

BNP Paribas Real Estate Advisory & Property Management UK Limited

Annual report and financial statements for the year to 31 December 2022

Registered number: 04176965

Registered office:

5 Aldermanbury Square

London

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BNP Paribas Real Estate Advisory & Property Management UK Limited

Annual report and financial statements for the year to 31 December 2022

Contents

1	Strategic report
6	Directors' report
13	Independent auditor's report
17	Statement of comprehensive income
18	Statement of financial position
19	Statement of changes in equity
21	Notes to the financial statements

BNP Paribas Real Estate Advisory & Property Management UK Limited

Strategic report for the year ended 31 December 2022 (Company No: 04176965)

The directors present their strategic report of the company for the year to 31 December 2022.

Business review and future developments

After an encouraging first quarter, market conditions deteriorated and worsened materially towards the end of the year as a consequence of uncertainty arising from political and economic turmoil. Key factors in this regard included the war in Ukraine, political volatility, domestic and international inflation and rising interest rates. Whilst the market conditions affected all areas of the business, the impact was particularly pronounced in the Company's transactional business lines. While the professional services and residential agency businesses performed relatively well, they could not compensate for the decline in commercial transaction volumes in the last quarter. As a result, revenue decreased by £15,350k (10%) from £149,780k in 2021 to £134,430k in 2022.

Despite the challenges faced by the Commercial business line, the Professional Services business performed well throughout the year, capitalising upon client retention and supplementing its position with some significant client wins. The addition of new talent in areas of the business targeted for strategic growth has reinforced the Commercial team.

The Company's Residential Agency business (which trades as "Strutt & Parker"), remained resilient notwithstanding the adverse market conditions which was particularly encouraging given its significant growth over the preceding two years. Whilst there was a decrease in transaction activity in the regional market, this was compensated for by a strong prime London market, which is less reliant upon mortgage financing. The decrease in the value of sterling during the course of the year played a key part in boosting the attractiveness of the Prime Central London market to international investors. Our teams' agility and commitment, combined with ongoing investment in our network and brand, have strengthened our market position in both London and the regions.

The Rural business remained stable due in part to its strong and enduring client relationship. Its performance has been further enhanced by the Company's continuing strategic focus upon increased digitalisation and efficiency. The Company has also maintained its focus upon developing creative solutions to support our clients particularly in respect of their requirements for forestry, renewable energy and environmental land management. As such, our teams have been reinforced in strategic areas and our offering extended.

In addition to the focus upon increased efficiency, the cost base has been controlled and continued to benefit from the cost reduction actions implemented in 2020. However, the 2022 cost base reflects a post-pandemic return to normality, with a level of expenditures that includes inflationary pressures, predominantly within employment costs. The company has continued investing in its strategic ambitions and in particular the GTS 2025 Plan, despite the ongoing market uncertainty in capital market activities. All business lines have been reinforced through an ambitious recruitment plan of senior hires in growing asset classes and areas. Unfortunately, due to the market slowdown, inflationary pressure and ongoing investment, the company reported a loss before tax for the year of £(7,873)k, down from a profit before tax of £2,401k in 2021.

As a proud member of the BNP Paribas Group, we have continued to capitalise upon the increasing synergies with the wider group, which has secured greater access to clients for the benefit of all our activities. With the continued support of our group, we have updated our post-pandemic strategy to "Next Chapter," adopting our Group global

BNP Paribas Real Estate Advisory & Property Management UK Limited

Strategic report for the year ended 31 December 2022 (Company No: 04176965)

ambitions expressed through the GTS (Growth, Technology, and Sustainability) 2025 plan. We aim to provide innovative solutions to a growing client base in a compliant and organic manner while continuously monitoring opportunities to recruit and retain employees who will enhance our core businesses. Investments in technology and innovation will remain a driver of our development and offering, with systems, digital and data capability constantly being enhanced to provide our team and clients with efficient solutions and cutting-edge business intelligence. We also aim to improve our data capability and employee data literacy to build high-quality predictive models and support our clients' decision-making processes.

Sustainability remains a key priority for the business, and as part of BNP Paribas, we have committed to an ambitious CSR strategy driving our sustainable development. We continue to identify and implement steps to reduce our impact upon the environment and undertake further carbon reduction actions benefiting the community and people. The real estate sector will be a key player in the decarbonisation effort, and as such, our ESG team continues to be reinforced to better support our clients in delivering their ESG agenda.

As a multi-sector property advisor, the diversity of our offering and expertise continues to provide our client with best in class support, adaptability and opportunities. The company's success is only made possible by its people. The diversity of our workforce, its dedication and spirit have always allowed the company to adapt to all challenges, with creativity. With the support of our people, we are proud to provide first class services within an environment that promotes equality, wellbeing, diversity and inclusion. As such, we want to thank our staff for their relentless commitment to the company, its values and clients.

Despite results in 2022 that were below expectations, the company has continued to deliver on its strategic plan and success. The company believes that real estate will remain an attractive asset class to investors and owners. Looking ahead, it is anticipated that difficult macroeconomic conditions will persist for some time. Although it is unclear how quickly the markets will adapt to the cost of debt, the UK has historically tended to adjust quickly. The company has started 2023 in line with expectations in all markets, fully committed to continue the delivery of its strategic plan whilst monitoring the developing economic and market indicators. Nevertheless, we expect market conditions to remain challenging through the first half of the year with a progressive recovery in the second half and more positive market conditions in 2024.

Section 172(1) statement

Section 172 of the Companies Act 2006 requires each director to act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires that director to have regard, among other matters, to: the likely consequences of any decision in the long term; the interests of the company's employees; the need to foster the company's business relationships with suppliers, customers and others; the impact of the company's operations on the community and the environment; the desirability of the company maintaining a reputation for high standards of business conduct; and the need to act fairly with members of the company.

BNP Paribas Real Estate Advisory & Property Management UK Limited

Strategic report for the year ended 31 December 2022 (Company No: 04176965)

The directors give ongoing and careful consideration to these factors in discharging their duties under section 172. The stakeholders we consider in this regard include our employees, clients, suppliers, shareholder, regulators and those living in the communities in which the business operates and serves. The directors recognise that building strong relationships with our stakeholders will help us to deliver our strategy in line with our long-term values, and operate the business in a sustainable way.

a. Employees

Engagement throughout the year was achieved through a variety of channels, including an annual employee opinion survey, the bi-annual business review briefings, a weekly newsletter, communications directly from the CEO (in the form of videos, podcasts, letters) and intranet updates. Further details about employee engagement are set out below.

b. Clients and Suppliers

As a service provider operating in a relationship-led sector, the directors place strong emphasis upon ensuring that client engagement is at the forefront of the company's service model. This is achieved through regular client meetings, events and other models of engagement to ensure that the company continues to remain relevant and optimises its service delivery and development.

In conjunction with support from BNP Paribas' Procurement function, the company's procurement team works constantly to enhance its supply chain and to ensure the development of long-term relationships that provide stability, viability and certainty. We continue to enhance how we engage with our clients and suppliers, enabling new technology, new communications and more secure solutions.

c. Shareholder

The business continues to hold an AGM each year, during which the company's shareholder is invited to discuss material matters, ask questions and engage with the Board and the senior management of the company. In addition to this, and as part of the BNP Paribas Real Estate group of companies, the company engages extensively and frequently with its shareholder throughout the course of each financial year. There is a multitude of themes to such engagement, including financial planning and reviews, strategic development, employee engagement and regulatory considerations. Such engagement is typically led by the Excom and/or the relevant subject matter leaders within the business.

Employee engagement

Employee engagement is achieved through a variety of communication channels, some at Group level and some local. Forms of communication include bi-annual business review briefings, a weekly newsletter, communications directly from the CEO (in the form of videos, podcasts, letters), intranet updates and digital engagement campaigns. Successful engagement campaigns included Wellbeing, Diversity and Inclusion campaigns, COP 27 activities, Business Strategy updates using vlogs, webinars, and other interactive tools ensuring key information is quickly shared across all teams. These engagement initiatives were deemed effective by third party auditors as part of the ISO 9001:2015 Certification process, with no areas for improvement identified. The business will continue to use the same communication channels, to strengthen its employee network and tackle any communication difficulties deriving from its wide geographical coverage.

BNP Paribas Real Estate Advisory & Property Management UK Limited

Strategic report for the year ended 31 December 2022 (Company No: 04176965)

Business relationships

The company operates a framework that seeks to enhance its ability to deliver (and its reputation for delivering) services that consistently meet clients' as well as statutory and regulatory requirements. This takes into account stakeholders' expectations (e.g. suppliers, counter-parties, neighbours, etc.). Our ISO 9001:2015 certificate covering our commercial activities (under the BNP Paribas Real Estate brand) demonstrates our commitment to consistency, continual improvement and customer satisfaction and our offering. This voluntary initiative aligns with our ESG approach driving the responsibility of the company for the impacts of its decisions and activities on the society and the environment, through transparent and ethical behaviour.

Risk Management

The company's principal risk categories are Business and Operational. The Board recognises risk management practices will continue to identify new risks and ensure their assessment, monitoring and mitigation. The company aligns itself to the group's Risk Management Framework and where appropriate applies further risk management practices bespoke to local business requirements.

Business risks

This category relates to the risk of operating losses/decline in revenues due to a change in the economic environment, also potentially coupled with cost inefficiencies. In other words, it can be defined as the risk that volumes may decline or margins may shrink, with no or limited opportunity to offset the revenue decline with a reduction in costs.

The property market is cyclical by nature, affected by a variety of economic factors and market sentiment. It is also highly competitive, and any economic downturn whether in the short or longer term may directly within a short time frame affect the company's revenues and cash flows. This is particularly the case in the majority of our transactional activities such as Commercial Markets and Residential Agency that have shown themselves to be particularly sensitive to changing sentiment arising from the UK exiting the European Union, the COVID-19 pandemic, inflation and movements in interest rates.

Operational risks

Operational risk is defined as the risk of financial loss and/or other negative impacts resulting from inadequate or failed internal processes, people and systems or from external events.

As a provider of professional real estate services the company's immediate operational risks are:

- Claims for professional negligence or other forms of liability to third parties (such as public liability claims): A range of measures are adopted by the company to minimise the likelihood of any such claims and the recurrence of circumstances leading to claims (including ISO 9001:2015 Quality Management certification and compliance with ISAE 3402 statement for our Property Management services, providing assurance to Clients).
- Disruption of critical activities: the company is aware of the need to maintain business continuity and its extensive plans (focussing on critical facilities, predominantly in the Information Technology area, processes, skills and other activities) were maintained throughout 2022, and will continue to be maintained in 2023.

BNP Paribas Real Estate Advisory & Property Management UK Limited

Strategic report for the year ended 31 December 2022 (Company No: 04176965)

- Non-compliance with its know-your-client and regulatory obligations in an environment where the requirements placed upon the business continue to evolve.
- Data security breaches with particular focus on client and third party data.

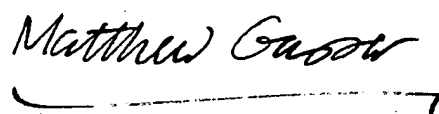
The company is required to comply with BNP Paribas SA's Risk Management Framework, which includes key areas such as alignment to the Three Lines of Defence Risk Management Model and adherence to group policies and procedures seeking exemptions where appropriate and with group's agreement. Furthermore, the company maintains extensive insurance (professional indemnity, public liability, business interruption insurance, etc.) cover.

Key performance indicators

	2022	2021
Revenue per professional	£164k	£190k
Gross profit margin	24%	32%
Salary as percentage of revenue	52%	57%

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

5 Aldermanbury Square
London
EC2V 7BP
9th June 2023


Matthew Gasser, Company Secretary

BNP Paribas Real Estate Advisory & Property Management UK Limited

Directors' report for the year ended 31 December 2022 (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 2022. Future developments have been discussed within the strategic report.

The company has net current assets of £8,907k (2021: net current assets £8,319k). 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.

Results and dividends

The loss after tax for the year was £6,929k (2021: profit £1,923k). The directors propose a final dividend for the year of £nil (2021: £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
Sandrine Bruyand
Mark England
Etienne Prongué
Sébastien Rubinowicz
Romain Simon

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.

BNP Paribas Real Estate Advisory & Property Management UK Limited

Directors' report for the year ended 31 December 2022 (Company No: 04176965)

Streamlined Energy and Carbon Reporting (SECR)

Organisation and Boundary Scope

An operational control approach has been used in order to define the organisational boundary of BNP Paribas Real Estate Advisory and Property Management UK and is the basis for determining the Scope 1, Scope 2 and Scope 3 emissions for which the BNP Paribas Group is responsible. The data contained within this report covers a 12-month period from 01/10/2021 to 30/09/2022 and covers 100% of the FTE workforce managed at 31 December 2022.

Methodology

An environmental reporting system is in place across the BNP Paribas Group to quantify and calculate the Greenhouse Gas (GHG) emissions associated with its operations. An internal protocol is reviewed and communicated annually to all employees contributing to this reporting. The measuring and reporting of environmental performance data is carried out in line with the GHG Protocol issued by the WRI and WBCSD, and the general principles of the GRI and ISO standards on environmental communication. Where available data covers only part of the reporting scope, missing data has been extrapolated using a uniform methodology across the BNP Paribas Group. For energy, if there is a value for at least one reporting unit at country level, it is used to calculate the ratio m²/building type and this country ratio is then applied. Business travel has not been extrapolated in 2022.

GHG Emissions & Energy Use

Absolute Emissions		2022	2021	2020	2019
Scope 1: Direct GHG emissions from natural gas (tCO ₂ e)		234.93	455.84	241.91	226.65
Scope 2: Indirect GHG emissions from purchased electricity and district heat (tCO ₂ e)	Market-based	10.83	8.60	49.27	437.25
	Location-based	823.52	823.65	1007.36	1541.58
Total Scope 1 and 2 (tCO ₂ e)	Market-based	245.76	464.44	291.19	663.89
	Location-based	1058.46	1279.48	1249.28	1768.23
Scope 3: Indirect emissions from business travel including air, rail, company-leased and employee owned vehicles (tCO ₂ e)		696.43	390.35	570.87	927.30
Total Scope 1, 2 & 3 (tCO ₂ e)	Location-based	1754.88	1669.83	1820.14	2695.52

Emissions Intensity					
Occupied premises emissions intensity (tCO ₂ e per FTE)	Scope 1 & 2 location-based emissions from occupied premises per full-time equivalent employee	0.79	1.03	0.98	1.20
Occupied premises emissions intensity (tCO ₂ e per m ²)	Scope 1 & 2 location-based emissions from occupied premises per m ² of floor area	0.06	0.06	0.06	0.09
Total emissions intensity (tCO ₂ e per FTE)	Scopes 1, 2 and 3 location-based emissions per full-time equivalent employee	1.31	1.34	1.43	1.83

BNP Paribas Real Estate Advisory & Property Management UK Limited

Directors' report for the year ended 31 December 2022 (Company No: 04176965)

Absolute Energy Consumption		2022	2021	2020	2019
Natural gas (kWh)		1,160,158	2,251,032	1,194,632	1,119,228
Electricity (kWh)		3,558,402	3,593,512	2,886,424	4,411,665
District heat (kWh)		39,195	60	-	9,443
Total Energy Consumption (corresponding to Scope 1 & Scope 2 emissions) (kWh)		4,757,755	5,844,604	4,081,056	5,540,336
Fuel used for company-leased and employee owned vehicles (kWh)		2,061,346	1,436,924	-	-
Total Energy Consumption (Scope 1, 2 & Scope 3 employee owned vehicles) (kWh)		6,819,101	7,281,528	-	-
Energy Intensity					
Occupied premises energy intensity (kWh per m ²)	<i>Scope 1 & 2 Energy Consumption from occupied premises per m² of floor area</i>	258	282	204	281

Scope 1 includes emissions generated from natural gas and fuel for emergency generators.

Scope 2 includes emissions from purchased electricity and district heat and are reported using the GHG Protocol dual-reporting methodology, stating two figures to reflect the GHG emissions from purchased electricity, using both a **location-based method** that reflects the average emission intensity of the national electricity grids from which consumption is drawn. In addition, a **market-based method** that reflects emissions from electricity specific to each supply/contract. Where electricity supplies are known to be from a certified renewable source, a zero emissions factor is used, otherwise residual mix factors are used.

Scope 3 includes emissions generated from business travel including air, rail, company-leased vehicles and employee owned vehicles. Note emissions generated by company-leased vehicles are reported under scope 3 to maintain continuity with the Group methodology.

GHG emissions and kWh consumption related to electric vehicles is reported under scope 2 as charging primarily occurs in the buildings of the Group.

Emission Factors used are dictated by the Group methodology, which has kept grid electricity emission factors stable for a number of years to ensure that the annual progress assessment against the baseline year was not affected by the gradual reduction in grid emission factors. For the 2021 reporting year, the emission factors were changed to align with a new 2025 Group GHG reduction target, which is set against a new 2019 baseline. The emission factors remain unchanged for the 2022 reporting year. **Scope 1:** WRI (2008) GHG Protocol tool for stationary combustion. Version 4.0 GWP from IPCC AR4 (2007). **Scope 2:** *Location-based* IEA (CO2 Highlights) 2021 – Données 2019; *Market based* RE-DISS II; AIB European Residual Mix (2020). Version 1.0 2021-05-31. **Scope 3:** *Air & Road* UK DEFRA, Passenger Vehicles 2019. *Rail* ADEME V21.2. Energy (kWh) consumption related to company-leased and employee owned vehicles currently falls outside of the BNPP Group reporting system and has been reported using the DEFRA 2022 conversion factors.

BNP Paribas Real Estate Advisory & Property Management UK Limited

Directors' report for the year ended 31 December 2022 (Company No: 04176965)

Intensity ratios As well as absolute emissions and energy, we also report three GHG intensity ratios and one energy intensity ratio, which have been selected as the most appropriate and informative for the company.*District heat was extrapolated in 2021. Deloitte has verified the 2022 GHG & energy data in this report to a reasonable level of assurance, with the exception of kWh consumption related to company-leased and employee owned vehicles.

Our commitments & Energy Efficiency Actions Taken

BNP Paribas Real Estate are committed to supporting the BNP Paribas Group reduce Greenhouse Gas emissions (scope 1, 2 & 3-business travel) to 1.85 t_{eq}CO₂/FTE by 2025. In addition to this primary target, UK entities of the BNP Paribas Group including BNP Paribas Real Estate, have set a target across UK operations, to reduce 60% of our absolute Scope 1 and 2 Greenhouse Gas Emission by 2030 through a roadmap, targeting energy efficiency, using best practice guidance. The roadmap additionally targets travel reduction and our supply chain.

In 2022, our absolute Scope 1 emissions and energy intensity per floor area have remained relatively stable since 2019 (with the exception of an anomaly seen in 2021 due to the over-cautious extrapolation of data whilst properties were inaccessible during lockdown). Energy intensity per FTE employee has decreased.

Our business travel emissions have decreased since 2019; however, it remains a significant source of emissions as we rely heavily on employee-client relationship building. In order to reduce emissions from travel in the future, we are currently:

- Reviewing our travel policy to reduce air travel
- Reviewing our personal car travel policy to reduce associated emissions
- Developing a plan to electrify our leased company car fleet

Our focus in 2022 remained on a thorough review of our operational strategy and office portfolio, following currently indefinite flexible-working arrangements, to ensure that our premises meet our operational and occupancy needs. We have made strategic decisions regarding our office leases, which we will follow with targeted energy efficiency projects in collaboration with our landlords, to ensure maximum impact within our operational control.

Current operational office portfolio projects include:

- Biogas procurement in place of natural gas
- Smart meter fittings for improved data quality
- Behaviour change campaign for energy demand reductions

99% of electricity purchased by BNP Paribas Real Estate in 2022 came from renewable sources supported by a REGO certificate. We are committed to continuing to procure electricity from renewable sources and reach 100% renewable electricity by 2023 for the remaining 1% of our portfolio. BNP Paribas Real Estate UK is certified ISO 14001:2015 continuing its commitment to the continual improvement of its environmental performance and objectives. For further analysis please visit our [UK Website](#) and [Group CSR page](#).

BNP Paribas Real Estate Advisory & Property Management UK Limited

Directors' report for the year ended 31 December 2022 (Company No: 04176965)

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. In 2022, the company had an average of 45 (2021: 37) days' purchases outstanding in trade creditors. This year on year increase is driven by an increase in trade creditors to £4,810k as at 31 December 2022 (2021: £1,389k).

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.

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 and fixed and floating rate borrowings.

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.

BNP Paribas Real Estate Advisory & Property Management UK Limited

Directors' report for the year ended 31 December 2022 (Company No: 04176965)

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 the applicable laws 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.

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.

BNP Paribas Real Estate Advisory & Property Management UK Limited

Directors' report for the year ended 31 December 2022 (Company No: 04176965)

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.

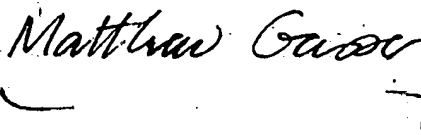
As far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware.

Independent auditors

The auditors, Mazars LLP 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



9th June 2023

Matthew Gasser
Company Secretary

BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2022

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 2022, 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 2022 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.

Conclusions relating to going concern

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

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

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

BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2022

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

Other information

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

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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.

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.

BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2022

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

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 11, 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 the financial statements.

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

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, FCA legislation and the Companies Act 2006.

BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2022

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

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to goodwill impairment, revenue recognition (which we pinpointed to the cut-off), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

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. This description forms part of our auditor's report.

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.



Richard Metcalfe (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
30 Old Bailey London
EC4M 7AU
9th June 2023

BNP Paribas Real Estate Advisory & Property Management UK Limited

Statement of comprehensive income

For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Revenue	4	134,430	149,780
Cost of sales		(102,254)	(101,748)
Gross profit		32,176	48,032
Administrative expenses		(41,208)	(44,766)
Operating (loss)/ profit		(9,032)	3,266
Finance income	5	2,228	190
Finance costs	5	(1,069)	(1,055)
(Loss) / profit on ordinary activities before taxation	6	(7,873)	2,401
Tax on (loss)/profit on ordinary activities	9	944	(478)
(Loss)/profit for the year		(6,929)	1,923
Other comprehensive expense: Items that will not be reclassified to profit or loss			
Pension actuarial (loss)/gain	23	(6,775)	9,932
Deferred taxation on pension actuarial results		2,102	(2,182)
Other comprehensive (loss)/income for the year, net of tax		(4,673)	7,750
Total comprehensive (loss)/income for the year		(11,602)	9,673

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

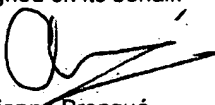
The notes on pages 20 to 51 form part of these financial statements.

BNP Paribas Real Estate Advisory & Property Management UK Limited

Statement of financial position as at 31 December 2022

	Note	2022 £'000	2021 £'000
Non-current assets			
Intangible assets	11	81,135	82,644
Property, plant and equipment	12	5,427	4,593
Right-of-use assets	18	15,454	18,945
Investment in subsidiaries	13	90	90
Equity Investments	14	314	601
Pension asset	23	3,501	8,212
Deferred tax asset	10	91	-
		106,012	115,085
Current assets			
Trade and other receivables	15	55,162	55,117
Cash and cash equivalents		12,057	14,812
		67,219	69,929
Current liabilities			
Trade and other payables	16	(44,652)	(46,153)
Lease liabilities	18	(4,660)	(5,457)
Borrowings	17	(9,000)	(10,000)
Net current assets		8,907	8,319
Non-current liabilities			
Lease liabilities	18	(14,790)	(17,838)
Provision for liabilities	19	(4,582)	(7,356)
Borrowings	17	(10,000)	-
Deferred tax liability	10	-	(1,062)
Net assets		85,547	97,148
Capital and reserves			
Called up share capital	21	29,937	29,937
Share premium account		109,927	109,927
Capital reduction reserve		6,288	6,288
Accumulated losses		(60,605)	(49,004)
Total shareholders' funds		85,547	97,148

The financial statements on pages 17 to 19 were approved by the Board of Directors on the 9th June 2023 and signed on its behalf.


Etienne Prongué
9th June 2023

BNP Paribas Real Estate Advisory & Property Management UK Limited

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

	Notes	Called up share capital	Share premium account	Capital reduction reserve	Accumulated losses	Total shareholders' funds
		£'000	£'000	£'000	£'000	£'000
Balance as at 31 December 2021		29,937	109,927	6,288	(49,004)	97,148
Loss for the year		-	-	-	(6,929)	(6,929)
Other comprehensive loss for the year		-	-	-	-	-
Pension actuarial loss	23	-	-	-	(6,775)	(6,775)
Deferred tax on pension movements		-	-	-	2,102	2,102
Total comprehensive loss for the year		-	-	-	(11,602)	(11,491)
Balance as at 31 December 2022		29,937	109,927	6,288	(60,605)	85,547

BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2022

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 2022

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).
- (k) Paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. Paragraph 58 of IFRS 16, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total.

2.1.1 Going concern

Having assessed the company's principal risks and future development as set out in the strategic report on pages 1 to 5, the Directors have considered it appropriate to adopt the going concern basis of accounting in preparing the annual financial statements.

When reaching this conclusion, the Directors took into account the Company's overall financial position, exposure to principal risks and future business forecasts. As at 31 December 2022, the company has net current assets of £8,907k (2021: net current assets £8,319k) and £12.1m cash and cash equivalents (2021: £14.8m). The company also had access to a group revolving credit facility of £36m from BNP Paribas London Branch as described in Note 17.

2.1.2 New standards, amendments and IFRIC interpretations

No amendments to accounting standards or IFRIC interpretations that are effective for the year ended 31 December 2022 have had a material impact on the company.

2.2 Consolidation

The company is 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.

These 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.

BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2022

Notes to the financial statements

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 'administrative expenses'.

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	Shorter of 15 years or remaining life of lease
Office Equipment – Computers	4 years
Office Equipment – Other	4 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.

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

BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2022

Notes to the financial statements

recoverable amount is the higher of value in use and fair value less costs of disposal.

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 £3,270k (2021: £5,591k) and increase the value of non-current assets held on the statement of financial position by £22,398k (2021: £19,129k).

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.

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
Customer relationships	20 years
Computer software	2 – 10 years
Operating leases: unfavourable	4 – 10 years

BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2022

Notes to the financial statements

2.7 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.

2.8 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.

(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.

2.9 Investment in subsidiaries

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

BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2022

Notes to the financial statements

2.10 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.

2.11 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. Otherwise, they are presented as non-current assets.

Trade and other receivables are recognised at fair value, less any expected credit losses. The company estimates the recoverable value of trade and other receivables by considering factors including the credit rating of the receivable, the ageing profile of the receivable and historical experience.

2.12 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.

2.13 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.

2.14 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.

2.15 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 drawdown 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.

BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2022

Notes to the financial statements

2.16 Current and deferred income tax

The tax credit 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.

2.17 Employee benefits

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

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.

BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2022

Notes to the financial statements

2.18 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.

2.19 Revenue

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.

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 deduced 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 precede unconditional exchange a contract liability is recognised.

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

BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2022

Notes to the financial statements

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 the 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. 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 represent 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 the 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.

2.20 Interest income

Interest income is recognised using the effective interest method.

2.21 Dividend income

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

2.22 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 2022

Notes to the financial statements

2.23 Leases

At inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company assesses whether:

- The contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The company has the right to direct the use of the asset. The company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

For leases of land and buildings in which it is a lessee, the company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for lease payments made at or before the commencement date. Plus, any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset would be periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate provided by BNP Paribas Group.

Lease payments included in the measurement of the lease liability comprise:

- Fixed payments, including in-substance fixed payments and;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable or if the company changes its assessment of whether it will exercise a purchase, extension or termination option.

BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2022

Notes to the financial statements

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets (< £5,000). The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The lessee's leasing activities are linked to the head office and agencies' offices and agencies of the company.

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, inevitably, 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 Right of Use Assets and Lease Liabilities

In determining values of right of use assets and lease liabilities the company makes judgements when assessing lease terms and estimates based on incremental borrowing rates. The carrying values of the right of use assets and lease liabilities amount to respectively £15,454k (2021: 18,945) and £19,925k (2021: £23.295k).

3.2 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. The carrying value of the defined benefit pension scheme is an asset of £3,501k (2021: asset of £8,212k).

3.3 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 19. The carrying value of the provisions amounts to £4,582k (2021: £7,356k).

3.4 Valuation of intangible assets and useful life

The company has made assumptions about potential future cash flows in relation to acquired intangible assets. The company reviews the duration of the remaining useful life of intangible assets if indicators of impairment arise. These assumptions impact the income statement over the useful life of the intangible asset. The carrying value of the intangible assets other than goodwill amounts to £17,924k (2021: 18,958k).

BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2022

Notes to the financial statements

3.5 Impairment of goodwill

Goodwill is tested for impairment at the company level on an annual basis or more frequently if events or changes in circumstances indicate potential impairment. The recoverable amount was determined based on value-in-use calculations, which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period discounted with the group discount rate. Cash flows beyond the five-year period are extrapolated to perpetuity using the estimated growth rates based on average GDP growth rates. The carrying value of goodwill amounts to £63,686k (2021: £63,686k).

4 Revenue

Revenue of £134,430k (2021: £149,780k), 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:

	2022	2021
	£'000	£'000
Receivables, which are included in Trade and other receivables	29,784	27,555
Contract assets, which are included in Trade and other receivables	7,335	10,633
Contract liabilities, which are included in Trade and other payables	(881)	(654)

The contract assets relate to the company's rights to consideration for work completed but not 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 £1,146k (2021: £1,271k) 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.

BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2022

Notes to the financial statements

5 Net finance cost

	2022	2021
	£'000	£'000
Bank interest	1,982	3
Other interest	246	187
Finance income	2,228	190
Bank loan	(343)	(542)
Bank charges	(105)	(93)
Other finance costs	(621)	(420)
Finance costs	(1,069)	(1,055)
Net finance income / (cost)	1,159	(865)

6 (Loss) / profit on ordinary activities before taxation

(Loss) / profit on ordinary activities before taxation is stated after charging:

	2022	2021
	£'000	£'000
Operating lease costs	279	255
Depreciation of property, plant and equipment	1,625	1,548
Impairment of property, plant and equipment	-	203
Depreciation of right-of-Use Assets	4,461	5,544
Impairment of right-of-Use Asset	-	37
Amortisation of intangible fixed assets	2,572	2,433
Fees payable to the company's auditors for the audit of the company's financial statements	201	170
Fees charged for the audit of subsidiary undertakings pursuant to legislation	14	13

BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2022

Notes to the financial statements

7 Staff costs

The average monthly number of employees (including executive directors) was as follows:

	2022	2021
	Number	Number
Professional	820	787
Administration	340	327
	1,160	1,114

Their aggregate remuneration comprised:

	2022	2021
	£'000	£'000
Wages and salaries	84,197	85,521
Social security costs	7,469	6,685
Other pension costs	4,468	4,472
	96,134	96,678

8 Directors' remuneration and transactions

Remuneration

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

	2022	2021
	£'000	£'000
Emoluments	2,725	1,996
Benefits in kind	116	228
Company contributions to Defined Contribution Schemes	77	56
	2,918	2,280

Pensions

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

	2022	2021
	Number	Number
Defined Contribution Schemes	5	5

Highest-paid director

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

	2022	2021
	£'000	£'000
Total emoluments	819	607

BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2022

Notes to the financial statements

9 Tax on (loss)/profit on ordinary activities

	2022	2021
	£'000	£'000
Current tax:		
- continuing operations	1,535	(511)
Adjustments in respect of prior years	(51)	345
Total current tax	1,484	(166)
Deferred tax		
- continuing operations	(410)	(331)
- Prior year adjustment	-	(321)
- Effect of change in tax rate	(130)	340
Total deferred tax	(540)	(311)
Tax credit/(charge) for the year	944	(478)

The tax assessed for the year is lower (2021: higher) than the standard rate of corporation tax in the UK of 19% (2021: 19%). The UK Corporation tax rate will increase to 25% from April 2023.

The differences are explained below:

	2022	2021
	£'000	£'000
(Loss)/profit on ordinary activities before taxation	(7,873)	2,401
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	1,496	(456)
Effect of tax rate changes on deferred tax balances	(130)	341
Expenses not deductible for tax purposes	(371)	(387)
Adjustments in respect of prior years	(51)	24
Tax credit/(charge) for the year	944	(478)

BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2022

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 25% (2021: 25%) for the year.

	Accelerated tax depreciation £'000	Annuity provision £'000	Bonuses £'000	Pension £'000	IFRS 16 £'000	Short life assets £'000	Investments £'000	Total £'000
As at 1 January 2021	326	90	357	(6)	346	-	-	1,113
Adjustments in respect of prior year	-	(1)	(339)	618	-	79	(60)	297
Movement due to change in tax rate	108	25	6	(479)	84	20	(19)	(255)
Charges to profit and loss account	14	(11)	1	(262)	(79)	(14)	(1)	(352)
Charges to other comprehensive income	-	-	-	(1,865)	-	-	-	(1,865)
As at 31 December 2021	448	103	25	(1,994)	351	85	(80)	(1,062)
Movement due to change in tax rate	(11)	(4)	-	(99)	(25)	(8)	17	(130)
Charges to profit and loss account	(34)	(14)	-	(314)	(79)	(25)	55	(411)
Charges to other comprehensive income	-	-	-	1,694	-	-	-	1,694
As at 31 December 2022	403	85	25	(713)	247	52	(8)	91

BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2022

Notes to the financial statements

11 Intangible assets

	Goodwill £'000	Software £'000	Software - assets in progress £'000	Brand £'000	Customer relationships £'000	Operating leases unfavourable £'000	Total £'000
Cost							
At 1 January 2022	66,079	10,000	233	11,175	10,453	(851)	97,089
Additions	-	-	1,063	-	-	-	1,063
Transfers	-	818	(818)	-	-	-	-
At 31 December 2022	66,079	10,818	478	11,175	10,453	(851)	98,152
Accumulated depreciation and impairment							
At 1 January 2022	(2,393)	(7,165)	-	(3,166)	(2,221)	500	(14,445)
Charge for the year	-	(1,388)	-	(745)	(523)	84	(2,572)
At 31 December 2022	(2,393)	(8,553)	-	(3,911)	(2,744)	584	(17,017)
Net book value							
At 31 December 2021	63,686	2,835	233	8,009	8,232	(351)	82,644
At 31 December 2022	63,686	2,265	478	7,264	7,709	(267)	81,135

BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2022

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 as at 31 December 2022, which showed that the carrying value of goodwill did not exceed its recoverable amount. The recoverable amount of the CGU was based on its value in use, determined by discounting the future cash flows to be generated from the CGU. The recoverable value of the CGU was determined to be higher than its carrying value therefore no impairment loss was required for 2022 (2021: £nil).

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. 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.

BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2022

Notes to the financial statements

12 Property, plant and equipment

	Leasehold Improvements	Office Equipment: Computers	Office Equipment: Other	Motor Vehicles	Assets in progress	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 January 2022	6,789	2,894	1,187	3	261	11,135
Additions	-	-	-	-	2,456	2,456
Transfers	2,096	367	-	-	(2,462)	-
Disposals	-	-	-	-	-	-
At 31 December 2022	8,885	3,261	1,187	3	255	13,591
Accumulated depreciation and impairment						
At 1 January 2022	(3,528)	(1,950)	(1,061)	(3)	-	(6,542)
Charge for the year	(972)	(572)	(78)	-	-	(1,622)
Impairment loss	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
At 31 December 2022	(4,500)	(2,522)	(1,139)	(3)	-	(8,164)
Net book value						
At 31 December 2021	3,261	944	126	-	261	4,592
At 31 December 2022	4,385	739	48	-	255	5,427

BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2022

Notes to the financial statements

13 Investment in subsidiaries

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

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%
Strutt & Parker Financial Brokerage Limited	England	100%
	Shares	Shares
	2022	2021
	£'000	£'000
Cost/Valuation:		
At 1 January	90	90
Impairment for the year	-	-
At 31 December	<u>90</u>	<u>90</u>

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

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%

The Company's indirect investments in REPD Parker Limited and Parker Tower Limited have been fully impaired.

BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2022

Notes to the financial statements

14 Equity investments

	2022	2021
	£'000	£'000
At 1 January	601	594
Movement in fair value	(287)	7
At 31 December	314	601

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

15 Trade and other receivables

	2022	2021
	£'000	£'000
Trade receivables	28,638	26,284
Amounts owed by group undertakings	7,749	6,015
Corporation tax receivable	5,443	6,749
Other receivables	1,413	474
Prepayments	4,584	4,962
Contract assets	7,335	10,633
	55,162	55,117

Trade receivables are due within one year and are stated after provision for impairment of £1,146k (2021: £1,271k).

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, £4,170k (2021: £4,170k), 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 with a maturity date of 31 October 2023.

BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2022

Notes to the financial statements

16 Trade and other payables

	2022	2021
	£'000	£'000
Trade creditors	4,810	1,389
Amounts owed to group undertakings	199	166
Other taxation and social security	9,048	8,037
Other creditors	2,698	2,170
Accruals	27,017	33,722
Contract liabilities	880	654
	44,652	46,138

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

17 Borrowings

	2022	2021
	£'000	£'000
Bank loan: due after one year	10,000	-
Bank loan: amounts due within one year	9,000	10,000
	19,000	10,000

A group revolving credit facility of £36m (2021: £36m) from BNP Paribas London Branch is available for immediate drawdown for all BNP Paribas Real Estate UK subsidiaries. The facility has no specific repayment date and is reviewed annually. As at 31 December 2022, £9.0m (2021: £nil) has been utilised by the company. A variable interest rate based on SONIA is applied to this facility.

The loan due after one year of £10m (2021: £nil) has a fixed interest rate of 3.4295% and maturity date 31 May 2024.

BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2022

Notes to the financial statements

18 Leases

Right-of-use assets

	Property £'000	Vehicles £'000	IT £'000	Total £'000
Cost				
Balance as at 1 January	68,038	2,141	625	70,804
Additions	970	-	-	970
Disposals	(23,273)	(762)	-	(24,035)
At 31 December 2022	<u>45,735</u>	<u>1,379</u>	<u>625</u>	<u>47,739</u>
Accumulated depreciation and impairment				
At 1 January 2022	(49,955)	(1,347)	(557)	(51,859)
Depreciation charge	(3,973)	(420)	(68)	(4,461)
Disposals	23,273	762	-	24,035
At 31 December 2022	<u>(30,655)</u>	<u>(1,005)</u>	<u>(625)</u>	<u>(32,285)</u>
Net book value				
At 31 December 2021	<u>18,083</u>	<u>794</u>	<u>68</u>	<u>18,945</u>
At 31 December 2022	<u>15,080</u>	<u>374</u>	<u>-</u>	<u>15,454</u>

BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2022

Notes to the financial statements

Lease Liabilities

At 31 December 2022, the company is committed to £19,925k (2021: £23,295k) in future lease payments, none of which relates to short-term leases. The carrying amount of the leases liabilities approximates the fair value.

The company does not face a liquidity risk with regard to its lease liabilities and these are monitored as part of the overall process of managing cash flows.

	2022	2021
	£'000	£'000
Current	4,660	5,457
Non-current	14,790	17,838
At 31 December 2022	19,450	23,295

Amounts recognised in profit or loss	2022	2021
	£'000	£'000
Depreciation of right-of-use assets	4,461	5,544
Interest expense on lease liabilities	419	508
Expenses relating to short-term leases	115	140
Expenses of low-value leases	263	285
Expense relating to variable lease payments not included in IFRS 16	107	561

BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2022

Notes to the financial statements

19 Provision for liabilities

The company had the following provisions during the year:

	Annuity provision	Litigation provision	Dilapidation provision	Onerous contracts provision	Total
	£'000	£'000	£'000	£'000	£'000
At 1 January 2022	410	2,253	4,022	671	7,356
Additions to the statement of comprehensive income	5	-	895	-	900
Unused amounts reversed to the statement of comprehensive income	(84)	-	(1,667)	-	(1,751)
Utilised in the year	10	(912)	(498)	(523)	(1,923)
At 31 December 2022	341	1,341	2,752	148	4,582

BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2022

Notes to the financial statements

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 2022.

b) Litigation provision

Claims and litigation provisions relating to claims against the company 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 will be recognised in the year based upon these principles. In circumstances where the company is pursuing litigation against third parties, it takes a provision based upon its current best estimate of its net legal costs in the pursuit of such litigation.

c) 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.

d) Onerous contracts provision

Relates to provision for any contract for which unavoidable costs of meeting the contract obligations exceed the economic benefits expected to be received under that contract.

20 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.

BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2022

Notes to the financial statements

21 Called up share capital

	2022 £'000	2021 £'000
<i>Authorised</i>		
29,937,162 (2021: 29,937,162) ordinary shares of £1 each	<u>29,937</u>	<u>29,937</u>
<i>Allotted, called-up and fully-paid</i>		
29,937,162 (2021: 29,937,162) ordinary shares of £1 each	<u>29,937</u>	<u>29,937</u>

22 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:

	2022 £'000	2021 £'000
- within one year	4,789	6,633
- between two and five years	17,098	21,901
- more than five years	1,918	4,784
	<u>23,805</u>	<u>33,318</u>

BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2022

Notes to the financial statements

23 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 2022 was £3,045 (2021: £2,279k), which was equal to the cash contributions paid. There were no outstanding or prepaid contributions at 31 December 2022.

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 £1,645k into the scheme during 2022 (2021: £1,505k) and expects to make further contributions over the year ending 31 December 2023. The contributions payable were last reviewed as part of the formal actuarial valuation as at 31 March 2020.

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 recently completed formal actuarial valuation was carried out at 31 March 2020 and the results of that valuation have been projected to 31 December 2022 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 1% higher (lower), the scheme liabilities would decrease by £7,392k (increase by £9,225k) if all the other assumptions remained unchanged.

Inflation rate - If the inflation assumption was 1% higher, the scheme liabilities would increase by £4,015k. 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 £3,231k if all the other assumptions remained unchanged.

BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2022

Notes to the financial statements

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

	2022	2021
	£'000	£'000
Present value of scheme liabilities	(55,010)	(84,092)
Fair value of scheme assets	57,867	92,069
Funded Status	2,857	7,977
Net amount recognised at year end (before any adjustment for deferred tax)	2,857	7,977
Deferred tax	644	235
Asset / (liability) recognised on the balance sheet	3,501	8,212

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.

	2022	2021
	£'000	£'000
Administration expenses	156	205
Net interest expense	(166)	33
Charge recognised in the statement of comprehensive income	(10)	238

Re-measurements of the net liability:

	2022	2021
	£'000	£'000
Re-measurement loss / (gain) on scheme assets (excluding amount included in interest expense)	34,381	(5,539)
(Gain)/ loss due to changes in financial assumptions	(29,209)	(6,460)
(Gain)/ loss due to changes in demographic assumptions	(87)	1,997
(Gain)/ loss due to liability experience	1,690	70
Charge/(credit) recorded in other comprehensive income	6,775	(9,932)
Total defined benefit cost	6,765	(9,694)

BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2022

Notes to the financial statements

The principal actuarial assumptions used were:

	2022	2021
Liability discount rate	4.70%	1.90%
Inflation assumption - RPI	3.50%	3.50%
Inflation assumption - CPI	3.00%	2.90%
Rate of increase in salaries	3.50%	3.50%
Revaluation of deferred pensions:		
All benefits	2.90%	2.90%
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%)	3.30%	3.30%
Proportion of employees opting for early retirement	100%	100%
Proportion of employees commuting pension for cash	100% of members will commute 19% of their pension for a cash sum at retirement	100% of members will commute 19% 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	10% of members transfer at retirement on a cost-neutral basis to IAS19
Mortality assumption	98%/103%/105%* of SAPS S3PxA_L mortality tables using CMI 2021 improvements (Sk=7.0, A=0.5%, w2020=0%) with a 1.25% p.a. long term trend	98%/103%/105%* of SAPS S3PxA_L mortality tables using CMI 2020 improvements (Sk=7.0, A=0.5%, w2020=0%) with a 1.25% p.a. long term trend

* Scaling factors apply to male deferreds/ female deferreds/ pensioners respectively.

BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2022

Notes to the financial statements

	2022	2021
Expected age at death of current pensioner at age 65:		
Male aged 65 at year end:	88.8	88.7
Female aged 65 at year end:	90.0	88.9
Expected age at death of future pensioner at age 65:		
Male aged 45 at year end:	90.0	88.9
Female aged 45 at year end:	91.3	91.3

Changes in the present value of assets over the year:

	2022	2021
	£'000	£'000
Fair value of assets at start of year	92,069	86,392
Interest income	1,735	1,117
Return on assets (excluding amount included in net interest expense)	(34,381)	5,539
Contributions by the employer	1,645	1,505
Benefits paid	(3,045)	(2,279)
Administration costs incurred	(156)	(205)
Fair value of assets at end of year	57,867	92,069
Actual return on assets over the year	(32,646)	6,656

Changes in the present value of liabilities over the year:

	2022	2021
	£'000	£'000
Liabilities at start of year	84,092	89,614
Interest cost	1,569	1,150
Re-measurement (gains)/losses:		
Actuarial losses arising from changes in financial assumptions	(29,209)	(6,460)
Actuarial (gains)/losses arising from changes in demographic assumptions	(87)	1,997
Other experience items	1,690	70
Benefits paid	(3,045)	(2,279)
Liabilities at end of year	55,010	84,092

Duration of the scheme's liabilities at the end of the period (years)

18

BNP Paribas Real Estate Advisory & Property Management UK Limited

Year ended 31 December 2022

Notes to the financial statements

The major categories of scheme assets are as follows:

	2022	2021
	£'000	£'000
Equities	7,715	20,356
Government Bonds	38,886	56,775
Corporate Bonds	4,408	5,407
Cash and Cash Equivalents	1,695	1,849
Other (Diversified Growth Funds)	5,163	7,682
Total market value of assets	<u>57,867</u>	<u>92,069</u>

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

The results of the 31 March 2020 actuarial valuation showed a deficit of £14.9M 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:

- £1,405k per annum from 1 August 2021 to 31 March 2028 in respect of the deficit
- £240k per annum from 1 July 2021 to 31 March 2028 to cover scheme expenses (not including levies)

The next actuarial valuation of the Scheme is due at 31 March 2024, at which point the contributions will be reviewed.

24 Subsequent events

A contingent asset related to a litigation matter that was ongoing as at 31st December 2022 has crystallised post year-end resulting in a small economic benefit in 2023. Due to legal reasons the amount of the settlement cannot be disclosed, however it is not considered that this benefit will have a significant impact upon the 2023 financial statements.