rate of corporation tax from 19% to 25% from 1 April 2023.

8 Trade and other receivables

	2022	2021
	£000	£000
Amounts due within one year:		
Trade receivables	749	362
Amounts owed from related parties	2,146	1,683
	<u>2,895</u>	<u>2,045</u>

Amounts due from related parties are non-interest bearing, unsecured and repayable on demand. No credit loss allowance has been recognised relating to trade receivables and amounts owed from related parties as there is no expected credit loss.

Trade receivables reflect the amounts receivable from tenants for the service charge billed. Service charge is billed quarterly in advance.

Notes to the financial statements (continued)

9 Cash and cash equivalents

	2022	2021
	£000	£000
Cash at bank	14	13
	<u>14</u>	<u>13</u>

10 Trade and other payables

	2022	2021
	£000	£000
Amounts falling due within one year:		
Amounts owed to related parties	-	28
Other payables	1,046	554
Accruals	1,873	1,522
	<u>2,919</u>	<u>2,104</u>

At the balance sheet date all intercompany and related party loans are non interest bearing, unsecured and repayable on demand.

11 Financial risk management

Categories of financial instruments

The following table summarises the financial assets and liabilities recorded in the Company's financial statements, these are held at amortised cost which are equivalent to being held at fair value:

	2022	2021
	£000	£000
Financial assets		
Trade and other receivables	<u>2,895</u>	<u>2,045</u>
Financial liabilities		
Trade and other payables	<u>(2,919)</u>	<u>(2,104)</u>

The Company is exposed to a number of risks arising from the various financial instruments it holds. The main risks to which the Company is exposed are liquidity risk and credit risk.

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Company's activities.

The activities of the Company expose it to financial risk which it manages in order to achieve its financial and corporate objectives. The carrying values of all financial assets and financial liabilities approximate their fair values.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at an excessive cost. Liquidity risk arises from the mismatch in the cash flows generated from assets and liabilities.

The directors do not consider the exposure to liquidity risk to be material to the Company as all funding requirements are met by its parent company which has sufficient resources to provide funds when required.

Credit risk

Credit risk refers to the risk that a customer will default on its contractual obligations resulting in financial loss to the Company. Other than with related parties, the Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets £2,895k (2021: £2,045k) represents the maximum credit exposure.

Capital risk management

The Company manages its capital, which is comprised of its share capital of £102 and share premium of £99,998 (2021: £101 Share capital, £49,999 share premium), to ensure that it will be able to continue as a going concern whilst providing facilities management services to 99 Bishopsgate Real Estate S.a.r.l. The entity does not have any externally imposed capital requirements.

Notes to the financial statements (continued)

12 Share capital

	2022	2021
	£	£
Allotted, called-up and fully paid		
102 ordinary shares of £1 each (2021: 101 shares of £1 each)	<u>102</u>	<u>101</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

	2022	2021
	£'000	£'000
Share premium		
Opening balance at 1 January	50	50
Issued in the year	50	-
Closing balance at 31 December	<u>100</u>	<u>50</u>

13 Related party transactions

As at the year end the Company had the following intercompany balances outstanding:

	2022	2021
	£000	£000
Amounts owed from/(to) related parties		
99 Bishopsgate Real Estate S.a.r.l.	-	(28)
Brookfield Properties (UK PM) Limited	2,146	1,683
	<u>2,146</u>	<u>1,655</u>

Transactions carried out with related parties

Management fee paid to Brookfield Properties (UK PM) Limited	(244)	(263)
99 Bishopsgate Real Estate S.a.r.l.	(80)	(80)

Amounts owed from related parties are non-interest bearing trading balances and are unsecured and repayable on demand. Related party transactions are at arm's length.

14 Ultimate parent undertaking and controlling party

The immediate parent company is 99 Bishopsgate Real Estate S.a.r.l., a company incorporated in Luxembourg (registered address 15 Boulevard F.W. Raiffeisen, 2411 Luxembourg). The immediate parent undertakings of 99 Bishopsgate Real Estate S.a.r.l., are VPMA Bishopgate (40%), incorporated in The Grand Duchy of Luxembourg, China Life Trustees Limited (40%), incorporated in Hong Kong (registered address Floor 17, CLI Building, 313 Hennessy Road, Wanchai, Hong Kong), and BOP (Luxembourg) Holdings S.a.r.l. (20%), incorporated in Luxembourg (registered address 15 Boulevard F.W. Raiffeisen, 2411 Luxembourg).

15 Subsequent events

There were no other subsequent events which may have an affect on the financial statements or disclosures to the financial statements.