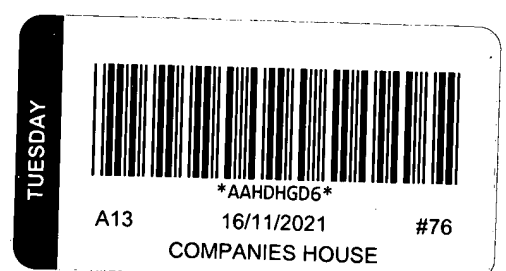


Registered Number: 04186905

HAMMERSON INVESTMENTS (NO. 23) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
Year ended 31 December 2020



HAMMERSON INVESTMENTS (NO. 23) LIMITED

DIRECTORS' REPORT

Year ended 31 December 2020

The Directors submit their report and the audited financial statements for Hammerson Investments (No. 23) Limited (the "Company") for the year ended 31 December 2020.

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

1. PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The principal activity of the Company is to act as an investment holding company in the United Kingdom. The Directors do not anticipate any significant change in the principal activity in the foreseeable future.

2. RESULTS AND DIVIDENDS

The profit for the year after tax was £410,000 (2019: £732,000). The Directors do not recommend the payment of a dividend for the year (2019: £nil).

As at 31 December 2020, the Company had net current liabilities of £1,707,000 (2019: £952,000) and net assets of £39,757,000 (2019: £39,347,000).

3. DIRECTORS

- (a) Mr. M.R. Bourgeois was a Director of the Company throughout the year and was in office at the date of approval of this report.
- (b) Mr. A.J. Berger-North resigned as a Director of the Company on 7 August 2020.
- (c) Mr. T. Cochrane was appointed as a Director of the Company on 7 August 2020 and resigned as a Director of the Company on 19 May 2021.
- (d) Mr. P.J. Denby was appointed as a Director of the Company on 9 September 2020 and was in office at the date of approval of this report.
- (e) In accordance with the Articles of Association of the Company, the Directors are not required to retire by rotation.
- (f) No Director has any interests in contracts entered into by the Company.

4. SECRETARY

Hammerson Company Secretarial Limited was Secretary of the Company throughout the year.

HAMMERSON INVESTMENTS (NO. 23) LIMITED

DIRECTORS' REPORT (CONTINUED)
Year ended 31 December 2020

5. GOING CONCERN

The Directors have considered the use of the going concern basis in the preparation of the financial statements in light of the net current liability position on the balance sheet as at 31 December 2020 and the current unprecedented levels of uncertainty on the Company's activities, principally caused by the Covid-19 pandemic. Having received a letter of support from Hammerson plc, its ultimate parent company, which states the intent to provide the necessary financial support to the Company for at least twelve months from the date of signing of these financial statements, they concluded that the going concern basis of preparation was appropriate.

However, whilst Hammerson plc's condensed consolidated interim financial report for the half-year reporting period ended 30 June 2021 was prepared on a going concern basis, the Directors note that it referred to a material uncertainty regarding the ability of Hammerson plc to continue as a going concern. Therefore, by extension, the Company's reliance on the letter of support from Hammerson plc has led the Directors to conclude that there is a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern. More information is provided in note 1(b) to the financial statements.

6. INDEMNITY

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

7. INDEPENDENT AUDITORS

BDO LLP shall be deemed to be re-appointed as auditor for a further term under the provisions of section 487(2) of the Companies Act 2006.

BDO LLP have indicated their willingness to continue in office.

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

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

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

HAMMERSON INVESTMENTS (NO. 23) LIMITED

DIRECTORS' REPORT (CONTINUED)

Year ended 31. December 2020

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

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.


The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

9. DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Directors of the Company at the time when this report is approved has confirmed that:

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

On behalf of the Board



P.J. Denby
Director
Registered Number: 04186905

Date: 10 November 2021

HAMMERSON INVESTMENTS (NO. 23) LIMITED

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF HAMMERSON INVESTMENTS (NO. 23) LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit 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.

We have audited the financial statements of Hammerson Investments (No. 23) Limited (the "Company") for the year ended 31 December 2020 which comprise the statement of comprehensive income, the balance sheet, 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 Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Material uncertainty related to going concern

We draw attention to note 1(b) which indicates that the Company is reliant upon the financial support of its ultimate parent company and that the directors of the ultimate parent company have identified a material uncertainty over that entity's ability to continue as a going concern. This could impact on the ultimate parent company's ability to provide the necessary level of support to the Company. As stated in note 1(b), these events or conditions, along with other matters as set out in note 1(b), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

HAMMERSON INVESTMENTS (NO. 23) LIMITED

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF HAMMERSON INVESTMENTS (NO. 23) LIMITED (CONTINUED)

Other information

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

Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in 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; or
- the Directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

HAMMERSON INVESTMENTS (NO. 23) LIMITED

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF HAMMERSON INVESTMENTS (NO. 23) LIMITED (CONTINUED)

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

- We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud.
- We considered the Company's compliance with laws and regulations that have a significant impact on the financial statements including, but not limited to, UK accounting standards, company law and tax legislation, and we considered the extent to which non-compliance might have a material effect on the Company's financial statements.
- We designed audit procedures to identify instances of non-compliance with such laws and regulations. Our procedures included reviewing the financial statement disclosures and agreeing to underlying supporting documentation where necessary. We made enquiries of management and the Directors as to the risks of non-compliance and any instances thereof.
- We addressed the risks of management override of internal controls, including testing a sample of journal entries based on risk criteria processed during the year and evaluating whether there was evidence of bias by management in accounting estimates or judgements that represented a risk of material misstatement due to fraud.

HAMMERSON INVESTMENTS (NO. 23) LIMITED

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF HAMMERSON INVESTMENTS (NO. 23) LIMITED (CONTINUED)

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Christopher Wingrave
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Christopher Wingrave (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick, United Kingdom
Date: 11 November 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

HAMMERSON INVESTMENTS (NO. 23) LIMITED**STATEMENT OF COMPREHENSIVE INCOME**
For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Rents payable and other property outgoings	2	<u>(112)</u>	<u>-</u>
Net rental expense		<u>(112)</u>	<u>-</u>
Operating loss		<u>(112)</u>	<u>-</u>
Net finance income	4	<u>522</u>	<u>732</u>
Profit before and after taxation and total comprehensive income for the financial year		<u>410</u>	<u>732</u>

All amounts relate to continuing activities.

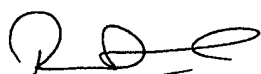
HAMMERSON INVESTMENTS (NO. 23) LIMITED

BALANCE SHEET

As at 31 December 2020

	Note	2020		2019	
		£'000	£'000	£'000	£'000
Non-current assets					
Investments	6		2,119		2,119
Receivables	7		<u>39,345</u>		<u>38,180</u>
Total non-current assets			41,464		40,299
Current assets					
Receivables	8	4,609		4,605	
Current liabilities					
Payables	9	<u>(6,316)</u>		<u>(5,557)</u>	
Net current liabilities			(1,707)		(952)
Net assets			<u>39,757</u>		<u>39,347</u>
Capital and reserves					
Called up share capital	10		115,000		115,000
Accumulated losses	11		<u>(75,243)</u>		<u>(75,653)</u>
Total equity			<u>39,757</u>		<u>39,347</u>

The financial statements were authorised for issue by the Board of Directors on 10 November 2021 and were signed on its behalf.



P.J. Denby

Director

Registered Number: 04186905

HAMMERSON INVESTMENTS (NO. 23) LIMITED**STATEMENT OF CHANGES IN EQUITY**For the year ended 31 December 2020

	Called up share capital £'000	Accumulated losses £'000	Total equity £'000
At 1 January 2019	115,000	(76,385)	38,615
Profit and total comprehensive income for the year	-	732	732
At 31 December 2019	115,000	(75,653)	39,347
Profit and total comprehensive income for the year	-	410	410
At 31 December 2020	115,000	(75,243)	39,757

HAMMERSON INVESTMENTS (NO. 23) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

1. ACCOUNTING POLICIES

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

(a) Basis of accounting

During 2020, the following relevant new and revised Standards and Interpretations have been adopted:

- Definition of Material – amendments to IAS 1 and IAS 8.
- Definition of a Business – amendments to IFRS 3.
- Revised Conceptual Framework for Financial Reporting.

None of the above standards have had a material impact on the Company's financial statements for the year ended 31 December 2020.

The Company also elected to adopt the following amendments early, although there is no material impact as this only applies to lessees:

- Covid-19-Related Rent Concessions – amendments to IFRS 16.

Basis of preparation

Hammerson Investments (No. 23) Limited is a private company limited by shares and incorporated in the United Kingdom under the Companies Act 2006. The nature of the Company's operations and its principal activities are set out on page 1. The address of the registered office is Kings Place, 90 York Way, London, N1 9GE.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

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

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

HAMMERSON INVESTMENTS (NO. 23) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

1. ACCOUNTING POLICIES (CONTINUED)

(a) Basis of accounting (continued)

Disclosure exemptions adopted

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

- IFRS 7, 'Financial Instruments; Disclosures';
- paragraphs 91 to 99 of IFRS 13 'Fair value measurement' disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities';
- paragraph 38 of IAS1, 'Presentation of financial statements' – comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
 - paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period);
- the following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirements for minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information);
 - 111 (cash flow statement information); and
 - 134 – 136 (capital management disclosures);
- IAS 7, 'Statement of cash flows';
- paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS what has been issued but is not yet effective);
- paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation); and
- the requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

The above disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Hammerson plc into which the Company is consolidated. The financial statements of Hammerson plc are publicly available and can be obtained as described in note 13.

HAMMERSON INVESTMENTS (NO. 23) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

1. ACCOUNTING POLICIES (CONTINUED)

(b) Going concern

In considering going concern the Directors have initially assessed the current unprecedented levels of uncertainty, principally caused by the Covid-19 pandemic, on the Company's activities. In addition, the Directors note that the Company has no external borrowings or debt covenants, however as at 31 December 2020 it had net current liabilities and is reliant on the continued support of its ultimate parent company, Hammerson plc, to be able to meet its liabilities as they fall due.

The Directors consider that the Company is an integral part of Hammerson plc's structure and strategy and this is evidenced by a letter of support received from Hammerson plc, which states its intent to provide the necessary financial support to ensure that the Company is a going concern for the foreseeable future, being a period of at least twelve months from the date of signing of these financial statements.

In forming an assessment as to whether Hammerson plc has the ability to provide the necessary financial support to the Company, the Directors have had regard to the cash flow forecasts of the Hammerson plc Group which anticipate significant liquidity over the support period. Consequently, the Directors have a reasonable expectation that the Company will have access to adequate resources to continue in operational existence for a period of at least twelve months from the date of signing of these financial statements and they continue to adopt the going concern basis in preparing the financial statements.

However, in making this assessment the Directors are mindful of the disclosures made by Hammerson plc in their own latest condensed consolidated interim financial report for the half-year reporting period ended 30 June 2021. The Directors of Hammerson plc highlighted that whilst the Group has significant liquidity projected over the going concern period to 31 December 2022, its associate investment, Value Retail, has three secured debt facilities maturing over the going concern period totaling £1,098 million (Group's share £467 million). The Group has the ability to manage its liquidity and gearing levels to remain in compliance with its unsecured borrowing covenants by either funding Value Retail to fully repay the two loans maturing in December 2021 and June 2022 or allow the lenders to enforce their security over the properties. However, if the loan maturing in December 2022 totaling £750 million (Group's share £376 million) were not refinanced ahead of maturity, the lenders could enforce their security over the property and the Group may lose the value of its net investment in the property. In these circumstances, the Group would breach its unsecured borrowing gearing covenant in the Severe but plausible adverse scenario at 31 December 2022. Hence this refinancing risk represents a material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern.

By extension, the material uncertainty identified in the Group's latest financial report, could impact on Hammerson plc's ability to provide the necessary level of support to the Company. Accordingly, the Directors of the Company have identified a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

HAMMERSON INVESTMENTS (NO. 23) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

1. ACCOUNTING POLICIES (CONTINUED)

(c) Net finance income

Net finance income includes interest payable on borrowings, net of interest receivable from related party undertakings and interest receivable on funds invested and is included in the statement of comprehensive income.

(d) Fixed asset investments

Fixed asset investments, including investments in subsidiaries and joint ventures, are stated at cost less provision for impairment.

(e) Loans receivable

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

(f) Borrowings

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

(g) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs). Financial assets, including intercompany loans, are subsequently carried at amortised cost using the effective interest method, less loss allowance. Financial liabilities are subsequently carried at amortised cost using the effective interest method.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

HAMMERSON INVESTMENTS (NO. 23) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

1. ACCOUNTING POLICIES (CONTINUED)

(h) Critical accounting policies and estimation uncertainties

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

The Company's critical judgements and areas of estimation uncertainty are in respect of the valuation of its non-current assets and in the appropriateness of the going concern basis of preparation, further information on which is provided in note 1(b).

The Company's non-current assets comprise of its investment in, and loans receivable from, Bishopsgate Goodsyrd Regeneration Limited ("BGY"), which are carried in the balance sheet at historical cost less provision for impairment, which are assessed by the Directors based upon the net assets of BGY. The principal asset of BGY is its investment properties, which are carried at fair value determined annually by the directors of BGY. The basis of this valuation is set out in the notes to the financial statements of BGY for the year ended 31 March 2019.

In addition, the investment property of BGY is valued six-monthly by professionally qualified external valuers on behalf of the Company. Investment properties, excluding properties held for development, are valued by adopting the 'investment method' of valuation. This approach involves applying market-derived capitalisation yields to current and market-derived future income streams with appropriate adjustments for income voids arising from vacancies or rent-free periods. These capitalisation yields and future income streams are derived from comparable property and leasing transactions and are considered to be key inputs in the valuation. Other factors that are taken into account in the valuations include the tenure of the property, tenancy details and ground and structural conditions.

In the case of on-site developments, the approach applied is the 'residual method' of valuation, which is the investment method of valuation as described above with a deduction for all costs necessary to complete the development, together with a further allowance for remaining risk, developers' profit and purchasers' costs. Properties held for future development are generally valued by adopting the higher of the residual method of valuation allowing for all associated risks, or the investment method of valuation for the existing assets.

HAMMERSON INVESTMENTS (NO. 23) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

2. NET RENTAL EXPENSE

	2020 £'000	2019 £'000
Base rent	-	-
Gross rental income	-	-
Revenue	-	-
Rents payable and other property outgoings	(112)	-
Net rental expense	(112)	-

All revenue is derived from within the United Kingdom.

3. ADMINISTRATIVE EXPENSES

The average number of employees during the year was nil (2019: nil).

The Directors did not receive any remuneration for their services from the Company in the year (2019: £nil), having been paid by other group undertakings. It is deemed impractical to allocate their remuneration between group undertakings for the purpose of disclosure. In addition there were no payments to key management personnel in either the current or preceding financial year.

Another group company has paid the auditor's fees for the audit of the Company's annual financial statements in both the current and preceding financial year. Fees for the audit of the Company were £900 (2019: £875).

4. NET FINANCE INCOME

	2020 £'000	2019 £'000
Interest receivable from ultimate parent company	66	83
Interest receivable from Bishopsgate Goodsynd Regeneration Limited	456	649
	522	732

HAMMERSON INVESTMENTS (NO. 23) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

5. TAXATION

(a) Tax charge

	2020 £'000	2019 £'000
Tax charge on profit on ordinary activities	-	-

(b) Factors affecting total tax charge

The tax assessed on the profit for the current and previous year is different from the standard rate of corporation tax of 19% (2019: 19%). The differences are reconciled below:

	2020 £'000	2019 £'000
Profit before tax	410	732
Profit at UK corporation tax rate of 19% (2019: 19%)	78	139
Effect of:		
Disallowable expenses	21	-
Group relief	(99)	(139)
Total tax charge	-	-

6. INVESTMENTS

Investment in Bishopsgate Goodsyrd Regeneration Limited

	2020 £'000	2019 £'000
At 1 January and at 31 December	2,119	2,119

The Company has a 50% interest in the ordinary share capital of Bishopsgate Goodsyrd Regeneration Limited ("BGY"), a jointly controlled entity. BGY is registered and carries out property development activities in England and Wales. The registered office of BGY is Kings Place, 90 York Way, London N1 9GE.

HAMMERSON INVESTMENTS (NO. 23) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

7. RECEIVABLES: NON-CURRENT ASSETS

	2020 £'000	2019 £'000
Loan receivable from Bishopsgate Goodsyrd Regeneration Limited	<u>39,345</u>	<u>38,180</u>

As at 31 December 2020, the Company had undertaken not to demand repayment of the above amount for a period of at least twelve months from 26 November 2019, being the date of the signature of the financial statements for the year ended 31 March 2019 of Bishopsgate Goodsyrd Regeneration Limited. The Directors considered that this undertaking would extend beyond 31 December 2020 and it was subsequently extended to 24 February 2022. The receivable has therefore been classified as non-current in these financial statements. The loan receivable bears interest at variable rates based on LIBOR.

8. RECEIVABLES: CURRENT ASSETS

	2020 £'000	2019 £'000
Amounts owed by ultimate parent company	<u>4,609</u>	<u>4,605</u>

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

9. PAYABLES: CURRENT LIABILITIES

	2020 £'000	2019 £'000
Amounts owed to Bishopsgate Goodsyrd Regeneration Limited	6,204	5,557
Amounts owed to fellow subsidiary undertakings	<u>112</u>	<u>-</u>
	<u>6,316</u>	<u>5,557</u>

Amounts owed to Bishopsgate Goodsyrd Regeneration Limited and to fellow subsidiary undertakings are repayable on demand and are non-interest bearing. All amounts owed are unsecured.

10. CALLED UP SHARE CAPITAL

	2020 £'000	2019 £'000
Authorised:		
115,000,000 ordinary shares of £1 each	<u>115,000</u>	<u>115,000</u>
Allotted, called up and fully paid:		
115,000,000 ordinary shares of £1 each	<u>115,000</u>	<u>115,000</u>

HAMMERSON INVESTMENTS (NO. 23) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

11. RESERVES

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

<u>Reserve</u>	<u>Description and purpose</u>
Accumulated losses	Cumulative profits and losses less any dividends paid

12. ADVANCES, CREDIT AND GUARANTEES

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

13. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

At 31 December 2020, the Company's ultimate parent company was Hammerson plc, which is registered in England and Wales and is the largest and smallest group to consolidate these financial statements. At 31 December 2020, the Company's immediate parent company was Hammerson UK Properties plc, which is registered in England and Wales.

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