

# **BNP Paribas Real Estate Advisory & Property Management UK Limited**

Annual report and financial statements for the year to 31 December 2018

Registered number: 04176965

Registered office:

5 Aldermanbury Square

London

EC2V 7BP



# BNP Paribas Real Estate Advisory & Property Management UK Limited

## Annual report and financial statements for the year to 31 December 2018

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# BNP Paribas Real Estate Advisory & Property Management UK Limited

## Strategic report for the year ended 31 December 2018 (Company No: 04176965)

The directors present their strategic report of the company for the year to 31 December 2018.

### **Business Review and future developments**

The company achieved revenues of £151,284k representing an increase of 83.3% (2017: £82,535k). This was attributable primarily to the acquisition of the business and assets of Strutt & Parker LLP which completed on 1<sup>st</sup> October 2017 providing 12 months of combined revenue in 2018. As a consequence of this acquisition, the company has recognised in 2018 some substantial one-off costs relating to the on-going integration of the two businesses and the accounting treatment of the acquisition. The operating profitability of the combined businesses has been materially impacted by these costs resulting into a loss of £28,095k (2017: £10,196k loss). The company's investment in the integration programme is supported by the group and are expected to have a continuing (although reducing) impact on the company's operating profit until 2021.

The successful integration has delivered a combined business with a complementary skillset covering all asset classes and an increased geographical offering. Focus has been maintained upon improving team efficiencies, competitiveness and synergies with our wider group across services and countries. The UK is seen as a gateway to Europe and we are proud to have permanently improved our market presence and profile. The combined business is a compelling demonstration of BNP Paribas Real Estate's international expansion and enhances our position as a leading provider of real estate services in Europe. The company's 2018 performance was affected adversely as a consequence of uncertain market conditions but also due, in part, to the integration programme. In particular, the transactional businesses have been exposed to changing market conditions and slowdown. This has, however, been offset by healthy growth in the Consultancy areas of the business. Despite market trends in the prime central London area, the Residential Agency business has out-performed market conditions offsetting the effects a difficult regional market. Once again, our Rural business delivered solid growth supported by increased demand and key client wins.

In 2019 the strategy will be to capitalise upon a fully integrated business that delivers creativity, innovation and best in class services to clients and which supports all the full range of real estate assets. Digitalisation, the application of technology and a focus upon the delivery of new services will form part of the company's investment strategy. This will be supported by investment in the development and success of our employees.

The company continues to benefit from a strong relationship and collaboration with other BNP Paribas entities in the UK which it is anticipated will generate further revenue opportunities.

Despite current economic uncertainty surrounding Brexit, there has been solid performance in the first quarter of 2019 reflecting the efforts across the business and the successful delivery of the integration programme in 2018. Notwithstanding this, the directors anticipate challenging market conditions during the remainder of the year and continually monitor business performance to ensure that appropriate steps can be taken to mitigate the effect of any risks that may materialise.

## BNP Paribas Real Estate Advisory & Property Management UK Limited

### Strategic report for the year ended 31 December 2018 (Company No: 04176965)

As part of BNP Paribas Group, the company aligns with the Group's Code of Conduct, Code of Ethics and Corporate Social Responsibility approach. The company continues to report its environmental performance annually and will include Strutt & Parker activities in the 2018 CRC scheme reporting. Together with BNP Paribas CIB UK, the company submitted the evidence for the Carbon Trust Standard recertification award and currently works towards ISO 14001:2015 certification upgrade. The company maintains an anti-slavery statement under the 2015 Modern Slavery Act.

The directors' stated aim is for the Company to become one of the leading property consultants in the UK. This aim is to be achieved in part by capitalising upon the acquisition of the Strutt & Parker business. The company recognises that it is exposed to a number of risks and has an established, structured approach to identifying, assessing and managing these. The company's Operational Permanent Control function has responsibility for and reports regularly on the risks facing the company and the mitigating actions taken in order to manage them.

The company's principal risks fall within the following broad headings: business environment, strategic and operational. The board recognises that there are other risks that at present remain unknown or which it otherwise does not consider to be material.

#### Business and strategic risks

The property market is cyclical by nature, being affected by a variety of economic factors. It is also highly competitive, and any economic downturn directly affects the company's revenues and cash flows. This is particularly the case in respect of the residential market which remains particularly sensitive to the outcome of the Brexit negotiations, inflation and movements in interest rates. However, in 2018, the Residential Agency business line performed well given the difficult market. The company's Commercial Markets activity delivered below expectations due to declining investment volumes and falling prices linked to a market slowing ahead of Brexit. Rural and Professional Services remained in line. The company monitors developments around politics and the economy, endeavouring to move onwards positively, mainly by growing market share and developing new services.

#### Operational risks

As a provider of professional real estate services the company's immediate operational risks are those of claims for professional negligence and, increasingly, non-compliance with its know-your-client and regulatory obligations in an environment where the requirements placed upon the business continue to evolve. A range of measures are adopted by the company to minimise the likelihood of any professional negligence claims and the recurrence of circumstances leading to claims (including ISO 9001:2015 Quality Management certification and compliance with ISAE 3402 statement for our Commercial Client Finance services, providing assurance to Clients). Extensive professional indemnity insurance cover is maintained in respect of professional negligence claims. Furthermore, the company is also required to comply with BNP Paribas SA's strict risk management procedures which include regular reporting to the bank's Audit and Inspection teams.

The company has in place extensive measures to maintain compliance with its regulatory obligations. In addition to an extensive Compliance team, the business benefits from the support of BNP Paribas's systems in this regard as well as a comprehensive, regular and mandatory training regime for all employees.

## BNP Paribas Real Estate Advisory & Property Management UK Limited

### Strategic report for the year ended 31 December 2018 (Company No: 04176965)

Employees are the company's key assets. Projects relating to learning and development, diversity, well-being, upgraded premises and new technology which started in 2018 will continue in 2019 to create a great place to work and offer opportunities for staff.

The company is aware of the need to maintain business continuity and its extensive business continuity plan (focussing on critical facilities, activities, processes and skills) was maintained throughout 2018, and will continue to be maintained in 2019. In particular, there will be an emphasis on business continuity with the Residential Agency and Rural business lines. Business interruption insurance is also maintained by the company.

To respond to the climate change issue, the company continues to report its environmental performance annually and included Strutt & Parker activities in the 2018 CRC scheme reporting. Together with BNP Paribas CIB UK, the company submitted the evidence for the Carbon Trust Standard recertification award and transitioned to ISO 14001:2015.

#### Key performance indicators

In 2018 the company hired 393 people. This figure includes both BNP Paribas Real Estate and Strutt & Parker recruits.

	2018	2017
Asset turnover	1 times	0.5 times
Revenue per professional	£179k	£145k
Gross profit margin	15%	22%
Salary as percentage of revenue	71%	65%
Salary per employee	£78k	£77k

The strategic report is approved by the Board of Directors and signed by order of the Board.

5 Aldermanbury Square  
London  
EC2V 7BP  
26 March 2019



Matthew Gasser, Company Secretary

# BNP Paribas Real Estate Advisory & Property Management UK Limited

## Directors' report for the year ended 31 December 2018 (Company No: 04176965)

The directors present their annual report on the affairs of the company, together with future developments, the audited financial statements and independent auditor's report, for the year to 31 December 2018. Future developments have been discussed within the strategic report.

### Results and dividends

The audited financial statements for the year ended 31 December 2018 are set out on pages 11 to 46. The loss for the year was £28,095k (2017 loss: £10,196k). The directors propose a final dividend for the year of £nil. The final dividend for 2017 was £nil.

### Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Paul Abrey  
Mark England  
Andrew Martin  
Damian Cronk (resigned 19 February 2019)  
Etienne Prongué  
Guy Robinson

### Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort would be made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

### Employee consultation

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings and the group intranet site.

### Creditor payment policy and practice

It is the company's policy that payments to suppliers are made in accordance with the terms and conditions agreed between it and its suppliers, provided that all trading terms and conditions have been complied with.

At 31 December 2018, the company had an average of 13 (2017: 38) days' purchases outstanding in trade creditors. The decrease effectively reverses the increase reported last year which was primarily attributable to the acquisition of Strutt & Parker in October 2017 and the subsequent integration of the two businesses.

### Treasury operations and financial instruments

The company operates a treasury function, which is responsible for managing the liquidity, interest and foreign currency risks associated with the company's activities.

# BNP Paribas Real Estate Advisory & Property Management UK Limited

## Directors' report for the year ended 31 December 2018 (Company No: 04176965)

### **Liquidity risk**

The company manages its cash and borrowing requirements to maximise interest income and minimise interest expense, whilst ensuring that it has sufficient liquid resources to meet the operating needs of its business.

### **Interest rate risk**

The company is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on floating rate deposits, bank overdrafts, loans and loan notes.

### **Foreign currency risk**

The company's principal foreign currency exposures arise from trading operations in overseas companies. Company policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling.

### **Credit risk**

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies that must fulfil credit rating criteria approved by the Board.

All clients who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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, including 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.

## BNP Paribas Real Estate Advisory & Property Management UK Limited

### Directors' report for the year ended 31 December 2018 (Company No: 04176965)

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.

#### **Directors' indemnity**

The company's Articles of Association provide, subject to the provisions of UK legislation and the consent of its Parent, an indemnity for directors and officers of the company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted, by them as officers or employees of the company.

Appropriate directors' and officers' liability insurance cover is in place in respect of all of the company's directors.

#### **Disclosure of information to auditors**

The directors have taken all reasonable steps to make themselves aware, as directors, of any relevant audit information and to establish that the auditors are aware of that information.

As far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware.

#### **Independent auditors**

The auditors, Mazars LLP, were appointed on 05 September 2018, and have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

5 Aldermanbury Square  
London  
EC2V 7BP

By order of the board



Matthew Gasser  
Company Secretary

26 March 2019



# **BNP Paribas Real Estate Advisory & Property Management UK Limited**

**Year ended 31 December 2018**

## **Independent auditor's report to the members of BNP Paribas Real Estate Advisory & Property Management UK Limited**

### **Opinion**

We have audited the financial statements of BNP Paribas Real Estate Advisory & Property Management UK Limited (the 'company') for the year ended 31 December 2018 which comprise the statement of comprehensive income, the statement of financial position and the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **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 the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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.

### **The impact of uncertainties due to Britain exiting the European Union on our audit**

The Directors' view on the impact of Brexit is disclosed on page 1.

The terms on which the United Kingdom may withdraw from the European Union are not clear and it is therefore not currently possible to evaluate all the potential implications to the Company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the Company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Company and this is particularly the case in relation to Brexit.

# **BNP Paribas Real Estate Advisory & Property Management UK Limited**

**Year ended 31 December 2018**

## **Independent auditor's report to the members of BNP Paribas Real Estate Advisory & Property Management UK Limited**

### **Conclusions relating to going concern**

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

- 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.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

### **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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

# BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2018

## Independent auditor's report to the members of BNP Paribas Real Estate Advisory & Property Management UK Limited

### **Matters on which we are required to report by exception**

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

### **Responsibilities of Directors**

As explained more fully in the directors' responsibilities statement set out on pages 5-6, 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 the 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 Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**BNP Paribas Real Estate Advisory & Property Management UK Limited**

**Year ended 31 December 2018**

**Independent auditor's report to the members of BNP Paribas Real Estate Advisory & Property Management UK Limited**

**Use of the audit 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.

A handwritten signature in black ink, appearing to read 'R Metcalfe', with a long horizontal flourish extending to the right.

Richard Metcalfe (Senior Statutory Auditor)  
for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
Tower Bridge House  
St Katharine's Way  
London  
E1W 1DD

26 March 2019

# BNP Paribas Real Estate Advisory & Property Management UK Limited

## Statement of comprehensive income

For the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Revenue	4	151,284	82,535
Cost of sales		(128,932)	(64,438)
<b>Gross profit</b>		<b>22,352</b>	<b>18,097</b>
Administrative expenses		(54,948)	(30,357)
<b>Operating loss</b>		<b>(32,596)</b>	<b>(12,260)</b>
Income from group undertakings		2,006	749
Finance income	5	954	322
Finance costs	5	(701)	(302)
<b>Loss on ordinary activities before taxation</b>	6	<b>(30,337)</b>	<b>(11,491)</b>
Tax on loss on ordinary activities	9	2,242	1,295
<b>Loss for the year</b>		<b>(28,095)</b>	<b>(10,196)</b>
<b>Other comprehensive (expense)/ income: Items that will not be reclassified to profit or loss</b>			
Pension actuarial (loss)/ gain	22	(1,796)	4,150
Deferred taxation on pension actuarial gain/ (loss)		367	(760)
<b>Other comprehensive (expense)/ income for the year, net of tax</b>		<b>(1,429)</b>	<b>3,390</b>
<b>Total comprehensive expense for the year</b>		<b>(29,524)</b>	<b>(6,806)</b>

All profits and losses are derived from continuing operations in both the current and preceding year.

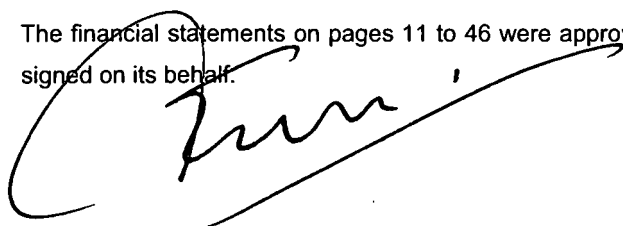
The notes on pages 14 to 46 form part of these financial statements.

# BNP Paribas Real Estate Advisory & Property Management UK Limited

## Statement of financial position as at 31 December 2018

	Note	2018 £'000	2017 £'000
<b>Non-current assets</b>			
Intangible assets	11	89,140	90,636
Property, plant and equipment	12	7,448	6,967
Investment in subsidiaries	13	90	1,290
Equity Investments	14	428	1
Deferred tax assets	10	164	525
		<u>97,270</u>	<u>99,419</u>
<b>Current assets</b>			
Trade and other receivables	15	59,943	53,243
Cash and cash equivalents		1,351	8,789
		<u>61,294</u>	<u>62,032</u>
<b>Current liabilities</b>			
Trade and other payables	16	(54,652)	(49,059)
Borrowings	17	(7,100)	(27,986)
<b>Net current liabilities</b>		<u>(458)</u>	<u>(15,013)</u>
<b>Total assets less current liabilities</b>		<u>96,812</u>	<u>84,406</u>
<b>Non-current liabilities</b>			
Trade and other payables	16	(3,184)	(6,282)
Borrowings	17	(30,000)	-
Provision for liabilities	18	(15,380)	(5,905)
Pension liability	18	(3,370)	(1,375)
<b>Net assets</b>		<u>44,878</u>	<u>70,844</u>
<b>Capital and reserves</b>			
Called up share capital	20	11,235	11,235
Share premium account		56,629	56,629
Capital reduction reserve		6,288	6,288
Accumulated losses		(29,274)	(3,308)
<b>Total shareholders' funds</b>		<u>44,878</u>	<u>70,844</u>

The financial statements on pages 11 to 46 were approved by the Board of Directors on the 26 March 2019 and signed on its behalf.



Andrew Martin

26 March 2019

BNP Paribas Real Estate Advisory & Property Management UK Limited

Statement of changes in equity for the year ended 31 December 2018

	Notes	Called up share capital	Share premium account	Capital reduction reserve	Retained earnings/ (accumulated losses)	Total shareholders' funds
		£'000	£'000	£'000	£'000	£'000
<b>Balance as at 31 December 2017</b>		11,235	56,629	6,288	(3,308)	70,844
Impact of change in accounting policy	24	-	-	-	3,558	3,558
<b>Adjusted balance as at 1 January 2018</b>		<b>11,235</b>	<b>56,629</b>	<b>6,288</b>	<b>250</b>	<b>74,402</b>
Loss for the year		-	-	-	(28,095)	(28,095)
<b>Other comprehensive expense for the year</b>						
Pension actuarial loss		-	-	-	(1,796)	(1,796)
Deferred taxation on pension actuarial loss		-	-	-	367	367
<b>Total comprehensive expense for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(29,524)</b>	<b>(29,524)</b>
<b>Balance as at 31 December 2018</b>		<b>11,235</b>	<b>56,629</b>	<b>6,288</b>	<b>(29,274)</b>	<b>44,878</b>

# BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2018

## Notes to the financial statements

### 1 General information

BNP Paribas Real Estate Advisory & Property Management UK Limited ('the company') provides comprehensive and integrated property related advice and services (both transactional and advisory) to clients.

The company is a private company limited by shares and is incorporated and domiciled in the UK.

### 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1 Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

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 3.

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

- (a) IFRS 7, Financial Instruments: Disclosures;
- (b) The requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- (c) The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- (d) Paragraph 38 of IAS 1 Presentation of Financial Statements to present 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;
- (e) The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 10 (f) (statement of financial position as at the beginning of the preceding period);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B–D (additional comparative information);
  - 40A–40D (third statement of financial position);
  - 111 (cash flow statement information); and
  - 134–136 (capital management disclosures).



# BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2018

## Notes to the financial statements

- (f) IAS 7 Statement of Cash Flows;
- (g) 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 that has been issued but is not yet effective);
- (h) Paragraph 17 and 18A of IAS 24 Related Party Disclosures (key management compensation);
- (i) IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group; and
- (j) Paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36, 'Impairment of assets' (disclosures when the recoverable amount is fair value less costs of disposal, assumptions involved in estimating recoverable amounts of cash-generating units containing goodwill or intangible assets with indefinite useful lives, and management's approach to determining these amounts).

### 2.1.1 Going concern

The company's business activities, together with factors likely to affect its future development, performance and position are set out in the strategic report on pages 1 to 3. The company's borrowing facilities are described in note 17.

The company has net current liabilities of £458k (2017: £15,013k). The ultimate parent company, BNP Paribas Real Estate SAS, has confirmed its willingness to make available sufficient funds to enable the company to continue for at least 12 months from the date of signing of the financial statements. The company has considerable financial resources together with sufficient long term contracts with clients and suppliers across various geographical locations. As a consequence, the directors believe that the company is well placed to manage its business risks successfully. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### 2.1.2 New standards, amendments and IFRIC interpretations

IFRS 9 and IFRS 15 are new accounting standards that are effective for the year ended 31 December 2018. The transition to IFRS 9 did not have a material impact on the company. The impact of the first adoption of IFRS 15 to the company financial statements is disclosed in note 24. No other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2018 have had a material impact on the company.

## 2.2 Consolidation

The Company is a wholly owned by BNP Paribas Real Estate SAS. The directors regard BNP Paribas SA, a company incorporated in France, as the ultimate parent company and controlling party. The smallest and largest group in which the financial statements of the company are consolidated is that headed by BNP Paribas SA. Copies of these financial statements are available from 16 Boulevard des Italiens, 75009 Paris, France. Therefore, the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

# BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2018

## Notes to the financial statements

The financial statements therefore contain information about BNP Paribas Real Estate Advisory & Property Management UK Limited as an individual company and do not contain consolidated financial information as the parent of a group.

### 2.3 Foreign currencies

#### (a) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the company's functional currency.

#### (b) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income within 'Other operating income/(loss)'.

### 2.4 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of comprehensive income during the financial period in which they are incurred.

Depreciation on all assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold Improvements	5 years or the remaining life of the lease
Office Equipment – Computers	4 - 10 years
Office Equipment – Other	4 - 5 years
Motor Vehicles	4 years
Assets in Progress	Not applicable

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

# BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2018

## Notes to the financial statements

### 2.5 Goodwill

Goodwill arising on the acquisition of businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised.

Goodwill is carried at cost less accumulated impairment losses. Separately recognised goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate potential impairment. An impairment loss is recognised for the amount by which the carrying value exceeds the recoverable amount. The recoverable amount is the higher of value in use and fair value less costs of disposal. Impairment losses are reversed, if and only if, the reasons for impairment cease to apply.

The non-amortisation of goodwill is a departure from the requirement of paragraph 22 of Schedule 1 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. The company recognises goodwill at cost less any impairment losses in accordance with IFRS standards in order to maintain consistency of accounting policies throughout the group. The effect of this is to reduce the charge to the statement of comprehensive income by £4,900k (2017: £3,692k) and increase the value of non-current assets held on the statement of financial position by £15,172K (2017: £10,271k).

### 2.6 Intangible assets other than goodwill

Intangible assets acquired as part of business combinations and incremental contract costs are valued at fair value on acquisition and amortised over the useful life. Fair value on acquisition is determined by third-party valuation where the acquisition is significant. Acquisition related costs are expensed as incurred. Any contingent consideration to be transferred by the company is recognised at fair value at the acquisition date.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs, and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

# BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2018

## Notes to the financial statements

Measurement subsequent to initial recognition is at cost less accumulated amortisation and impairment.

Amortisation is charged to administrative expenses in the statement of comprehensive income on a straight-line basis over the period of the assets' estimated useful lives as follows:

Brand	15 years
Order backlog	3 - 7 months
Customer relationships	20 years
Operating leases: favourable	4.17 years
Operating leases: unfavourable	3 - 11 years
Computer software	3 - 10 years

### 2.6 Impairment of non-financial assets

Non-financial assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

### 2.7 Financial assets

The company classifies its financial assets in the following categories: at fair value through profit or loss; and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### (a) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities which are not held for trading, and which the group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the group considers this classification to be more relevant.
- Debt securities where the contractual cash flows are solely principal and interest and the objective of the group's business model is achieved both by collecting contractual cash flows and selling financial assets.

#### (b) Financial assets at amortised cost

The company classifies its financial assets at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

# BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2018

## Notes to the financial statements

### (c) Financial assets at fair value through profit or loss

The following financial assets are classified at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at either amortised cost equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

### 2.8 Investment in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses, impairment is reviewed at the end of each reporting period.

### 2.9 Impairment of financial assets

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

### 2.10 Trade and other receivables

Trade and other receivables are amounts due from clients for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised at fair value less provision for impairment. Group policy for provision for doubtful debts is a 100% provision on fees with aging profile of over 365 days and a 50% provision on fees with aging profile between 120 and 365 days.

### 2.11 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

### 2.12 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### 2.13 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

# BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2018

## Notes to the financial statements

### 2.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

### 2.15 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in shareholders' funds. In this case, the tax is also recognised directly in shareholders' funds.

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the Statement of Financial Position date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

# BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2018

## Notes to the financial statements

### **2.16 Employee benefits**

The company operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

#### *a) Pension obligations*

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The company operates a defined benefit pension scheme, which requires contributions to be made to a separately administered fund. The pension costs are accounted for in accordance with IAS19. On 30 September 2006 this scheme was frozen with no further contributions to be made by employees.

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution schemes the amount charged to the statement of comprehensive income in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the financial year and contributions actually paid are shown as either accruals or prepayments in the Statement of financial position.

### **2.17 Provisions**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate the risks specific to the liability. Provisions are not recognised for future operating losses.

Claims and litigation provisions comprise the amounts set aside to meet potential liabilities pursuant to claims by clients to the extent that such sums fall within the level of insurance excess under the relevant insurance policy. These arise from various legal actions, proceedings and other claims that are pending against the company.

# BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2018

## Notes to the financial statements

### 2.18 Revenue

The company has applied IFRS 15 using the cumulative effect method and therefore comparative information has not been restated and continues to be reported under IAS 18 and IAS 11. In summary, the details of the significant changes and quantitative impact of the changes are disclosed in note 24.

Revenue is measured based on the consideration specified in a contract with a client and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control over a product or service to a client. The company recognises revenue when or as the performance obligations have been satisfied in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services.

In the comparative period, revenue was measured at the fair value of the consideration received or receivable, and represents amounts receivable for services supplied, stated net of discounts, returns and value added taxes. The company recognised revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the company's activities.

#### *a) Residential*

Commission earned on sales of residential property is recognised on unconditional exchange of contracts. If the services rendered by the company exceed the payment, a contract asset is recognised. For multi-unit new homes developments sold off-plan, the revenue is recognised in two stages; unconditional exchange and at the date of completion of the contract in line with the timing of payment.

The company provides lettings services including securing the letting for the landlord, which can include rent collection, and managing the letting on behalf of the landlord. If applicable, the proportion relating to rent collection is recognised over the duration of the lease term on a straight-line basis. The revenue in connection to securing the letting is recognised immediately up to the end of the lease term as the company has substantially satisfied all its obligations at the point of signing the contract. A percentage of the contracts have break clauses and an estimated break clause provision is recognised to reflect the average loss of future commission based on the historical data of exercised break clauses. A contract asset is recognised to reflect the revenue from securing the letting when the service is combined with the rent collection service as the payment is deducted from the monthly rent collected. The management fee is recognised monthly on a straight line basis over the lease term.

#### *b) Transactional*

Revenue is recognised on unconditional exchange of contracts. The clients make payments in line with the payment schedule in the contract, if a proportion of the payment is payable after unconditional exchange a contract asset is recognised and if the payments precedes unconditional exchange a contract liability is recognised.



# BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2018

## Notes to the financial statements

### *c) Consultancy*

Revenue represents fees recognised on a time basis, fixed fee or percentage of completion as contracted and is recognised in the accounting period in which the services are rendered. Revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the company's performance does not create an asset with an alternative use to the company and the company has an enforceable right to payment for performance completed to date. This is determined based on the actual time recorded or on milestones that represents the pattern of progress of transfer of the promised work to clients in an amount that reflects the revenue to which the entity expects to be entitled in exchange for those works.

In case of fixed-price contracts, the client pays the fixed amount based on a payment schedule. If the services rendered by the company exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised. If the contract includes an hourly fee, revenue is recognised in the amount to which the company has a right to invoice. Clients are invoiced on a monthly basis and consideration is payable when invoiced.

### *d) Professional Services*

Revenue is recognised in the accounting period in which the services are rendered. Revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because either the client receives and uses the benefits simultaneously or the company's performance does not create an asset with an alternative use to the company and the company has an enforceable right to payment for performance completed to date. This is determined based on the actual time recorded or on milestones that represents the pattern of progress of transfer of the promised work to clients in an amount that reflects the revenue to which the entity expects to be entitled in exchange for those works.

In case of fixed-price contracts, the client pays the fixed amount based on a payment schedule. If the services rendered by the company exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised. If the contract includes an hourly fee, revenue is recognised in the amount to which the company has a right to invoice. Clients are invoiced on a monthly basis and consideration is payable when invoiced.

### **2.19 Interest income**

Interest income is recognised using the effective interest method.

### **2.20 Dividend income**

Dividend income is recognised when the right to receive payment is established.

### **2.21 Dividend distribution**

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

# BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2018

## Notes to the financial statements

### **2.22 Leases**

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the review date is shorter than the full lease term, in which case the shorter period is used.

The company leases certain IT equipment, where the company has substantially all the risks and rewards of ownership, are classified as finance leases.

Finance leases assets are initially recognised at the lower of their fair value or the present value of the minimum lease payments calculated at the interest rate implicit in the lease. The assets are then depreciated over the shorter of the lease terms or the estimated useful lives of the assets.

The capital elements of future obligations under finance leases are included as liabilities in the statement of financial position. Leasing payments comprise capital and finance elements and the finance element is charged to the statement of comprehensive income.

### **3 Critical accounting estimates and assumptions**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### **3.1 Impairment of trade receivables**

The company makes an estimate of the recoverable value of trade and other trade receivables. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience.

#### **3.2 Useful economic lives of property, plant and equipment**

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

# BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2018

## Notes to the financial statements

### 3.3 Defined benefit pension scheme

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the statement of financial position. The assumptions reflect historical experience and current trends.

### 3.4 Provisions

The company is party to various legal claims from time to time. The provisions made within these financial statements and the methodology used in their determination are contained in note 18.

### 3.5 Valuation of intangible assets and useful life

The company has made assumptions in relation to the potential future cash flows to be determined from separate intangible assets acquired as part of business combinations. This assessment was conducted by external advisors and involves assumptions relating to potential future revenues, appropriate discount rates and the useful life of such assets. These assumptions impact the income statement over the useful life of the intangible asset.

### 3.6 Impairment of investment in subsidiaries

An impairment loss is recognised whenever recoverable amount is below carrying amount. The company has made assumptions in relation to the potential future cash flows when assessing the recoverable amount of its investment in subsidiaries. This assessment involves assumptions relating to potential future revenues and appropriate discount rates.

## 4 Revenue

Revenue of £151,284k (2017: £82,535k), is attributable the provision of property related advice and services, all of which materially arises in the United Kingdom.

### *Contract balances*

The company has recognised the following assets and liabilities related to contracts with customers:

	31 December 2018 £'000	01 January 2018 £'000
Receivables, which are included in Trade and other receivables	34,811	33,496
Contract assets, which are included in Trade and other receivables	8,777	12,620
Contract liabilities, which are included in Trade and other payables	(74)	-

# BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2018

## Notes to the financial statements

The contract assets relate to the company's rights to consideration for work completed but not yet billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. The contract liabilities relate to the advance consideration received from customers. A provision for impairment of £1,044k (2017: £839k) against the receivables was recognised in the statement of comprehensive income, no impairment was recognised in relation to the other contract balances.

No assets have been recognised from costs to fulfil a contract.

No material revenue has been recognised in the year from performance obligations satisfied or partially satisfied in previous periods.

### 5 Net finance income

	2018 £'000	2017 £'000
Finance income		
- bank interest	13	32
- other interest	941	290
<b>Finance income</b>	<b>954</b>	<b>322</b>
Finance costs		
- group company loan	(537)	(212)
- bank charges	(164)	(90)
<b>Finance costs</b>	<b>(701)</b>	<b>(302)</b>
<b>Net finance income</b>	<b>253</b>	<b>20</b>

### 6 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	2018 £'000	2017 £'000
Operating lease costs	2,551	636
Depreciation of property, plant and equipment	1,959	813
Amortisation and impairment of intangible fixed assets	2,901	2,654
Fees payable to the company's auditors for the audit of the company's financial statements	160	249
Fees charged for the audit of subsidiary undertakings pursuant to legislation	12	12

# BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2018

## Notes to the financial statements

### 7 Staff costs

The average monthly number of employees (including executive directors) was as follows. The increase is due to the acquisition and integration of Strutt & Parker employees.

	2018	2017
	Number	Number
Professional	844	568
Administration	523	127
	<b>1,367</b>	<b>695</b>

Their aggregate remuneration comprised:

	2018	2017
	£'000	£'000
Wages and salaries	106,955	53,861
Social security costs	7,856	4,215
Other pension costs	5,250	2,705
	<b>120,061</b>	<b>60,781</b>

### 8 Directors' remuneration and transactions

#### Remuneration

The remuneration of the directors of the company and its subsidiaries was as follows:

	2018	2017
	£'000	£'000
Emoluments	2,778	1,993
Benefits in kind	102	64
Company contributions to Defined Contribution Schemes	39	52
	<b>2,919</b>	<b>2,109</b>

#### Pensions

The number of directors who were members of pension schemes was as follows:

	2018	2017
	Number	Number
Defined Contribution Schemes	6	6

#### Highest-paid director

The above amounts for remuneration include the following in respect of the highest paid director:

	2018	2017
	£'000	£'000
Total emoluments	831	416

# BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2018

## Notes to the financial statements

### 9 Tax on profit on ordinary activities

	2018	2017
	£'000	£'000
Current tax:		
- continuing operations	2,915	1,311
Adjustments in respect of prior years	(312)	5
Total current tax	2,603	1,316
Deferred tax		
- continuing operations	(361)	(168)
Prior year adjustment	-	147
Total deferred tax	(361)	(21)
Tax credit for the year	2,242	1,295

The tax assessed for the year is lower (2017: lower) than the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%).

The differences are explained below:

	2018	2017
	£'000	£'000
Loss on ordinary activities before taxation	(30,337)	(11,491)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	5,764	2,212
Effects of:		
Effect of tax rate changes on deferred tax balances	(550)	2
Deferred consideration	(1,945)	(500)
Expenses not deductible for tax purposes	(1,086)	(713)
Non-taxable income	371	141
Adjustments in respect of prior years	(312)	153
Tax credit for the year	2,242	1,295

BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2018

Notes to the financial statements

**10 Deferred tax**

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19.00% (2017: 19.00%) for the year.

Deferred tax assets

	Accelerated tax depreciation £'000	Annuity provision £'000	Bonuses £'000	Pension £'000	Total £'000
As at 1 January 2017	362	119	53	12	546
Charged to profit and loss account in current year	(105)	(3)	(31)	(28)	(167)
Adjustment in respect of prior year	153	6	(1)	(12)	146
<b>As at 31 December 2017</b>	<b>410</b>	<b>122</b>	<b>21</b>	<b>(28)</b>	<b>525</b>
As at 1 January 2018	410	122	21	(28)	525
Charged to profit and loss account in current year	(86)	(11)	(21)	(243)	(361)
<b>As at 31 December 2018</b>	<b>324</b>	<b>111</b>	<b>-</b>	<b>(271)</b>	<b>164</b>

BNP Paribas Real Estate Advisory & Property Management UK Limited

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Notes to the financial statements

11 Intangible assets

	Goodwill	Software	Software - assets in progress	Brand	Order backlog	Customer relationships	Operating leases favourable	Operating leases unfavourable	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>									
At 1 January 2018	66,079	7,299	102	11,175	2,249	10,453	51	(851)	96,557
Additions	-	-	1,456	-	-	-	-	-	1,456
Transfers	-	1,301	(1,301)	-	-	-	-	-	-
Disposals	-	(683)	-	-	-	-	-	-	(683)
At 31 December 2018	66,079	7,917	257	11,175	2,249	10,453	51	(851)	97,330
<b>Accumulated amortisation and impairment</b>									
At 1 January 2018	-	(4,228)	-	(186)	(1,405)	(131)	(3)	32	(5,921)
Charge for the year	-	(906)	-	(745)	(844)	(522)	(12)	128	(2,901)
Disposals	-	632	-	-	-	-	-	-	632
At 31 December 2018	-	(4,502)	-	(931)	(2,249)	(653)	(15)	160	(8,190)
<b>Net book value</b>									
At 31 December 2017	66,079	3,071	102	10,989	844	10,322	48	(819)	90,636
At 31 December 2018	66,079	3,415	257	10,244	-	9,800	36	(691)	89,140



BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2018

#### Notes to the financial statements

Intangible assets amortisation is recorded in administrative expenses in the statement of comprehensive income.

In accordance with IAS 36 an impairment review was carried out on 31 December 2018, which showed that the carrying value of goodwill was not more than its recoverable amount. The accounting treatment is a departure from the requirements of paragraph 22 of Schedule 1 to SI 2008/410 and is adopted in order to present a true and fair view of the company's results.

BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2018

Notes to the financial statements

**12 Property, plant and equipment**

	Leasehold Improvements £'000	Office Equipment: Computers £'000	Office Equipment: Other £'000	Motor Vehicles £'000	Assets in progress £'000	Total £'000
<b>Cost</b>						
At 1 January 2018	5,983	1,430	1,081	6	2	8,502
Additions	-	-	-	-	2,887	2,887
Transfers	573	1,652	211	3	(2,439)	-
Disposals	(237)	(514)	(137)	(2)	-	(890)
At 31 December 2018	6,319	2,568	1,155	7	450	10,499
<b>Accumulated depreciation</b>						
At 1 January 2018	(701)	(619)	(214)	(1)	-	(1,535)
Charge for the year	(1,131)	(465)	(361)	(2)	-	(1,959)
Disposals	29	280	133	1	-	443
At 31 December 2018	(1,803)	(804)	(442)	(2)	-	(3,051)
<b>Net book value</b>						
At 31 December 2017	5,282	811	867	5	2	6,967
At 31 December 2018	4,516	1,764	713	5	450	7,448

# BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2018

## Notes to the financial statements

### 13 Investments in subsidiaries

The registered address of all direct and indirect subsidiaries is 5 Aldermanbury Square, London, EC2V 7BP.

	2018 £'000	2017 £'000
Subsidiary undertakings	90	1,290
	<b>90</b>	<b>1,290</b>

The company has direct investments in the following entities:

	Country of Incorporation	% Holding of Ordinary Shares
BNP Paribas Real Estate Facilities Management Limited	England	100%
BNP Paribas Real Estate Investment Management Limited	England	100%
BNP Paribas Real Estate Investment Management (UK) Limited	England	100%
BNP Paribas Property Development UK Limited	England	100%
BNP Paribas Business Assets Valuation Limited	England	100%

	Shares £'000
Cost/Valuation:	
At 1 January 2018	1,290
Impairment for the year	(1,200)
At 31 December 2018	<b>90</b>

During the year, direct subsidiaries of the company Parish Dean Limited and Hill Woolhouse Limited, were dissolved, a net gain on disposal of £134k was recognised in the statement of comprehensive income.

Following impairment testing at the year end, a £1,200k (2017: £nil) impairment loss has been recognised through the statement of comprehensive income relating to the investment in BNP Paribas Property Development UK Limited. This impairment has been recognised on the basis that the subsidiary is at a net liability position as a result of the impairment within REPD Parker Limited which has affected the investment value of shares BNP Paribas Real Estate Property Developments Limited holds.

The directors believe that the carrying value of the other investments is supported by their underlying net assets.

# BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2018

## Notes to the financial statements

The company has indirect investments in the following entities:

	Country of Incorporation	% Holding of Ordinary Shares
REPD Parker Limited	England	100%
Parker Tower Limited	England	100%
	Shares	Shares
	2018	2017
	£'000	£'000
Cost/Valuation:		
At 1 January	32,369	32,343
Additions in the year	12	26
Impairment in the year	(29,009)	-
At 31 December	<u>3,372</u>	<u>32,369</u>

Following year-end impairment testing using the Discounted Cash Flow (DCF) model which resulted in a recoverable amount less than the carrying amount, a £14,343k (2017: £nil) impairment loss has been recognised through the statement of comprehensive income. A further impairment loss of £14,666k has been recognised in BNP Paribas Property Development UK Limited reflecting the reduction in the net asset value as a direct consequence of the impairment in REPD Parker Limited.

### 14 Equity investments

	2018	2017
	£'000	£'000
At 1 January	1	-
Additions	702	1
Movement in fair value	(275)	-
At 31 December	<u>428</u>	<u>1</u>

On 09 February 2018, On the Market Plc was listed on the London Stock Exchange and the loan notes to Agents' Mutual which were acquired as part of the acquisition of trade and assets of Strutt and Parker LLP in 2017, with a fair value of £282k, were converted to 474,572 shares as part of the listing.

# BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2018

## Notes to the financial statements

### 15 Trade and other receivables

	2018	2017
	£'000	£'000
Trade receivables	33,767	32,657
Amounts owed by group undertakings	2,725	2,499
Corporation tax receivable	4,505	2,315
Other receivables	754	747
Prepayments	9,415	5,963
Contract assets	8,777	9,062
	<b>59,943</b>	<b>53,243</b>

Trade receivables are due within one year and are stated after provision for impairment of £1,044k (2017: £839k).

The amounts owed by group undertakings falling due within one year are unsecured, interest-free, has no fixed date of repayment and is repayable on demand. Of the amounts owed by group undertakings, £1,400k (2017: £1,200k), is an intercompany loan to BNP Paribas Real Estate Investment Management Limited. Interest is charged at the rate payable by the company under its own equivalent facility with BNP Paribas London Branch plus an administrative margin of 5 basis points. It is repayable on 30 April 2019 but will be extended post year-end.

### 16 Trade and other payables

	2018	2017
	£'000	£'000
<i>Amounts falling due within one year:</i>		
Trade creditors	1,892	3,123
Amounts owed to group undertakings	3,541	2,412
Other taxation and social security	9,879	9,735
Other creditors	3,753	3,388
Deferred consideration	3,268	7,030
Accruals	32,245	23,371
Contract liabilities	74	-
	<b>54,652</b>	<b>49,059</b>
<i>Amounts falling due after one year:</i>		
Deferred consideration	3,184	6,282
	<b>3,184</b>	<b>6,282</b>

Amounts owed to group undertakings are unsecured, interest-free, have no fixed date of repayment and are repayable on demand.

# BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2018

## Notes to the financial statements

### 17 Borrowings

	2018	2017
	£'000	£'000
Group loan	-	27,986
Bank loan: amounts falling due within one year	7,100	-
Bank loan: amounts falling after one year	30,000	-
	<b>37,100</b>	<b>27,986</b>

A group revolving credit facility of £35m (2017: £25m) from BNP Paribas London Branch is available for immediate drawdown for all BNP Paribas Real Estate UK subsidiaries. As at the year-end £nil (2017: £4.5m) has been utilised by the company. The bank loan has no specific repayment date, is reviewed annually and the interest rate is charged at LIBOR plus the liquidity rating as defined by the Liquid Consumer (LC) grid at the borrowing date.

The short term loan of £7,100k is from BNP Paribas with a fixed rate of 1.07% and a maturity date of 25 March 2019. The £30,000k loan consists of three separate loans; £15,000k with fixed interest rate of 1.62% and a maturity date of 24 March 2020, £8,000k with a fixed interest rate of 1.965% and maturity date 24 March 2021 and £7,000k with a fixed interest of 2.08% and a maturity date of 24 September 2021.

BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2018

Notes to the financial statements

**18 Provision for liabilities**

The company had the following provisions during the year:

	Annuity provision £'000	Litigation provision £'000	Pension provision £'000	Dilapidation provision £'000	Contractual provision £'000	Total £'000
At 1 January 2018	640	847	1,375	1,813	2,605	7,280
Additions to the statement of comprehensive income	21	-	1,429	670	10,238	12,358
Additions to other comprehensive income	-	-	(368)	-	-	(368)
Unused amounts reversed to the statement of comprehensive income	-	(595)	-	-	-	(595)
Utilised in the year	(77)	(192)	(862)	(590)	-	(1,721)
Actuarial loss	-	-	1,796	-	-	1,796
At 31 December 2018	<b>584</b>	<b>60</b>	<b>3,370</b>	<b>1,893</b>	<b>12,843</b>	<b>18,750</b>

a) Annuity provision

The provision relates to the actuarial value of annuities payable to the spouses of former partners of the Weatherall Green and Smith Partnership. This was revalued at 31 December 2018.

b) Pension provision

Relates to the pension deficit on the defined benefit pension scheme (note 22).

## BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2018

### Notes to the financial statements

c) Litigation provision

Claims and litigation provisions comprise the amounts set aside to meet potential liabilities of the company pursuant to such claims to the extent they would not be met by the company's insurance policies (for example by way of insurance deductibles). These provisions arise from various legal actions, proceedings and other claims that are pending or may be taken against the Company. Where there is insufficient information on which to assess the potential losses (or to determine if there will be any losses), initial reserves may be set at a level to cover the company's costs or nil. In such cases, the excess of the claim will be recognised, however given the uncertain nature and outcome of the claims, no further provision is recognised. In the year and based upon these principles.

d) Dilapidation provision

The company is required to perform dilapidations repairs and in certain instances restore properties to the agreed specifications prior to the properties being vacated at the end of the lease term. These amounts are based on estimates of repair and restoration costs at a future date and therefore a degree of uncertainty exists over the future outflows.

e) Contractual provisions

Contractual provisions include provisions arising from business combinations.



# BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2018

## Notes to the financial statements

### 19 Related party transactions

Under the provisions of FRS 101, no related party transactions are disclosed since all such transactions are with entities that are 100% controlled by the group and included in the consolidated financial statements of the ultimate parent company, BNP Paribas SA.

### 20 Called up share capital

	2018 £'000	2017 £'000
<i>Authorised</i>		
11,235,260 (2017: 11,235,260) ordinary shares of £1 each	<b>11,235</b>	<b>11,235</b>
<i>Allotted, called-up and fully-paid</i>		
11,235,260 (2017: 11,235,260) ordinary shares of £1 each	<b>11,235</b>	<b>11,235</b>

### 21 Financial commitments

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods at 31 December:

	2018 £'000	2017 £'000
Expiry date		
- within one year	1,882	1,797
- between two and five years	14,953	11,559
- more than five years	16,885	21,827
	<b>33,720</b>	<b>35,183</b>

# BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2018

## Notes to the financial statements

### **22 Pension arrangements**

Throughout the year BNP Paribas Real Estate Advisory & Property Management UK Limited provided pension arrangements for the majority of eligible full time employees through the pension schemes outlined below.

From 1 May 2000 a defined contribution scheme was introduced and made available to all staff who were over 25 years of age but not of retirement age. This has decreased to employees over 22 years old, in line with Auto Enrolment legislation. The pension charge for the year to 31 December 2018 was £5,251k (2017: £2,705k), which was equal to the cash contributions paid. There were no outstanding or prepaid contributions at 31 December 2018.

The company continues to maintain a defined benefit pension scheme. On 30 April 2000 this scheme was closed to new employees. On 30 September 2006 this scheme was frozen with no further years of pensionable service to be accrued by members; however, the annual increase to pensionable salaries is applied throughout the remainder of their employment. The company contributed £863k into the scheme during 2018 (2017: nil) and expects to make further contributions over the year ending 31 December 2019.

The assets of the scheme are held in a fund separately from those of the company. The contributions are determined by an independent qualified actuary on the basis of triennial valuations using the Projected unit method. The most recent formal actuarial valuation was carried out at 1 May 2017 and the results of that valuation have been projected to 31 December 2018 by a qualified independent actuary.

### **Sensitivity Analysis**

The results are highly sensitive both to the actuarial assumptions used and to the market conditions. The disclosures under IAS19 are likely to remain volatile in future years. This is because the liabilities are discounted by reference to bond yields whereas the scheme invests a significant proportion of its assets in equities.

Discount rate - If the discount rate was 0.1% higher (lower), the scheme liabilities would decrease by £1,144k (increase by £1,453k) if all the other assumptions remained unchanged.

Inflation rate - If the inflation assumption was 0.1% higher, the scheme liabilities would increase by £745k. In this calculation all assumptions related to the inflation assumption have been appropriately adjusted, that is the salary, deferred pension and pension in payment increases. The other assumptions remain unchanged.

Mortality - If mortality rates were to decrease by 20%, the scheme liabilities would increase by £6,792k if all the other assumptions remained unchanged.

# BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2018

## Notes to the financial statements

The amounts recognised in the statement of financial position are as follows:

	2018	2017
	£'000	£'000
Present value of scheme liabilities	(75,974)	(76,068)
Fair value of scheme assets	71,914	74,370
Funded Status	(4,060)	(1,698)
Net amount recognised at year end <i>(before any adjustment for deferred tax)</i>	(4,060)	(1,698)

The amounts recognised in Comprehensive income are:

The current and past service costs, settlements and curtailments, together with the net interest expense for the year are included in the employee benefits expense in the statement of comprehensive income. Re-measurements of the net defined benefit liability are included in other comprehensive income.

	2018	2017
	£'000	£'000
Past service cost (including curtailments)	1,300	-
Administration expenses	94	-
Net interest expense	35	148
Charge recognised in the statement of comprehensive income	1,429	148

Re-measurements of the net liability:

	2018	2018
	£'000	£'000
Re-measurement loss/(gain) on scheme assets (excluding amount included in interest expense)	3,172	(2,645)
(Gain)/loss arising from changes in financial assumptions	(2,314)	2,697
Loss/(gain) arising from changes in demographic assumptions	282	(854)
Experience loss/(gain)	656	(3,348)
Charge/(credit) recorded in other comprehensive income	1,796	(4,150)
Total defined benefit cost/(credit)	3,225	(4,002)

# BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2018

## Notes to the financial statements

The principal actuarial assumptions used were:

	2018	2017
Liability discount rate	2.80%	2.40%
Inflation assumption - RPI	3.55%	3.20%
Inflation assumption - CPI	2.45%	2.10%
Rate of increase in salaries	3.55%	3.20%
Revaluation of deferred pensions:		
All benefits	2.45%	2.10%
Increases for pensions in payment:		
Benefits accrued prior to 1 May 1995 (Fixed 5%)	5.00%	5.00%
Benefits accrued after to 1 May 1995 (LPI 5%)	3.40%	3.10%
Proportion of employees opting for early retirement	100%	100%
* It is assumed that all members retire at age 64		
Proportion of employees commuting pension for cash	100% of members will commute 25% of their pension for a cash sum at retirement	100% of members will commute 25% of their pension for a cash sum at retirement
Transfer take-up	10% of members transfer at retirement on a cost-neutral basis to IAS19	Nil
Mortality assumption	85% SAPS S2 PxA mortality tables using CMI 2017 improvements (Sk=7.5) with a 1.25% long term trend	85% SAPS S2 PxA mortality tables using CMI 2016 improvements with a 1% long term trend
	2018	2017
Expected age at death of current pensioner at age 65:		
Male aged 65 at year end:	88.2	88.2
Female aged 65 at year end:	90.1	90.1
Expected age at death of future pensioner at age 65:		
Male aged 45 at year end:	89.6	89.2
Female aged 45 at year end:	91.6	91.1

# BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2018

## Notes to the financial statements

### Changes in the present value of assets over the year:

	2018	2017
	£'000	£'000
Fair value of assets at start of year	74,370	72,942
Interest income	1,769	1,857
Return on assets (excluding amount included in net interest expense)	(3,172)	2,645
Contributions by the employer	863	-
Benefits paid	(1,822)	(3,074)
Administration costs incurred	(94)	-
Fair value of assets at end of year	<b>71,914</b>	<b>74,370</b>
Actual return on assets over the year	(1,403)	4,502

### Changes in the present value of liabilities over the year:

	2018	2017
	£'000	£'000
Liabilities at start of year	76,068	78,642
Interest cost	1,804	2,005
Re-measurement (gains)/losses:		
Actuarial gains and losses arising from changes in financial assumptions	(2,314)	2,697
Actuarial gains and losses arising from changes in demographic assumptions	282	(854)
Other experience items	656	(3,348)
Benefits paid	(1,822)	(3,074)
Past service cost (including curtailments)	1,300	-
Liabilities at end of year	<b>75,974</b>	<b>76,068</b>
Duration of the scheme's liabilities at the end of the period (years)	19	19

### The major categories of scheme assets are as follows:

	2018	2017
	£'000	£'000
Equities	25,271	31,025
Government Bonds	31,511	21,558
Corporate Bonds	5,055	20,217
Cash and Cash Equivalents	2,421	681
Other (Diversified Growth Funds)	7,656	889
Total market value of assets	<b>71,914</b>	<b>74,370</b>

The Scheme has no investments in the Company or in property occupied by the Company.

# BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2018

## Notes to the financial statements

The results of the 1 May 2017 actuarial valuation showed a deficit of £4,300k on the Trustee's Technical Provisions basis. In order to address this deficit, the Trustee and the Company have established a Recovery Plan. As per the Schedule of Contributions, contributions of the following amounts will be paid:

- £863k in 2018 in respect of the deficit and contributions to cover scheme expenses
- £846k per annum from 1 January 2019 to 31 January 2024 in respect of the deficit
- £550k per annum from 1 February 2024 to 31 December 2025 in respect of the deficit
- £240k per annum from 1 January 2019 to 31 December 2025 to cover scheme expenses (not including levies)

### **23 Subsequent events**

Damian Cronk resigned as a statutory director on 19 February 2019.

The short term loan of £7,100k from BNP Paribas was repaid.

# BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2018

## Notes to the financial statements

### **24 Changes in accounting policies**

The company has applied IFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transition provisions in IFRS 15, the company has adopted the new rules using the cumulative effect method, by recognising the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity as at 1 January 2018. Therefore, the comparative information has not been restated and continues to be reported under IAS 18 and IAS 11. In summary, the details of the significant changes and quantitative impact of the changed are set out below.

#### *Residential lettings*

The company previously recognised revenue in line with the monthly rent collection. Under IFRS 15, the total consideration in the contract is allocated to between the three distinct and separable services; securing the letting, rent collection and management services. The revenue in connection to securing the letting is recognised immediately up to the end of the lease term as the company has substantially satisfied all its obligations at the point of signing the contract. A percentage of the contracts have break clauses and an estimated break clause provision is recognised to reflect the average loss of future commission based on the historical data of exercised break clauses. If applicable, the proportion relating to rent collection is recognised over the duration of the lease term on a straight-line basis. The management fee is recognised monthly on a straight line basis over the lease term.

#### *Transactional*

The company previously recognised revenue to the amount reflects the payment schedule as agreed in the contract. Under IFRS 15, revenue is recognised on unconditional exchange of contracts as this is the point when the performance obligation is satisfied, the deferred payment represents a variable consideration, it is contingent on the occurrence of a future event, i.e. completion. Based on the company's historical experience this amount is highly probable as the risk of fall through is negligible.

#### *Impact on the financial statements*

The following tables summarise the impact of adopting IFRS 15 on the company's financial statements for the year ending 31 December 2018.

# BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2018

## Notes to the financial statements

### i) Statement of financial position

	Impact of change in accounting policies		
	As reported	Adjustments	Balances without adoption of IFRS 15
	£'000	£'000	£'000
Trade and other receivables	59,943	(3,795)	56,148
Other	98,620	-	98,620
<b>Total assets</b>	<b>158,563</b>	<b>(3,795)</b>	<b>154,768</b>
Trade and other payables	(54,652)	47	(54,605)
Other	(59,033)	-	(59,033)
<b>Total liabilities</b>	<b>(113,685)</b>	<b>47</b>	<b>(113,638)</b>
Accumulated losses	(29,274)	(3,748)	(33,022)
Other	74,152	-	74,152
<b>Total shareholders' funds</b>	<b>44,878</b>	<b>(3,748)</b>	<b>41,130</b>

### ii) Statement of comprehensive income

	Impact of change in accounting policies		
	As reported	Adjustments	Balances without adoption of IFRS 15
	£'000	£'000	£'000
Revenue	151,284	(234)	151,050
Cost of sales	(128,932)	-	(128,932)
Other	(52,689)	-	(52,689)
Tax on loss on ordinary activities	2,242	44	2,286
<b>Loss for the year</b>	<b>(28,095)</b>	<b>(190)</b>	<b>(28,285)</b>
Other comprehensive expense	(1,429)	-	(1,429)
<b>Total comprehensive expense for the year</b>	<b>(29,524)</b>	<b>(190)</b>	<b>(29,714)</b>