

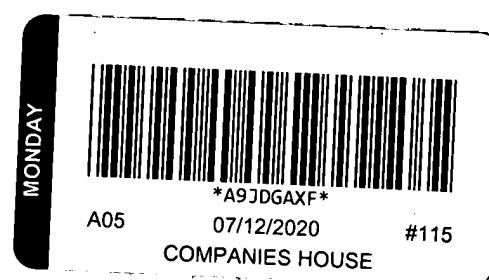


Almacantar Centre Point Construction Limited

Report and Financial Statements

31 December 2019

Company Registration Number 08738765



Contents

Officers and professional advisors	2
Strategic report	3
Directors' report	6
Independent Auditor's Report to the Members of Almacantar Centre Point Construction Limited	10
Income Statement	13
Statement of Financial Position	14
Statement of cash flows	15
Statement of changes in equity	16
Notes to the financial statements	17
1. Principal accounting policies	17
2. Revenue	21
3. Cost of sales	22
4. Administrative expenditure	22
5. Taxation	23
6. Trade and other receivables	24
7. Amounts receivable from group undertakings	25
8. Cash and cash equivalents	25
9. Trade and other payables	26
10. Amounts owed to parent / group undertaking	27
11. Share capital	27
12. Financial risk management objectives	28
13. Financial Instruments	30
14. Related party transactions	31
15. Subsequent events	31

Officers and professional advisors

Directors Jonathan Paul
Kathrin Hersel
Matthew Filkin

Company Secretary Richard Painter

Registered Company 08738765

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United Kingdom
W1H 7NX

Auditors Ernst & Young LLP
1 More London Place
London
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SE1 2AF

Strategic report

Principal activities, business review and future outlook

The principal activity of Almacantar Centre Point Construction Limited ("the Company") is to act as developer and manage the refurbishment of the Centre Point scheme, on behalf of the beneficial owner Almacantar Centre Point LP, which is a fellow group entity. This relationship is governed by a Development Management Agreement dated 4 December 2014 under the terms of which, the Company will provide a range of services in order to facilitate the refurbishment of Centre Point. The development and management services provided by the Company include but are not limited to:

- Liaising with the Contractor and external suppliers (the "Professional Team"), to obtain cost and programme information to assess the impact of any changes on the ongoing Project and thus recommend any updates to the development appraisal, budget or business plan,
- To instruct manage and monitor the Professional Team in the co-ordination and design development of the Project, regularly review the progress of the design and manage and monitor the Professional Team in carrying out the design work until practical completion,
- To monitor, supervise and review applications for payment from the Professional Team and make payment as per the credit terms agreed,
- Liaising with the Contractor and the Professional Team, to monitor the overall quality and progress of the project against the Programme and provide Almacantar Centre Point LP with quarterly updates.

In previous years, the Company was receiving a development management fee, calculated at 2% on development costs, for managing the development of Centre Point on behalf of Almacantar Centre Point LP. This was the key driver of profit before taxation in prior periods. Under the terms of the development agreement, these development fees are payable in full on the earlier of 40 months from the substantial commencement of works and repayment of the Starwood loan Facility. Following the repayment of the Starwood facility in 2018, the Company was unable to recognise any further development management fee income in 2019. Due to this, the Company made a loss before taxation of £429,093 for the year ended 31 December 2019. This represents the Company's administrative expenditure, net of finance income.

Following Practical Completion of the Centre Point scheme in June 2019, the Company's key objective for the next 12-24 months is to monitor any defects arising and to close out the contracts with the Contractor and the Professional Team.

The unprecedented and rapidly changing circumstances surrounding the COVID-19 coronavirus outbreak provide an uncertain economic landscape. Whilst it is difficult to predict accurately the potential long-term consequences, the Directors remains vigilant and, in common with all businesses, are closely monitoring the situation.

To date, there has been no material effect on the Company's financial resources and the Company enters this uncertain period with a good level of liquidity. Furthermore, the Company has continued to work closely during this period with the Contractor to address any defects arising and is confident that contracts will be closed out as originally anticipated.

As detailed in the going concern note in the Directors' report, a material uncertainty over the going concern of the Company has been identified. This is due to its reliance on funding from Almacantar Centre Point LP to cover its development expenditure. As there is a material uncertainty over the going concern of the

Strategic report (*continued*)

Principal activities, business review and future outlook (*continued*)

Partnership due to its reliance on the sale of a further three apartment sales in order to meet its liabilities as they fall due, Directors consider there is also a material uncertainty for the Company.

However, subsequent to the year end, interest in residential apartments has been positive, despite COVID-19. The Partnership has completed on one apartment, exchanged on a further three apartments and have had two apartments reserved. The three exchanged apartments are expected to complete by October 2020. On this basis, the Directors are confident that the Partnership will have the required liquidity to fund the Company's development expenditure and the accounts have been prepared accordingly on a going concern basis.

Key Performance Indicators ("KPIs")

Given the nature of the business, the Company's Directors are of the opinion that the primary KPI's for the performance and position of the business are profit or loss before tax and net assets. The results are detailed below:

	2019 £	2018 £	Change £	Change %
(Loss) / Profit before Taxation	(429,093)	11,600	(440,693)	-3799%
Net Assets	4,167,763	4,646,683	(478,920)	-10%

Principal risks and uncertainties

As developer on the Centre Point scheme, the Company is exposed to a number of risks including contractual, credit and liquidity risk. The Directors are responsible for managing these risks.

Refurbishment progress: The key risk facing the Company was the completion of the Centre Point refurbishment. The development of Centre Point reached practical completion in June 2019 therefore mitigating the risk in full.

Contractual risk: In order to progress with the refurbishment, the Company has engaged a Contractor and a Professional Team, increasing its exposure to contractual risk in the event that the suppliers do not deliver as expected. The key contractual relationship is currently with the Principal Contractor; Brookfield Multiplex Construction Europe Limited, whereby the inability for the Principal Contractor to perform as agreed can result in severe delays and cost overruns. Directors are in constant talks with the Principal Contractor; reviewing progress against key milestones to reduce the Company's exposure to contractual risk. Following the practical completion of the development in June 2019, the Principal Contractor is now in the stage of remedying defects thus the contractual risk is significantly decreased.

Strategic report (*continued*)

Principal risks and uncertainties (*continued*)

Credit risk: The Company has amounts due from fellow group undertaking Almacantar Centre Point LP in respect of development management fees, transfer pricing recharges and refurbishment cost recharges of £10,970,293. Credit risks arise when the Company is unable to recover these amounts. In order to mitigate such risks, the Company maintains regular communication with Almacantar Centre Point LP to ensure the project continues to meet its objectives. Management expect full recovery of all receivable balances and this belief is based on an expectation that the proceeds arising from the sale of residential apartments at Centre Point Tower will be used to settle the amounts receivable.

Liquidity risk: The Company has a commitment to pay the Principal Contractor and Professional Team as agreed under the Development Management Agreement. Liquidity risks arise when the Company is unable to meet its short-term financial demands. In order to mitigate such risks, all costs relating to the refurbishment of Centre Point are recharged onto Almacantar Centre Point LP who provide the Company with the necessary funding to meet these obligations on a monthly basis.

Signed on behalf of the Board



Jonathan Paul
Director

3 Quebec Mews
London
W1H 7NX

Directors' report

The Directors submit their Annual Report, alongside the audited financial statements for the year ended 31 December 2019.

Principal activities

The principal activities of the Company are stated in the Strategic Report.

Results and dividends

The Company has performed in line with expectations, and the Directors are satisfied with the position at the end of the year. As the Centre Point scheme reached practical completion in Q2 2019, there has been a rapid decline in refurbishment costs and a corresponding fall in recharge revenue.

The results for the Company are shown on the Income Statement on page 13.

The Directors do not propose a dividend for the year ended 31 December 2019 (2018: £Nil).

Directors

The Directors who served the Company during the period are noted on page 2.

Going concern

The financial statements have been prepared on a going concern basis. The Company recognised a loss of £478,920 for the year ended 31 December 2019 (2018: profit of £9,396) and has net current assets of £4.2m as at 31 December 2019 (2018: £4.6m).

The Directors are required to consider the application of the going concern assumption and whether material uncertainty exists when signing the financial statements. The primary consideration is whether the Directors believe the Company to have sufficient liquidity for a period of at least twelve months subsequent to the date of signing the financial statements. The Company has a liability to fund development payments in July 2021 and therefore the Directors have considered this within the going concern review period, which they have determined to be 13 months ending 31 July 2021.

Given the unprecedented COVID-19 crisis currently being faced globally, the Directors have also undertaken further analysis to assess the key factors affecting the going concern assumption of the Company. The Directors have identified critical performance obligations and reviewed primary cash flow requirements for the 13-month period from approval of these financial statements.

The Directors consider that the Company has a good level of liquidity to cover any administrative costs as they arise. However, the Company is reliant on funding from Almacantar Centre Point LP under a Development Agreement in order to meet its development expenditure payments, most notably the retention, as they fall due. There is a risk that the pandemic may adversely impact the Partnership's primary source of income, being residential apartment sales. The Partnership completed a sale of a residential apartment in June 2020 and there are currently a further three residential apartments which have exchanged and are expected to complete by October 2020. There remains interest in the residential apartments despite

Directors' report (*continued*)

Going concern (*continued*)

COVID-19, with a further two apartments being reserved since February 2020. The General Partner has forecast in their cashflow projections that the exchanged apartments complete within the contractual dates, but has not assumed cash inflows from the reserved apartments, which they consider is a cautious but appropriate assumption in the current market. The Partnership is reliant on the completion of at least three apartment sales in the going concern period in order to meet its liabilities as they fall due. While the General Partner believes completion of these three exchanged apartments is likely, there remains a risk that they would not complete.

Following this analysis, the Partners have identified a material uncertainty which may cast significant doubt over the Partnership's ability to continue as a going concern. Therefore, the Directors of Almacantar Centre Point Construction Limited have identified a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern due to its reliance on funding from the Partnership in order to pay its development expenditure liabilities in the 13-month period from approval of these financial statements.

For these reasons, the Directors continue to adopt a going concern basis for the preparation of the financial statements. Accordingly, these financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Company were unable to continue as a going concern.

Subsequent events

Information relating to events since the end of the reporting year are disclosed in the note 15 to the financial statements.

Likely future developments in the business

Information on likely future developments in the business of the Company has been included in the Strategic Report.

Directors' indemnities

Directors of the Company are entitled to be indemnified by the Company against any liability, loss or expenditure incurred in connection with their duties, powers or office, to the extent permitted by statute. The appointments of Directors of the Company do not provide for compensation for the loss of office that occurs because of a takeover.

Payment policy

It is the Company's policy, in respect of all suppliers, to settle agreed outstanding accounts in accordance with terms and conditions agreed with suppliers' when contracts are exchanged.

Directors' report (*continued*)

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable United Kingdom laws and regulations. Company law requires the Directors to prepare financial statements for each financial year.

Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

In preparing these financial statements, the Directors are required to:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirement in IFRS's are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the Company's ability to continue as a going concern..

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors and disclosure of information to auditors

Ernst & Young LLP were appointed as auditors on 2 December 2014 and have indicated their willingness to be reappointed for another term. Appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

So far as each Director is aware, there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware. Each Director has taken all the steps that he ought to have taken in his duty as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' report (*continued*)

This confirmation is given and should be interpreted in accordance with the provisions of s.418 of the Companies Act 2006.

Signed on behalf of the Board

A handwritten signature in black ink, appearing to be 'JP', with a long horizontal flourish extending to the right.

Jonathan Paul
Director

Independent Auditor's Report to the Members of Almacantar Centre Point Construction Limited

Opinion

We have audited the financial statements of Almacantar Centre Point Construction Limited for the year ended 31 December 2019 which comprise the Income Statement, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; 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 below. 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.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which discloses uncertainty around the completion of residential apartment sales by Almacantar Centre Point LP within the going concern review period. As stated in Note 1, these events or conditions, 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.

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.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the 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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 strategic report or directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <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.

A handwritten signature in black ink, appearing to read 'Ernst & Young LLP' followed by a stylized signature.

Bob Forsyth (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

25 June 2020

Income Statement

For the year ended 31 December 2019

	Note	2019 £	As restated 2018 £
Revenue	2	2,590,528	11,242,398
Cost of sales	3	(2,590,528)	(10,722,422)
Gross profit		--	519,976
Administrative expenditure	4	(437,612)	(511,288)
Operating (loss) / profit		(437,612)	8,688
Finance income		8,519	2,912
(Loss) / profit before taxation		(429,093)	11,600
Taxation	5	(49,827)	(2,204)
(Loss) / profit for the year		(478,920)	9,396
Attributable to the parent company		(478,920)	9,396

Notes on pages 17 to 32 form part of these financial statements.

All activities during the current period are derived from continuing operations.

There are no other items of comprehensive income in the current year or prior year and therefore no statement of comprehensive income is shown.

Statement of Financial Position

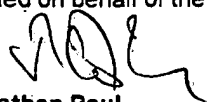
As at 31 December 2019

	Note	2019 £	As restated 2018 £
Non-current assets			
Amounts receivable from group undertakings	7	1,917,874	2,345,021
		1,917,874	2,345,021
Current assets			
Trade and other receivables	6	12,254	978,870
Amounts receivable from group undertakings	7	9,052,419	11,105,633
Cash and cash equivalents	8	969,515	2,178,234
		10,034,188	14,262,737
Total assets		11,952,062	16,607,758
Current liabilities			
Trade and other payables	9	(5,658,146)	(8,200,892)
Amounts due to parent undertakings	10	(85,096)	(417,091)
Amounts due to group undertakings	10	(123,183)	(998,071)
		(5,866,425)	(9,616,054)
Non-current liabilities			
Trade and other payables	9	(1,917,874)	(2,345,021)
		(1,917,874)	(2,345,021)
Total liabilities		(7,784,299)	(11,961,075)
Net assets		4,167,763	4,646,683
Equity			
Share capital	11	1,070,100	1,070,100
Retained earnings		3,097,663	3,576,583
Total equity		4,167,763	4,646,683

Notes on pages 17 to 32 form part of these financial statements.

The financial statements of Almacantar Centre Point Construction Limited, registered company number 08738765, were approved by the Board of Directors on 24 JUNE 2020

Signed on behalf of the Board of Directors.


Jonathan Paul
Director

Statement of cash flows

For the year ended 31 December 2019

	Note	2019 £	2018 £
Operating activities			
(Loss) / profit before tax		(429,093)	11,600
Non-cash adjustments to reconcile loss before tax to net cash flows:			
Adjustments for non-cash items		(8,519)	(2,912)
Working capital adjustments:			
Decrease in trade and other receivables	6, 7	3,397,150	10,867,103
Decrease in trade and other payables	9,10	(4,176,776)	(8,867,178)
		(1,217,238)	2,008,613
Interest received		8,519	2,912
Corporate taxes (paid)	5	--	(52,030)
Net cash flows (used in) / from operating activities		(1,208,719)	1,959,495
Financing activities			
Proceeds from issue of share capital	11	--	100
Cash flows from financing activities		--	100
Net (decrease) / increase in cash and cash equivalents		(1,208,719)	1,959,595
Cash and cash equivalents at 1 January 2019		2,178,234	218,639
Cash and cash equivalents at 31 December 2019	8	969,515	2,178,234

No cash flows arose during the year from investing activities.

Notes on pages 17 to 32 form part of these financial statements.

Statement of changes in equity

For the year ended 31 December 2019

	Share capital £	Retained Earnings £	Shareholders' equity £
Opening equity 1 January 2019	1,070,100	3,576,583	4,646,683
Loss for year	--	(478,920)	(478,920)
Total equity as at 31 December 2019	1,070,100	3,097,663	4,167,763

	Share capital £	Retained Earnings £	Shareholders' equity £
Opening equity 1 January 2018	1,070,100	3,567,187	4,637,287
Profit for year	--	9,396	9,396
Total equity as at 31 December 2018	1,070,100	3,576,583	4,646,683

Share capital

This represents issued and fully paid-up share capital.

Retained earnings

This represents cumulative accumulated profits and losses of the Company since incorporation.

Notes on pages 17 to 32 form part of these financial statements.

Notes to the financial statements

1. Principal accounting policies

Corporate Information

Almacantar Centre Point Construction Limited was incorporated and registered in the United Kingdom on 18 October 2013 under the Companies Act 2006 as a private company limited by shares. Almacantar Centre Point Construction Limited is a wholly owned subsidiary of Almacantar Limited.

The financial statements have been drawn for the year ended 31 December 2019.

Basis of Preparation

The financial statements of Almacantar Centre Point Construction Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in accordance to the Companies Act 2006 where applicable.

The financial statements for the year ended 31 December 2019 have been prepared on a historical cost basis.

The functional currency of the Company is Sterling; this is the currency of the primary economic environment in which the Company operates.

The accounting policies adopted by the Company are consistent with those of the previous financial year, as amended to reflect the adoption of new standards, amendments and interpretations which became effective during the year.

At the date of approval of these financial statements, the Company has not applied the following new and revised IFRSs that have been issued but are not yet effective and in some cases, not yet adopted by the EU:

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Material);
- IFRS 3 Business Combinations (Amendment – Definition of Business)
- Revised Conceptual Framework for Financial Reporting

The above new and revised IFRS Standards have an effective date of 1 January 2020 and will be adopted from that date.

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

Going Concern

The financial statements have been prepared on a going concern basis. The Company recognised a loss of £478,920 for the year ended 31 December 2019 (2018: profit of £9,396) and has net current assets of £4.2m as at 31 December 2019 (2018: £4.6m).

The Directors are required to consider the application of the going concern assumption and whether material uncertainty exists when signing the financial statements. The primary consideration is whether the Directors believe the Company to have sufficient liquidity for a period of at least twelve months subsequent to the date of signing the financial statements. The Company has a liability to fund development payments in July 2021

Notes to the financial statements (*continued*)

1. Principal accounting policies (*continued*)

and therefore the Directors have considered this within the going concern review period, which they have determined to be 13 months ending 31 July 2021.

Given the unprecedented COVID-19 crisis currently being faced globally, the Directors have also undertaken further analysis to assess the key factors affecting the going concern assumption of the Company. The Directors have identified critical performance obligations and reviewed primary cash flow requirements for the 13-month period from approval of these financial statements.

The Directors consider that the Company has a good level of liquidity to cover any administrative costs as they arise. However, the Company is reliant on funding from Almacantar Centre Point LP under a Development Agreement in order to meet its development expenditure payments, most notably the retention, as they fall due. There is a risk that the pandemic may adversely impact the Partnership's primary source of income, being residential apartment sales. The Partnership completed a sale of a residential apartment in June 2020 and there are currently a further three residential apartments which have exchanged and are expected to complete by October 2020. There remains interest in the residential apartments despite COVID-19, with a further two apartments being reserved since February 2020. The General Partner has forecast in their cashflow projections that the exchanged apartments complete within the contractual dates, but has not assumed cash inflows from the reserved apartments, which they consider is a cautious but appropriate assumption in the current market. The Partnership is reliant on the completion of at least three apartment sales in the going concern period in order to meet its liabilities as they fall due. While the General Partner believes completion of these three exchanged apartments is likely, there remains a risk that they would not complete.

Following this analysis, the Partners have identified a material uncertainty which may cast significant doubt over the Partnership's ability to continue as a going concern. Therefore, the Directors of Almacantar Centre Point Construction Limited have identified a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern due to its reliance on funding from the Partnership in order to pay its development expenditure liabilities in the 13-month period from approval of these financial statements.

For these reasons, the Directors continue to adopt a going concern basis for the preparation of the financial statements. Accordingly, these financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Company were unable to continue as a going concern.

New and amended IFRS standards that are effective for the current year

New standards impacting the Company that will be adopted in the annual financial statements for the year ended 31 December 2019, and which have given rise to changes in the Company's accounting policies are:

- IFRS 16 Leases (IFRS 16)

The Company does not have any leasing activities as a lessor or lessee.

Notes to the financial statements (*continued*)

1. Principal accounting policies (*continued*)

Significant judgements, estimates and assumptions

When applying the Company's accounting policies, the Directors make judgements, estimates and assumptions which may affect the financial statements. The judgements, estimates and assumptions made in the preparation of the financial statements are considered to be reasonable and are based on information presented to the Directors at the time. All judgements, estimates and assumptions are made in accordance to IFRS and are applied consistently to similar transaction types. However, actual outcomes may differ from those anticipated. Significant applications of judgement and estimates include:

Judgements

Recovery of Receivables

In the course of preparing the financial statements the Directors consider the recoverability of receivable balances, the most significant being amounts owed by Almacantar Centre Point LP. Amounts owed by Almacantar Centre Point LP comprise refurbishment costs, transfer pricing fees and development fee unpaid at the year-end. The Directors believe that all outstanding amounts will be settled using proceeds from the sale of the residential apartments at Centre Point.

As required under IFRS 9, a judgement is made at each Statement of Financial Position date regarding the value of expected credit losses on trade and other receivables. Further information in respect of calculating expected credit losses can be found under the "financial assets" section of this note.

Revenue

The Company's method of revenue recognition is described in note 2.

Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes party to the contractual provisions of the instrument.

Financial assets

Financial assets comprise of trade receivables and other receivables and are measured at amortised cost.

Trade receivables and other receivables do not carry any interest and are stated at their nominal value, reduced by appropriate allowances for expected credit losses (ECLs). For trade and other receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date (i.e., a loss allowance for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default). The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Financial liabilities comprise of trade and other payables and amounts owed to parent and group undertakings. Overdrafts are stated at their nominal value. Interest is recognised as it accrues using the effective interest method. Trade payables on normal terms are not interest bearing and are stated at their nominal value.

Notes to the financial statements (*continued*)

1. Principal accounting policies (*continued*)

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company does not have any financial liabilities at fair value through profit or loss, or derivatives designated as hedging instruments in an effective hedge.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Deferred taxation

Deferred tax is provided on temporary differences between the tax base of an asset or liability and its carrying amount in the Statement of Financial Position. Deferred tax is determined using tax rates which have been enacted or substantively enacted by the Statement of Financial Position date. A deferred tax asset on tax losses is recognised to the extent that an offset is available against a deferred tax liability, or taxable profits are predicted to be available against which the loss can be utilised.

Contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only on the occurrence or non-occurrence of uncertain future events outside the Company's control, or present obligations that are not recognised because it is not probable that a settlement will be required or the value of such a payment cannot be reliably estimated. The Company does not recognise contingent liabilities but discloses them.

Prior year adjustments

An adjustment to the 2018 comparatives has been recorded in the balance sheet, and in notes 7 and 9 to the financial statements, to reclassify amounts receivable from group undertakings of £2,345,021 as a non-current asset and to reclassify trade and other payables of £2,345,021 as a non-current liability. Both balances had previously been recorded as current. The liability relates to the portion of retention payable on development costs which is not due for payment until, at the earliest, 2020. The asset relates to the non-current portion of retention payable subsequently recharged to Almacantar Centre Point LP.

A further adjustment to the 2018 comparatives has been recorded in the income statement, and in notes 3 and 4 to the financial statements, to reclassify transfer pricing fees of £432,994 as an administrative expense. These had previously been recorded in cost of sales. As a result, cost of sales has reduced by £432,994, from £11,155,416 to £10,722,422, and administrative expenditure has increased by £432,994, from £78,294 to £511,288.

These adjustments have had nil impact on net current assets, net assets or on the profit before tax for the year reported in 2018.

Notes to the financial statements (*continued*)

2. Revenue

	2019 £	2018 £
Refurbishment cost recharges	2,590,528	10,599,748
Development management fee	--	192,711
Other income	--	449,939
Revenue	2,590,528	11,242,398

Revenue comprises recharges to Almacantar Centre Point LP for refurbishment costs and development management fee income.

Refurbishment cost recharges

This amount relates to refurbishment costs incurred by the Company which have been recharged, at cost, to Almacantar Centre Point LP, as per the development agreement in place. The output method has been used to recognise revenue under IFRS 15. The above costs have been incurred by the Company and recharged to Almacantar Centre Point LP, with all costs funded in the month in which external suppliers are paid. This is in accordance to the development agreement in place. Since the Company is fulfilling its performance obligations for the refurbishment of Centre Point under the Development Agreement, the corresponding development cost recharge income is recognised in the Income Statement. Revenue is recognised over time, in line with meeting the performance obligations.

Development management fee

The Company receives a development management fee for managing the development of Centre Point on behalf of Almacantar Centre Point LP. Development fees are payable in full on the earlier of 40 months from the substantial commencement of works and repayment of the Starwood Facility. There are no obligations for any returns or refunds and none of the development fee is contingent. The Development fee income is recognised as revenue in the Income Statement for the services provided and comprises a base fee being 2% of development costs plus a performance fee for pre-agreed sales milestones. Development fee income has been recognised in full and no further income is due following the repayment of the Starwood loan facility in the prior year.

Other income

This balance primarily relates to historical overpaid VAT. In 2019, £nil (2018: £441,379) was released to the Income Statement.

Notes to the financial statements (*continued*)

3. Cost of sales

	2019 £	As restated 2018 £
Refurbishment costs	2,590,528	10,722,422
Property expenditure	2,590,528	10,722,422

Refurbishment costs

Refurbishment costs were incurred by the Company from the Principal Contractor and the Professional Team for the refurbishment of the Centre Point scheme. These costs are subsequently recharged to Almacantar Centre Point LP (see Note 2).

4. Administrative expenditure

	2019 £	As restated 2018 £
Bank charges	336	547
Legal and other professional fees	12,550	12,850
Transfer pricing fees	395,978	432,994
Other	28,748	64,897
Administrative expenditure	437,612	511,288

Legal and other professional fees

Professional fees include the annual external audit fee of £10,300 (2018: £9,400) as provided by the Company's auditors Ernst & Young LLP. No non-audit fees were paid to the Company's external auditors.

Transfer pricing fees

Transfer pricing fees are costs incurred by the Company from Almacantar Limited (the Almacantar Group administrative company). Transfer pricing fees reflect the development consulting services provided by Almacantar Limited.

Other

Other expenses relate primarily to expected credit losses on intra-group receivables.

Employees and Director emoluments

There were no employees and Director emoluments recognised in the year or prior year. The Directors are remunerated for their services through the parent company Almacantar Limited and therefore no emoluments are received by employees or directors from the Company.

Notes to the financial statements (*continued*)

5. Taxation

a) Tax charged in the income statement:

	2019 £	2018 £
Current tax		
UK corporation tax	49,827	2,204
Total current corporation tax at 19% (2018: 19%)	49,827	2,204

b) Factors affecting the current tax charge in the income statement for the year

	2019 £	2018 £
(Loss) / profit before tax	(429,093)	11,600
(Loss) / profit before tax multiplied by the corporation tax rate in the UK of 19% (2018: 19%)	(81,528)	2,204
Factors affecting credit:		
Tax losses not recognised	81,528	–
Prior year balance written off	49,827	–
Total tax in the income statement	49,827	2,204

The Company has Corporation tax receivable of £nil as at 31 December 2019 (2018: £49,827) as shown on the Statement of Financial Position (see Note 6).

c) Factors affecting the future tax charge

The UK corporation tax rate is maintained at 19%. An amendment was proposed in the March 2016 budget which would reduce the rate to 17% from April 2020.

The effect on the Company of the further proposed reduction in the UK corporation tax rate will be reflected in the Company's financial statements in future years, as appropriate, once the proposal has been substantively enacted.

d) Deferred tax

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

Notes to the financial statements (*continued*)

5. Taxation (*continued*)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

At the Statement of Financial Position date, the Company has unused tax losses of £429,093 (2018: £nil) that do not expire and are available to reduce future taxable profits. No deferred tax asset has been recognised in respect of these tax losses because of the uncertainty of future profits (2018: £nil).

6. Trade and other receivables

	2019 £	2018 £
UK Corporation tax	--	49,827
Prepayments	--	699,342
Other receivables	12,254	229,701
Trade and other receivables	12,254	978,870

Other receivables comprise a VAT receivable of £12,254 (2018: £229,701). There were no write offs or impairments during the year (2018: £nil).

Notes to the financial statements (*continued*)

7. Amounts receivable from group undertakings

(a) Amounts receivable from group undertakings (current)

	2019 £	As restated 2018 £
Almacantar Centre Point LP	9,052,419	11,105,633
Amounts receivable from group undertakings (current)	9,052,419	11,105,633

(b) Amounts receivable from group undertakings (non-current)

	2019 £	As restated 2018 £
Almacantar Centre Point LP	1,917,874	2,345,021
Amounts receivable from group undertakings (non-current)	1,917,874	2,345,021

Current amounts receivable from Almacantar Centre Point LP of £9,052,419 (2018: £11,105,633), a fellow group entity, are in respect of refurbishment costs recharged at cost, transfer pricing fee recharges, and development management fees (see Note 2). These amounts are accrued at the year end and are repayable on demand by the respective entities. See Note 14 for more details. A provision for doubtful debts of £98,510 has been charged against amounts owed by Almacantar Centre Point LP (2018: £64,897).

Non-current amounts receivable from Almacantar Centre Point LP represent refurbishment costs recharged due more than 12 months from the Statement of Financial Position date.

An adjustment to the 2018 comparatives has been recorded to reflect the current and non-current amounts receivable from Almacantar Centre Point LP as at the prior year Statement of Financial Position date; see "prior year adjustments" disclosure in note 1.

8. Cash and cash equivalents

	2019 £	2018 £
Cash at bank	969,515	2,178,234
Cash and cash equivalents	969,515	2,178,234

Notes to the financial statements (*continued*)

9. Trade and other payables

(a) Trade and other payables (current)

	2019 £	As restated 2018 £
Accruals	5,658,146	8,200,892
Trade and other payables (current)	5,658,146	8,200,892

(b) Trade and other payables (non-current)

	2019 £	As restated 2018 £
Accruals	1,917,874	2,345,021
Trade and other payables (non-current)	1,917,874	2,345,021

Current accruals primarily relate to £5,549,031 (2018: £7,613,500) of refurbishment costs for the Centre Point scheme. Non-current accruals represent refurbishment costs due more than 12 months from the Statement of Financial Position date.

An adjustment to the 2018 comparatives has been recorded to reflect the current and non-current accruals as at the prior year Statement of Financial Position date; see "prior year adjustments" disclosure in note 1.

Notes to the financial statements (*continued*)

10. Amounts owed to parent / group undertaking

a) Amounts owed to parent undertaking:

	2019 £	2018 £
Almacantar Limited	85,096	417,091
Amounts owed to parent undertaking	85,096	417,091

Amounts payable to the parent company, Almacantar Limited, consist of accrued transfer pricing fees. All amounts owed are repayable on demand.

b) Amounts owed to group undertaking:

	2019 £	2018 £
Almacantar Centre Point LP	123,183	998,071
Amounts owed to group undertaking	123,183	998,071

Amounts owed to Almacantar Centre Point LP comprise VAT recovered on invoices paid by the Company on behalf of Almacantar Centre Point LP. All amounts are repayable on demand.

11. Share capital

	2019 £	2018 £
Ordinary shares each of nominal value £1 each	1,070,100	1,070,100
Share capital	1,070,100	1,070,100

There is no unpaid share capital as at 31 December 2019. A total of 1,070,100 shares have been authorised for issue.

Notes to the financial statements (*continued*)

12. Financial risk management objectives

The Company is exposed to capital risk, liquidity risk and credit risk. The Directors are responsible for managing these risks.

a) Capital risk

Capital risk is the risk that the Company may lack sufficient funding to meet its long-term objectives. The Company is a 100% owned subsidiary of Almacantar Limited and is likely to be able to call on additional funds from the parent if and when required. The Company manages this risk by maintaining regular communication with the property owner, Almacantar Centre Point LP, to ensure that all capital requirements are foreseen and met at the appropriate time.

i. Equity

Equity comprises issued share capital and retained earnings as disclosed in the Statement of Changes in Equity. The Directors consider that the Company is likely to be able to call on additional share capital from its parent, if and when required.

b) Liquidity risk

The Company has no external or internal loans as at the Statement of Financial Position date. Trade and other payables will be settled within 12 months of the Statement of Financial Position date, with the exception of a portion of the retention payable which is due in more than 12 months from the Statement of Financial Position date. All of these liabilities will be paid using funding provided by fellow group company, Almacantar Centre Point LP. Amounts owed to parent and group undertakings are anticipated to be settled within 12 months of the Statement of Financial Position date. Please refer to the Directors' Report for further explanation.

The following table shows the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

31 December 2019

	Carrying amount £	Contractual cash flows £	Less than one year £	one to two years £	two to five years £	Total £
Non-derivative financial liabilities						
Trade and other payables	7,576,020	7,576,020	5,658,146	1,917,874	—	7,576,020
Amounts due to parent undertakings	85,096	85,096	85,096	—	—	85,096
Amounts due to group undertakings	123,183	123,183	123,183	—	—	123,183
	7,784,299	7,784,299	5,866,425	1,917,874	—	7,784,299

31 December 2018

	Carrying amount £	Contractual cash flows £	Less than one year £	one to two years £	two to five years £	Total £
Non-derivative financial liabilities						
Trade and other payables	10,545,913	10,545,913	8,200,892	432,188	1,912,833	10,545,913
Amounts due to parent undertakings	417,091	417,091	417,091	—	—	417,091
Amounts due to group undertakings	998,071	998,071	998,071	—	—	998,071
	11,961,075	11,961,075	9,616,064	432,188	1,912,833	11,961,075

Notes to the financial statements (*continued*)

12. Financial risk management objectives (*continued*)

c) Credit risk

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses ('ECLs') which uses a lifetime expected loss allowance for all receivables. Expected credit loss rates are based on the historic credit loss experienced adjusted for current and forward information affecting the ability of the individual customers to settle receivables. A reconciliation of the ECL balance is shown below.

	2019 £	2018 £
Expected credit loss brought forward	64,897	–
Increase in expected credit loss during the year	33,613	64,897
Expected credit loss carried forward	98,510	64,897

The Company has amounts due from Almacantar Centre Point LP in respect of development management fees, transfer pricing recharges and refurbishment cost recharges. Credit risks arise when the Company is unable to recover these amounts.

In order to mitigate such risks, the Company maintains regular communication with Almacantar Centre Point LP to ensure the project continues to meet its objectives. Development fees are payable in full on the earlier of 40 months from the substantial commencement of works and repayment of the Starwood Facility. Following the repayment of the Starwood Facility in 2018, the Development fees became payable and remain outstanding as at 31 December 2019.

Previously, costs incurred by Almacantar Centre Point LP from Almacantar Limited were paid through the Company and recharged to Almacantar Centre Point LP. The fee recharged in respect of costs for the year ended 31 December 2017 remains outstanding as at 31 December 2019.

Refurbishment cost recharges primarily relate to the retention payable to the Principal Contractor following completion. These costs are payable in stages following the completion of various milestones, the last payment being due in June 2021, 24 months following practical completion.

Receivables from Almacantar Centre Point LP are assessed with regard to their creditworthiness according to the status of the underlying development and whether sufficient cash inflows are expected to occur which will allow Almacantar Centre Point LP to settle these amounts. Proceeds arising from the sale of residential apartments at Centre Point are expected to be used to settle the amounts receivable. The Company's maximum exposure to credit risk is £12.0m (2018: £16.6m). Please refer to the Strategic Report for further explanation.

Notes to the financial statements (*continued*)

13. Financial Instruments

Financial assets in the Company comprise trade and other receivables, amounts due from parent and group undertakings and cash and cash equivalents. Financial liabilities comprise trade and other payables and amounts due to parent and group undertakings. The carrying values of these financial assets and liabilities equal their fair values as shown in the following tables:

	Carrying value 2019 £	Fair value 2019 £
Financial assets		
Amounts due from group undertaking (current)	9,052,419	9,052,419
Amounts due from group undertaking (non-current)	1,917,874	1,898,866
Cash and cash equivalents	969,515	969,515
Financial liabilities		
Trade and other payables (current)	5,658,146	5,658,146
Trade and other payables (non-current)	1,917,874	1,898,866
Amounts due to parent undertaking	85,096	85,096
Amounts due to group undertaking	123,183	123,183

The fair value of the financial assets and liabilities is an estimate of the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods, assumptions and judgements are used to estimate the fair values:

- Cash and cash equivalents, amounts due from parent and group undertakings and amounts due to parent and group undertakings approximate their carrying amounts due to the short-term maturities of these instruments.
- Amounts due from group undertakings represent development fee receivables, refurbishment cost recharges and transfer pricing recharges, all of which are repayable on demand, with the exception of part of the retention recharged which is due more than 12 months from the Statement of Financial Position date. Any discount to present value on these receivables is not considered material.
- Trade and other payables represent accrued development costs, audit fees and tax fees, all of which become payable within 12 months, with the exception of part of the retention payment which is due more than 12 months from the Statement of Financial Position date. Amounts due to parent undertakings represent transfer pricing fees, which are repayable on demand. Amounts owed to group undertakings represent VAT recovered on invoices paid on behalf of Almacantar Centre Point LP.

Notes to the financial statements (*continued*)

14. Related party transactions

The Company earned income and has amounts receivable at year end from fellow group company, Almacantar Centre Point LP, as set out below:

	Income 2019 £	Income 2018 £	Receivable 2019 £	Receivable 2018 £
Almacantar Centre Point LP				
Refurbishment cost recharges	2,590,528	10,599,748	7,496,157	9,962,152
Development management fee	--	192,711	2,454,560	2,464,709
Transfer pricing fee recharges	--	--	1,019,576	1,023,793

A provision for doubtful debts of £98,510 (2018: £64,897) has been charged against amounts receivable from Almacantar Centre Point LP.

In addition to this the Company owes £123,183 (2018: £998,071) to Almacantar Centre Point LP for VAT which has been recovered on invoices paid on behalf of Almacantar Centre Point LP (see Note 10).

As detailed in Note 10, the Company owes £85,096 (2018: £417,090) to the parent company, Almacantar Limited, in respect of transfer pricing fees accrued in 2019. The total expense incurred during the year was £395,978 (2018: £432,993).

The ultimate controlling party and largest consolidated group is Almacantar Group Limited, incorporated in the United Kingdom.

The parent Company and smallest consolidated group is Almacantar Limited, incorporated in the United Kingdom, registered office 3 Quebec Mews, London, W1H 7NX. The accounts of the parent company are available on request from the registered office.

15. Subsequent events

Subsequent to the balance sheet date, the World Health Organisation declared the outbreak of the novel coronavirus (COVID-19) a pandemic on 11 March 2020, the UK Government moved to a 'delay' phase on 12 March 2020, announced social distancing measures on 16 March 2020, and unprecedented 'stay at home' restrictions on 23 March 2020. The Company has therefore concluded that the necessity for large scale UK Government interventions in response to COVID-19 only became apparent after the balance sheet date and therefore that the consequences of such interventions represent non-adjusting post balance sheet events.

As of the date these financial statements were available to be issued, the outbreak of the novel coronavirus (COVID-19) in the United Kingdom and many countries continues to adversely impact global commercial activity, and has contributed to significant volatility in financial markets. The global impact of the outbreak has been rapidly evolving, and as cases of the virus have continued to be identified in additional countries, many countries including the United Kingdom have reacted by instituting quarantines, 'stay at home' and restrictions on travel. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating significant disruption in supply chains and economic activity. The outbreak could have a

Notes to the financial statements (*continued*)

15. Subsequent events (*continued*)

continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate adverse impact of COVID-19.

However, despite the current economic uncertainty, interest in Centre Point Tower residential apartments remains positive. As detailed in the going concern note, subsequent to the year end, one apartment sale has completed, three apartments have exchanged and two apartments have been reserved. Nevertheless, COVID-19 presents uncertainties and risk with respect to the Company's performance and financial results for 2020.