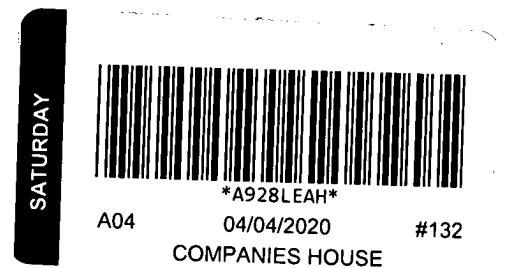


Registration number: 09411165

22 Bishopsgate (DevCo) Limited

Annual report and financial statements

For the year ended 31 December 2019



22 Bishopsgate (DevCo) Limited

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22 Bishopsgate (DevCo) Limited

Company information

Directors	H.A. Badham V.L. Hall F.A. Faravelli
Registered office	8th Floor 155 Bishopsgate London EC2M 3XJ
Bankers	Royal Bank of Scotland Plc PO Box 2027 Parklands De Havilland Way Bolton BL6 4YU
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT

22 Bishopsgate (DevCo) Limited

Strategic report

For the year ended 31 December 2019

The Directors present their Strategic report together with the Director's report and the audited financial statements of 22 Bishopsgate (DevCo) Limited (the "Company") for the year ended 31 December 2019.

Business review

The Company's principal activity is to develop the land at 38 Bishopsgate, 22-24 Bishopsgate, 6-8 Bishopsgate and 4 Crosby Square, London EC2 known collectively as 22 Bishopsgate.

The land is currently under development to create a tower building over three basement levels, ground, mezzanine and sixty one upper floors.

Construction has continued to progress onsite throughout the year with steel/cladding complete, cranes removed and commissioning activities began in January 2020. Several tenants have commenced their fitout activities in advance of practical completion.

Financial review

Performance

For the year ended to 31 December 2019 the Company made a profit of £11,671 (2018: £10,296).

Principal risks and uncertainties

The Directors of 22 Bishopsgate (DevCo) Limited consider the following risks to be those which are material to the performance of the Company:

Liquidity and cash flow risk

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability. The Company regularly produces cashflow forecasts to monitor and control this risk. The Company is exposed to the risk of cost overruns on the development.

Operational risk

The Company is exposed to the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. The Company regularly reviews operational issues and implements policies which are designed to mitigate these risks.

Legal and regulatory failure

The Company is exposed to the risk of breaches of compliance with legal contracts, financial regulation and terms of investment. The Company mitigates these risks by appointing service providers of a high standing under agreements which set out their responsibilities.

Construction risk

The risk relating to pricing, design, quality and possible delays. Construction is predominantly subject to a fixed price contract, significantly de-risking the project.

COVID-19 risk

The Company has considered in depth the potential impact of a continuation of the COVID-19 pandemic. Such an event is not immediately quantifiable but could affect several areas of the business.

22 Bishopsgate (DevCo) Limited

Strategic report (continued) For the year ended 31 December 2019

COVID-19 risk (continued)

Labour - The delivery date of practical completion of the building could be delayed by a temporary closure of building due to transmission of the virus, this is mitigated by those engaged in the business who are not required to be on site being instructed to work remotely. For staff required to work on site, every effort is being made to maintain their health and prevent the transmission of the virus by practising measures such as social distancing commuting to, from and when inside the building and the provision of extra onsite sanitisation facilities. Alternatively, temporary closure could be instructed by the government as part of its drive to limit the spread of the virus by preventing people from travelling to/from work.

Materials - The supply chain is being closely monitored to ensure that any interruption to the import of goods does not cause material delay to the practical completion of the project. The remaining goods to be imported largely consist of artwork from Europe which is not considered too critical to the practical completion of the building.

Financial risk - The asset is held for long-term income so short-term market influences do not detract from long-term goals. The financial implications of the COVID-19 pandemic are not immediately quantifiable as it is still at an early stage in the UK. Costs incurred to date have and will continue to be fully funded by equity and the partners have sufficient committed funds to complete the project. In addition, retentions and liquidated and ascertained damages (LADs) are held against the main contractor as security against completion of the works.

Key performance indicators

The Directors consider the key performance indicator of the Company to be the budget of the development project at 22 Bishopsgate, London. Construction costs of the development remain on budget and in line with the current business plan.

Approved by the Board on 30 March 2020 and signed on its behalf by:



.....
H.A. Badham
Director

22 Bishopsgate (DevCo) Limited

Directors' report

For the year ended 31 December 2019

The Directors present their annual report on the affairs of 22 Bishopsgate (DevCo) Limited (the "Company"), together with the audited financial statements for the year ended 31 December 2019.

Results and dividends

The statement of profit or loss and other comprehensive income is set out on page 10. The Company's result for the year ended 31 December 2019 was a profit of £11,671 (2018: £10,296).

No dividends have been paid or proposed during the year ended 31 December 2019 (2018: £nil).

Principal activity

The Company's principal activity is to develop the land known as 22 Bishopsgate, London on behalf of 22 Bishopsgate Limited Partnership.

Future developments

Currently there are no significant future developments for the Company. The Company will continue its normal activities for the foreseeable future.

Use of financial instruments

The Company's principal financial instruments comprise intercompany loans and cash. The main purpose of these financial instruments is to provide finance for the Company's operations. The Company has various other financial assets and liabilities, such as receivables and payables, which arise directly from its operations.

For further information please refer to notes 11 and 12 to the financial statements of the Company.

Directors

The Directors, who held office during the year, were as follows:

H.A. Badham

V.L. Hall

F.A. Faravelli (appointed 22 January 2019)

Directors' remuneration and interest

The Directors of the Company who were in office during the period from 1 January 2019 up to the date of signing the financial statements are listed under the Directors heading within the Directors' report. None of the Directors were remunerated for their services as Directors of the Company (2018: £nil).

No Director had any beneficial interest in the share capital of the Company at any time during the year (2018: £nil).

Indemnification of Directors

During the reporting year and until the date of signing the financial statements the Company's articles of association included a qualifying third party indemnity provision which indemnifies every Director of the Company against all costs, charges, losses, expenses and liabilities incurred by him/her in relation to his/her duties, powers, or office.

Brexit impact

The terms on which the United Kingdom may withdraw from the European Union are not clear and it is therefore not currently possible to evaluate the potential implications to the Company's trade, customers, suppliers and the wider economy. However, the Directors are of the opinion that this does not impact the fair value of assets and liabilities, reported at the balance sheet date of 31 December 2019.

22 Bishopsgate (DevCo) Limited

Directors' report (continued)

For the year ended 31 December 2019

Impact of Covid-19

While it is possible to identify the real estate sectors most exposed over the short term to the outbreak of the COVID-19 pandemic, there is no clear way to identify how significant the downside risks will be and therefore what the ultimate impact on real estate valuations will be. Property incomes during the disrupted period may be impacted by closures and/or rent-free period requests but until we have clarity on the ultimate severity of the virus the value impact will remain highly uncertain.

Transaction and leasing activity is likely to be impaired due to the inability to enact site visits/due diligence as may lending activity which will further complicate valuation clarity. We understand that valuers will likely add a caveat to their valuations at end Q1 2020 quoting "material valuation uncertainty" in relation to the impact of COVID-19 which is not yet, if at all, taken into account in their valuations.

Political donations and political expenditure

The Company made no political or charitable donations during the year (2018: £nil)

Post balance sheet events

Details of events after the reporting date can be found in note 21.

Going concern

The financial statements have been prepared on the going concern basis on the assumption of continuing financial support from the shareholder. The Directors have considered the use of the going concern basis in the preparation of the financial statements in light of the current market conditions and conclude that it is appropriate. In coming to this conclusion, the Directors have considered the cash requirements of the Company for the period of 12 months from the signing of the financial statements.

Directors' Confirmation

Each of the persons who is a Director at the date of approval of this report confirms 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 he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

Appointment of auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and the Directors have agreed to their re-appointment.

Approved by the Board on 30 March 2020 and signed on its behalf by:



.....
H.A. Badham
Director

22 Bishopsgate (DevCo) Limited

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 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union 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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for 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.

Directors' confirmations

In the case of each Director in office at the date the Directors' Report is approved:

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

Independent auditors' report to the members of 22 Bishopsgate (DevCo) Limited

Report on the audit of the financial statements

Opinion

In our opinion, 22 Bishopsgate (DevCo) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2019; the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the Financial statements set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

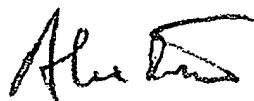
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Alex Bertolotti (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
31 March 2020

22 Bishopsgate (DevCo) Limited

Statement of profit or loss and other comprehensive income For the year ended 31 December 2019

	Note	2019 £	2018 £
Revenue			
Development income	5	135,074,800	238,609,259
Development advisory fees	5	<u>64,151</u>	<u>76,561</u>
Total revenue		135,138,951	238,685,820
Development costs		<u>(135,074,800)</u>	<u>(238,609,259)</u>
Total operating income		64,151	76,561
Operating expenses	9	<u>(60,246)</u>	<u>(68,565)</u>
Operating profit		3,905	7,996
Finance income	8	<u>10,503</u>	<u>4,715</u>
Profit before tax	9	14,408	12,711
Income tax expense	10	<u>(2,737)</u>	<u>(2,415)</u>
Profit and total comprehensive income for the year attributable to the equity owners of the Company		<u><u>11,671</u></u>	<u><u>10,296</u></u>

The above results were derived from continuing operations.

The notes on pages 14 to 25 form an integral part of these financial statements.

22 Bishopsgate (DevCo) Limited

Statement of financial position As at 31 December 2019

	Note	2019 £	2018 £
Assets			
Non-current assets			
Trade and other receivables	11	9,098,730	6,812,655
Total non-current assets		<u>9,098,730</u>	<u>6,812,655</u>
Current assets			
Trade and other receivables	11	17,019,084	25,240,132
Cash and cash equivalents		1,848,322	186,739
Total current assets		<u>18,867,406</u>	<u>25,426,871</u>
Total assets		<u>27,966,136</u>	<u>32,239,526</u>
Liabilities			
Current liabilities			
Trade and other payables	12	18,746,961	25,386,136
Corporation tax payable		2,737	2,415
Total current liabilities		<u>18,749,698</u>	<u>25,388,551</u>
Non-current liabilities			
Trade and other payables	12	9,166,447	6,812,655
Total non-current liabilities		<u>9,166,447</u>	<u>6,812,655</u>
Total liabilities		<u>27,916,145</u>	<u>32,201,206</u>
Net assets		<u>49,991</u>	<u>38,320</u>
Equity			
Share capital	14	400	400
Retained earnings	15	49,591	37,920
Total equity		<u>49,991</u>	<u>38,320</u>

The financial statements of 22 Bishopsgate (DevCo) Limited (registration number 09411165) were approved by the Board of Directors and authorised for issue on 30 March 2020.

They were signed on its behalf by



H.A. Badham

Director

The notes on pages 14 to 25 form an integral part of these financial statements.

22 Bishopsgate (DevCo) Limited

Statement of changes in equity For the year ended 31 December 2019

	Share capital £	Retained earnings £	Total £
At 1 January 2018	400	27,624	28,024
Profit for the year	-	10,296	10,296
Total comprehensive income	-	10,296	10,296
At 31 December 2018	400	37,920	38,320
	Share capital £	Retained earnings £	Total £
At 1 January 2019	400	37,920	38,320
Profit for the year	-	11,671	11,671
Total comprehensive income	-	11,671	11,671
At 31 December 2019	400	49,591	49,991

The notes on pages 14 to 25 form an integral part of these financial statements.

22 Bishopsgate (DevCo) Limited

Cash flow statement For the year ended 31 December 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Profit before income tax		14,408	12,711
Adjustments for:			
Finance income		(10,503)	(4,715)
Changes in operating assets and liabilities:			
Decrease/(increase) in trade and other receivables		5,934,973	(13,906,566)
(Decrease)/increase in trade and other payables		<u>(4,285,383)</u>	<u>11,376,228</u>
Cash inflow / (outflow) from operations		1,653,495	(2,522,342)
Income tax paid		<u>(2,415)</u>	<u>(2,218)</u>
Net cash inflow / (outflow) from operating activities		<u>1,651,080</u>	<u>(2,524,560)</u>
Cash flows from investing activities			
Interest received		<u>10,503</u>	<u>4,715</u>
Net cash inflow from investing activities		<u>10,503</u>	<u>4,715</u>
Net increase/(decrease) in cash and cash equivalents		1,661,583	(2,519,845)
Cash and cash equivalents at the beginning of the year		<u>186,739</u>	<u>2,706,584</u>
Cash and cash equivalents at the end of the year		<u><u>1,848,322</u></u>	<u><u>186,739</u></u>

The notes on pages 14 to 25 form an integral part of these financial statements.

22 Bishopsgate (DevCo) Limited

Notes to the financial statements For the year ended 31 December 2019

1 General information

22 Bishopsgate (DevCo) Limited (the 'Company') is a private company limited by share capital, incorporated in England and Wales and domiciled in the United Kingdom ('UK').

The address of its registered office is:

8th Floor
155 Bishopsgate
London
EC2M 3XJ

The nature of the Company's operations and its principal activities are set out in the Strategic report and Directors' report on pages 2 to 5.

2 Adoption of new and revised Standards

New and amended standards adopted by the Company

Following the amendments in International Accounting Standards ('IAS'), interpretations issued by the International Financial Reporting Standards ('IFRSs') as adopted by the European Union and IFRS Standards and International Financial Reporting Interpretations Committee ('IFRIC'), the Company has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2019:

- IFRS 16 Leases;
- Prepayment Features with Negative Compensation - Amendments to IFRS 9;
- Long-term Interests in Associates and Joint Ventures - Amendments to IAS 28;
- Annual Improvements to IFRS Standards 2015 - 2017 Cycle;
- Plan Amendment, Curtailment or Settlement - Amendments to IAS 19;
- Interpretation 23 Uncertainty over Income Tax Treatments.

The adoption of the new standards and other amendments listed above did not have any impact on the amounts recognised in prior or current period, and are not expected to significantly affect future periods.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3 Summary of significant accounting policies

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

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

22 Bishopsgate (DevCo) Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

3 Summary of significant accounting policies (continued)

Basis of preparation

These financial statements cover the year ended 31 December 2019 and 31 December 2018.

The financial statements have been prepared on a going concern basis applying a historical cost convention.

Functional and presentational currency

The financial statements are presented in British Pounds, the functional and presentational currency of the Company.

Revenue

Revenue includes development fees and advisory fees for development services provided under a Development Management Agreement between 22 Bishopsgate (DevCo) Limited and 22 Bishopsgate Limited Partnership.

Revenue is recognised in the accounting period in which development services are rendered to 22 Bishopsgate Limited Partnership.

All of the Company's income is derived from continuing operations.

Financial assets

Financial assets are classified in the following measurement categories:

- fair value (either through profit and loss or through other comprehensive income (OCI)) and
- amortised cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

Recognition and derecognition

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

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

22 Bishopsgate (DevCo) Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

3 Summary of significant accounting policies (continued)

Financial assets (continued)

Measurement (continued)

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

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

The Company's financial assets measured at amortised cost comprise of trade and other receivables and cash and cash equivalents in the statement of financial position.

Impairment

From 1 January 2018, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

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

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2019 or 1 January 2019, respectively, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of customers to settle the receivable. Such forward-looking information would include: changes in economic, regulatory, technological and environmental factors, (such as industry outlook, GDP, employment and politics) and external market indicators.

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

22 Bishopsgate (DevCo) Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

3 Summary of significant accounting policies (continued)

Financial liabilities

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

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

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

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

Trade receivables

Trade receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method, less impairment provision. The Company holds the trade receivables with the objective to collect the contractual cash flows.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits held at call with banks. Cash equivalents are highly liquid investments that mature in no more than three months.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity.

Shares are classified as equity when there is no obligation to transfer cash or other assets.

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account deferred taxation where transactions or events give rise to temporary differences between the treatment of certain items for taxation and for accounting purposes. A provision is made in full for deferred tax liabilities. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the benefit can be realised.

Current tax is provided at the amounts expected to be paid or recovered under the tax rates that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is measured at the rates that are expected to apply in the years in which the temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax assets and liabilities are not discounted.

22 Bishopsgate (DevCo) Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and 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 current and future periods.

There are no material critical accounting estimates or judgements.

5 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2019 £	2018 £
Development income	135,074,800	238,609,259
Development advisory fees	64,151	76,561
	<u>135,138,951</u>	<u>238,685,820</u>

6 Directors' emoluments

The Directors are considered to be the Company's only key management personnel.

The Directors are not employed by the Company and Directors' emoluments are included in the aggregate of Directors' emoluments disclosed in the financial statements of the companies by whom they are employed.

The Directors are employed by companies investing in, or advising, the Company and their directorships are held as part of their employment. Directors' emoluments are not recharged to the Company as the sums involved are not material and cannot be accurately allocated to individual entities.

7 Employees

The Company does not have any employees (2018: nil).

8 Finance income

	2019 £	2018 £
<i>Finance income</i>		
Interest income on bank deposits	<u>10,503</u>	<u>4,715</u>

22 Bishopsgate (DevCo) Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

9 Operating expenses

	2019 £	2018 £
Legal and professional fees	31,589	43,194
Auditors' remuneration - audit fee	22,947	22,279
Other operating expenses	1,247	3,092
Foreign exchange loss	4,463	-
	<u>60,246</u>	<u>68,565</u>

10 Income tax expense

Tax charged in the income statement

	2019 £	2018 £
Current tax		
UK Corporation tax on profit for the year	<u>2,737</u>	<u>2,415</u>
Total tax expense	<u>2,737</u>	<u>2,415</u>

The total tax expense for the year and the standard rate of corporation tax in the UK applied to profits for the year are as follows;

	2019 £	2018 £
Profit before income tax	<u>14,408</u>	<u>12,711</u>
Expected tax expense based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	<u>2,737</u>	<u>2,415</u>
Total tax charge	<u>2,737</u>	<u>2,415</u>

11 Trade and other receivables

	2019 £	2018 £
Amounts falling due after one year		
Amounts receivable from group undertakings (note: 16)*	8,556,930	6,812,655
Other receivables	<u>541,800</u>	<u>-</u>
Total receivables due after one year	<u>9,098,730</u>	<u>6,812,655</u>

22 Bishopsgate (DevCo) Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

11 Trade and other receivables (continued)

	2019 £	2018 £
Amounts falling due within one year		
Other receivables	1,194,477	3,029,815
Amounts receivable from group undertakings (note: 16)	15,824,607	22,210,317
Total receivables due within one year	17,019,084	25,240,132

Amounts receivable from group undertakings includes the recharge to 22 Bishopsgate Limited Partnership of the non-current portion of the retention payable to Multiplex Construction Europe Limited. This is interest free.

12 Trade and other payables

	2019 £	2018 £
Amounts falling due within one year		
Trade payables	7,531,196	18,319,379
Accrued expenses	8,591,331	7,066,757
VAT payable	1,435,291	-
Amounts due to related parties	1,189,143	-
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost and total trade and other payables	18,746,961	25,386,136
Corporation tax payable	2,737	2,415
Total payables due within one year	18,749,698	25,388,551

The carrying amounts of the Company's trade and other payables classified as financial liabilities held at amortised cost approximate the fair values based on the short-term nature of the financial liability.

*Retention on building contract represents 3% of the gross valuation to 31 December 2019. A portion of this will be paid once the building reaches practical completion. The balance will become payable once all defects have been made good.

	2019 £	2018 £
Amounts falling due after one year		
Other payables	8,624,647	6,812,655
Amounts owed to group undertakings (note: 16)	541,800	-
Total payables due after one year	9,166,447	6,812,655

Other payables include the retention balance payable to Multiplex Construction Europe Limited.

13 Financial instruments - risk management

The Company is exposed to risks that arise from its use of financial instruments. These risks include market risk (including currency risk, price risk and cash flow interest rate risk), credit risk and liquidity risk.

The principal financial instruments, from which these risks arise, are cash and cash equivalents and trade and other payables.

22 Bishopsgate (DevCo) Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

13 Financial instruments - risk management (continued)

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Company's exposure to market risk is considered to be minimal. Currency risk is limited as the Company operates entirely within the UK and is British Pounds. There is minimal FX impact from working with non-UK suppliers. The Company has no significant exposure to price risk as it does not hold any equity securities or commodities. As the Company's interest-bearing assets do not generate significant amounts of interest, changes in market interest rates do not have any significant direct effect on the Company's income.

(b) Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments.

The table below analyses the Company's non-derivative financial instruments into relevant maturity groupings based on the remaining year at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 December 2019	On demand	Less than 1 year	More than 1 year	Total
	£	£	£	£
Assets				
Cash and cash equivalents	1,848,322	-	-	1,848,322
Amounts receivable from group undertakings	-	15,824,607	8,556,930	24,381,537
Other receivables	-	1,194,477	541,800	1,736,277
Total	1,848,322	17,019,084	9,098,730	27,966,136
Liabilities				
Accrual and trade payables	-	17,557,818	8,624,647	26,182,465
Amounts owed to group undertakings	-	1,189,143	541,800	1,730,943
Total	-	18,746,961	9,166,447	27,913,408

22 Bishopsgate (DevCo) Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

13 Financial instruments - risk management (continued)

At 31 December 2018	On demand	Less than 1 year	More than 1 year	Total
	£	£	£	£
Assets				
Cash and cash equivalents	186,739	-	-	186,739
Amounts receivable from group undertakings	-	22,210,317	6,812,655	29,022,972
Other receivables	-	3,029,815	-	3,029,815
Total	186,739	25,240,132	6,812,655	32,239,526
Liabilities				
Accrual and trade payables	-	25,386,136	6,812,655	32,198,791
Total		25,386,136	6,812,655	32,198,791

(c) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company does not enter into derivatives to manage credit risk.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions and other receivables.

The Company has policies in place to ensure that deposits are placed with reputable banks with BBB+ or better credit ratings. The expected credit losses for cash and cash equivalents is considered to be immaterial.

The Company's main exposure to credit risk is from intercompany receivables with 22 Bishopsgate Limited Partnership (the 'Partnership'). To mitigate the risk, the financial position of the Company and the Partnership is monitored by the asset manager, AXA Real Estate Investment Managers UK Limited. As there were no intercompany receivables past due or impaired at 31 December 2019 the Company has not recognised any provisions under the expected credit loss model (2018: £nil). For aging details of other receivables refer to the liquidity risk note on page 21.

The Company considers that the amount that best represents its maximum exposure to credit risk is £27,966,136 (2018: £32,239,526).

Due to their short term nature, the carrying value of cash and cash equivalents, other receivables and VAT receivables approximates their fair value.

22 Bishopsgate (DevCo) Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

14 Share capital

Allotted, called up and fully paid shares

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	<u>400</u>	<u>400</u>	<u>400</u>	<u>400</u>

The total authorised number of ordinary shares are 400 (2018: 400) with a par value of £1 per share.

15 Retained earnings

	2019 £	2018 £
At 1 January	37,920	27,624
Profit for the financial year	<u>11,671</u>	<u>10,296</u>
At 31 December	<u>49,591</u>	<u>37,920</u>

16 Related party transactions

Details of outstanding balances with other group undertakings as at 31 December 2019 are as follows:

	2019 £	2018 £
Current assets		
22 Bishopsgate Limited Partnership - Recharge of project development costs	15,824,607	22,210,317
Non-current assets		
22 Bishopsgate Limited Partnership - Recharge of project development costs - retention on building contract	<u>8,556,930</u>	<u>6,812,655</u>
	<u>24,381,537</u>	<u>29,022,972</u>
	2019 £	2018 £
Current liabilities		
22 Bishopsgate Limited Partnership - Bonds and other expenses paid by the partnership on behalf of the Company	1,189,143	-
Non-current liabilities		
22 Bishopsgate Limited Partnership - Bonds and other expenses paid by the partnership on behalf of the Company	<u>541,800</u>	<u>-</u>
	<u>1,730,943</u>	<u>-</u>

22 Bishopsgate (DevCo) Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

16 Related party transactions (continued)

	2019 £	2018 £
22 Bishopsgate Limited Partnership		
Project development costs recharged	136,805,743	238,609,259
Development advisory fees	64,151	76,561
	<u>136,869,894</u>	<u>238,685,820</u>

Included within Trade Payables is an amount owing to 22 Bishopsgate Limited Partnership of £240,323 (2018: £nil).

Details of transactions with other group undertakings during the year ended 31 December 2019 are as follows:

Amounts receivable from group undertakings represent re-charges of construction costs and are recoverable in accordance with a Development Management Agreement dated 17 February 2016. The terms of this agreement require that all sums due to the Company are settled in good time and, at latest, by the date upon which the Company is required to settle its liabilities with the relevant service providers.

AXA Real Estate Investment Managers UK Limited, acts as the Asset Manager for the Company. During the year the Company incurred development management fees of £1,071,920 (2018: £1,279,461). This includes fees of £75,342 (2018: £106,622) which were outstanding at year end.

17 Parent and ultimate parent undertaking

The immediate parent companies of 22 Bishopsgate (DevCo) Limited are PSPIB-RE UK Inc., incorporated in Canada, Marsheg 1 B.V., incorporated in The Netherlands, Hopkins Investments Pte. Ltd., incorporated in Singapore and bcIMC RealpoolGlobal GP Holdings Inc., incorporated in Canada.

In the opinion of the Directors of the Company, the Company's ultimate parents and controlling parties as at 31 December 2019 are Public Sector Pension Investment Board (PSPIB), which is registered in Canada, AXA SA (AXA) which is registered in France, Temasek Holdings (Private) Limited (Temasek), which is registered in Singapore and British Columbia Investment Management Corporation (BCIMC), which is registered in Canada.

There is not considered to be a single ultimate controlling party.

18 Capital commitments

As at 31 December 2019 the Company had unprovided contractual obligations for future construction expenditure of £57,800,000 (2018: £166,200,000).

22 Bishopsgate (DevCo) Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

19 Capital management

The Company monitors its cash and shares. The Company's objectives when maintaining capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide benefits for other stakeholders.

The Company is not exposed to any externally imposed capital requirements.

20 Contingent liabilities

As at 31 December 2019 there were no contingent liabilities (2018: £nil).

21 Post balance sheet events

Subsequent to year end the outbreak of COVID-19 has been declared a pandemic and is impacting the global economy. This virus outbreak is not considered to be an adjusting post balance sheet event as the substantive information about COVID-19 only came to light after the year end, as did its elevation to "pandemic". While it is possible to identify the real estate sectors most exposed over the short term to COVID-19, there is no clear way to identify how significant the downside risks will be and therefore what the ultimate impact on real estate valuations will be.

It is not envisaged that COVID-19 will have any material financial impact on the company as its development contract is predominantly fulfilled and most of its revenues earned. The company incurs its costs directly from its main contractor Multiplex who is considered to be financially stable and able to meet its debts as they become due. In a downside scenario completion of the development contract may be delayed but given the fixed fee nature of the contract this will have little impact on profitability.

The Company has also considered the impact of COVID-19 on the recoverability of its assets including trade and other receivables. The balance mainly relates to retention receivables from 22 Bishopsgate Limited Partnership which becomes receivable after the project is completed, and to cost receivable from 22 Bishopsgate Limited Partnership which was recovered subsequent to the year end. There is, therefore, no risk of impairment.

The directors consider that the company's going concern status is not in doubt as the company incurs its costs from Multiplex where there is no expectation of default and 22 Bishopsgate Limited Partnership remains fully committed to providing recharge income.