

Company Number 04333038

Report and Accounts

BAM TCP Atlantic Square Limited

31 December 2019



BAM TCP Atlantic Square Limited

Directors

R Bennison (appointed 7 March 2019)
C E Madelin
D Peters
D S Gee
E J Miller
G Mather
J S Brand (resigned 7 March 2019)
M Broderick
R J Harvey (resigned 15 July 2019)
M Judge (appointed 15 July 2019)

Secretary

E J Miller

Registered Office

Breakspear Park
Breakspear Way
Hemel Hempstead
Hertfordshire
HP2 4FL

Bankers

Lloyds Bank
City Office
PO Box 72, Bailey Drive,
Gillingham Business Park,
Kent,
ME8 0LS

Auditors

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

Strategic report

The directors present their strategic report with audited financial statements of the Company for the year ended 31 December 2019.

Results for the year

The results are set out in the Income Statement on page 9.

Review of the business

The principal activity of the company is the development of offices at Atlantic Square, Glasgow. On 26 January 2018 the Company became a 50:50 joint venture between TCP Developments Limited and BAM Properties Limited after a pre-let was secured with HMRC for all 187,000 sq ft of Building 1 and it was forward sold to Legal and General plc. The Company is speculatively developing Building 2 of c. 96,000 sq ft in tandem with the development of Building 1.

The Company has continued its business of property development activities in the United Kingdom. No changes in the Company's principal activity are anticipated in the foreseeable future.

Key performance indicators

The directors assess the performance of the Company by reference to the Company's profit before tax and net asset value.

Principal risks and uncertainties

The principal risk facing the Company is that poor tenant letting performance of property owned by the Company might have a material impact on the profitability of the Company's property development scheme and rental income in the financial statements. The Company's performance during the year indicates a satisfactory performance.

Brexit and Coronavirus

We will be applying a conservative approach to 2020 and beyond due to the COVID-19 pandemic. The directors are also monitoring the changing UK political landscape resulting from uncertainty of the UK's exit from the EU at the end of 2020. Our industry remains in an uncertain position as the future impact of Brexit on issues such as access to labour and tariffs currently remain unresolved. The directors have put various measures in place to deal with various scenarios that may arise.

Financial risk management

The Company is exposed to liquidity risk, credit risk and interest rate risk. Given the absence of external borrowings in the Company, these risks are not considered material.

While the Company has minimal short term liquidity requirements, any funding requirements could be covered by JV partners.

The Company's principal financial assets are trade and other debtors, and therefore the credit risk it faces is primarily attributable to its trade debtors. The amounts presented in the Balance Sheet are net of doubtful debts. An allowance for impairment is made where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the debtors concerned.

There is no material difference between the book value and the fair value of the financial instruments.

On behalf of the Board



D Peters
Director

10 December 2020

BAM TCP Atlantic Square Limited

Directors' report

The directors present their report and financial statements of the company for the year to 31 December 2019.

The company's registered number is 04333038.

Results and dividends

The profit of the company for the year is set out in the income statement on page 9.

The directors do not recommend the payment of a dividend in respect of the year [2018 - £ nil].

Change in reporting period

In 2018 the company changed its year end date from 26 January to 31 December therefore the comparative amounts presented on the financial statements are not entirely comparable. The change in its accounting period has been considered necessary as the company's accounting activities have been transferred to BAM Properties Limited, a joint venture partner in the company.

Principal activities and business review

The principal activity of the company is the development of offices at Atlantic Square, Glasgow. On 26 January 2018 the Company became a 50:50 joint venture between TCP Developments Limited and BAM Properties Limited after a pre-let was secured with HMRC for all 187,000 sq ft of Building 1 and it was forward sold to Legal and General plc. The Company is speculatively developing Building 2 of c. 96,000 sq ft in tandem with the development of Building 1.

There continues to be significant economic uncertainty about Britain's withdrawal from the European Union and while the impact of Brexit is still unclear, the company has a flexible operating model that is able to accommodate change.

Directors

The following served as directors during the period ended 31 December 2019 and subsequent to that date:

R Bennison (appointed 7 March 2019)
C E Madelin
D Peters
D S Gee
E J Miller
G Mather
J S Brand (resigned 7 March 2019)
M Broderick
R J Harvey (resigned 15 July 2019)
M Judge (appointed 15 July 2019)

Going Concern

The financial statements have been prepared on a going concern basis, which assumes the Company will be able to meet its liabilities as and when they fall due for the foreseeable future. The Directors prepared the cash flow forecasts for the period until December 2021 and they are satisfied that the Company has sufficient cash reserves to fund the development to completion. During the year, the Company earned £29.4m in development fees with the remaining proceeds to be received over the course of the development, which is expected to complete in March 2021. Upon completion, Building 1 will be delivered to the buyer and Building 2 will be held by the Company until the building is sold. The Company has net current assets and net assets of £5.9m (2018: £4m).

The Directors have received written confirmation of financial support from one of the joint venture partners, Taylor Clark Limited, for a period of at least one year from the date of approval of these financial statements. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Further, two of the directors of the Company are common directors of Taylor Clark Limited. This has provided the Directors with additional comfort that Taylor Clark Limited is willing and able to support the Company if required. Accordingly, the Directors therefore consider it appropriate to prepare the accounts on a going concern basis.

Directors' report (continued)

Financial risk management

Financial risk management is an integral part of the company's management processes. Stringent policies designed to identify, manage and limit both existing and possible risks are applied at various management levels. Asset impairment risk is considered at a company level as part of the review of management forecasts and at a project level as part of the appraisal process and is monitored on an ongoing basis.

Liquidity risk and cash flow risk are actively managed through the preparation and monitoring of medium term plans, budgets and quarterly forecasts.

No significant uncovered risks were identified up to the date of these financial statements.

Research and Development

The company did not incur any research and development costs during the year.

Events since the balance sheet date

COVID-19

The recent outbreak of a novel and highly contagious form of coronavirus ("COVID-19"), which the World Health Organization has declared to constitute a pandemic on 11 March 2020, has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in certain equity and debt markets. The global impact of the outbreak is rapidly evolving, and many countries have reacted by instituting quarantines, prohibitions on travel and the closure of offices, businesses, schools, retail stores and other public venues. Businesses are also implementing similar precautionary measures. 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 and are having a particularly adverse impact on transportation, hospitality, tourism, entertainment and other industries.

The impact of COVID-19 has led to significant volatility and declines in the global public equity markets and it is uncertain how long this volatility will continue. As COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess.

The identification of the virus after 31 December 2019 as a new coronavirus, and its subsequent spread, is considered a non-adjusting event after the reporting period. Subsequent to the year end, the construction site was closed on 23 March 2020 for a period of 58 working days with respect to the COVID-19 pandemic in accordance with UK government advice. It subsequently reopened on 15 June 2020 and construction continues to progress. As a result of COVID-19, an extension of time was granted to the main contractor until 23 March 2021 for building 1 and 5 April 2021 for building 2 and the development is expected to complete as of that date.

There have been no other material events arising after the reporting date.

Qualifying third party indemnity provisions for directors

The company's owners maintain liability and indemnity insurance for its directors and officers. This provision has been in place throughout the year and remains in force at the date of approving the directors' report.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant information and to establish that the auditor is aware of that information.

Auditors

Ernst & Young LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

On behalf of the Board



D Peters
Director

10 December 2020

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAM TCP ATLANTIC SQUARE LIMITED

Opinion

We have audited the financial statements of BAM TCP Atlantic Square Limited for the year ended 31 December 2019 which comprise Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 14, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31st December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland"; 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.

Emphasis of matter

We draw attention to Note 14 of the financial statements, which describe the operational disruption the Company is facing as a result of COVID-19, which is impacting Company's ability to complete the development. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

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

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

Other information

The 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 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

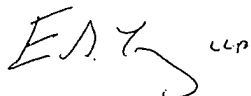
Auditor's responsibilities for the audit of the financial statements

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

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



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

BAM TCP Atlantic Square Limited

Income Statement

For the year ended 31 December 2019

		For the year to 31 December 2019	For the period from 26 January 2018 to 31 December 2018
		£000	£000
Turnover	3	20,154	19,713
Cost of sales		<u>(17,131)</u>	<u>(11,743)</u>
Gross profit		3,023	7,970
Operating and other administrative expenses	4	<u>(17)</u>	<u>(17)</u>
Operating profit	5	3,006	7,952
Interest income		21	15
Interest payable and similar expenses	6	<u>(726)</u>	<u>(631)</u>
Profit on ordinary activities before taxation		2,301	7,336
Taxation	7	<u>(437)</u>	<u>(1,394)</u>
Profit for the financial period		<u>1,864</u>	<u>5,942</u>

All items in the income statement relate to continuing operations.

Statement of comprehensive income

For the year ended 31 December 2019

For the year ended 31 December 2019 the company has no other comprehensive income other than its profit of £ 1,864,000 (For period ending 31 December 2018: profit of £ 5,942,000).

BAM TCP Atlantic Square Limited

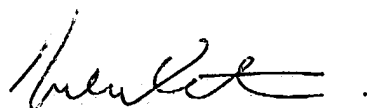
Balance sheet

At 31 December 2019

	Notes	2019 £000	2018 £000
Current assets			
Inventories	8	16,125	6,286
Amounts recoverable on contracts		5,212	1,564
Debtors	9	4,574	641
Cash at bank and in hand		<u>359</u>	<u>11,405</u>
		26,270	19,896
Creditors: amounts falling due within one year	10	<u>(20,381)</u>	<u>(15,871)</u>
Net assets		<u>5,889</u>	<u>4,025</u>
Capital and reserves			
Share capital	11	2,352	2,352
Retained earnings		<u>3,537</u>	<u>1,673</u>
Equity shareholder's surplus		<u>5,889</u>	<u>4,025</u>

All items in the income statement relate to continuing operations.

The financial statements on pages 9 to 19 were approved by the Board of Directors on and were signed on its behalf by:



D Peters
Director

10 December 2020

Statement of changes in equity

	Share capital £000	Retained earnings/ (loss) £000	Total £000
For the year ended 31 December 2019			
Shareholder's deficit at 25 January 2018	1,176	(4,269)	(3,093)
Share capital issued	1,176	-	1,176
Profit for the financial period	-	5,942	5,942
Shareholder's funds at 31 December 2018	2,352	1,673	4,025
Profit for the financial period	-	1,864	1,864
Shareholder's funds at 31 December 2019	2,352	3,537	5,889

BAM TCP Atlantic Square Limited

Statement of cash flow

	2019 £'000	2018 £'000
Cash flows from operating activities		
Profit before tax	2,301	7,336
Working capital adjustments		
Increase in trade and other receivables	(3,933)	(638)
Increase in amounts due from customers under construction contracts	(3,648)	(1,564)
Increase in inventories	(9,839)	(894)
(Decrease) / increase in trade and other payables and accruals	(766)	793
Increase in other liabilities	922	240
Increase in loans from JV partners	4,725	4,956
Increase in share capital	-	1,176
Income taxes received	-	-
Cash flow from operations	(10,238)	11,405
Interest paid	-	-
Income tax paid	(808)	-
Net cash flow from ordinary activities	(11,046)	11,405
Net cash flow from operating activities	(11,046)	11,405
Net cash flow from investing activities	-	-
Repayments of borrowings	-	-
Net cash flow from financing activities	-	-
Change in cash and cash equivalents	(11,046)	11,405
Cash and cash equivalents at beginning of year	11,405	-
Net cash and cash equivalents at end of the year	359	11,405

Notes to the financial statements

1. Authorisation of financial statements and statement of compliance with FRS 102

The financial statements of BAM TCP Atlantic Square Limited (the "Company") for the period ended 31 December 2019 were authorised for issue by the board of directors on 10 December 2020 and the balance sheet was signed on the board's behalf by D Peters. BAM TCP Atlantic Square Limited is a private company limited by shares and is incorporated and domiciled in England & Wales. These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard (FRS 102) and in accordance with applicable accounting standards.

The company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

Change in reporting period

In 2018 the company changed its year end date from 26 January to 31 December therefore the comparative amounts presented on the financial statements are not entirely comparable. The change in its accounting period has been considered necessary as the company's accounting activities have been transferred to BAM Properties Limited, a joint venture partner in the company.

Going Concern

The financial statements have been prepared on a going concern basis, which assumes the Company will be able to meet its liabilities as and when they fall due for the foreseeable future. The Directors prepared the cash flow forecasts for the period until December 2021 and they are satisfied that the Company has sufficient cash reserves to fund the development to completion. During the year, the Company earned £29.4m in development fees with the remaining proceeds to be received over the course of the development, which is expected to complete in March 2021. Upon completion, Building 1 will be delivered to the buyer and Building 2 will be held by the Company until the building is sold. The Company has net current assets and net assets of £5.9m (2018: £4m).

The Directors have received written confirmation of financial support from one of the joint venture partners, Taylor Clark Limited, for a period of at least one year from the date of approval of these financial statements. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Further, two of the directors of the Company are common directors of Taylor Clark Limited. This has provided the Directors with additional comfort that Taylor Clark Limited is willing and able to support the Company if required. Accordingly, the Directors therefore consider it appropriate to prepare the accounts on a going concern basis.

2. Accounting policies

Basis of preparation

The financial statement is prepared in accordance with FRS 102. The accounting policies which follow set out those policies which apply in preparing the financial statements for the financial period ended 31 December 2019.

Judgement and key sources of estimate uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

(a) Trading properties (including inventories) and long-term development contracts

Trading properties are carried at the lower of cost and net realisable value. The estimation of the net realisable value of the Company's trading properties, especially the development land and infrastructure programmes, is inherently subjective due to a number of factors, including their complexity, unusually large size, the substantial expenditure required and long timescales to completion. In addition, as a result of these timescales to completion, the plans associated with these programmes could be subject to significant variation. As a result, the net realisable values of the Company's trading properties are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate. If the assumptions upon which the directors have based their valuation prove to be false, this may have an impact on the net realisable value of the Company's properties, which would in turn have an effect on the Company's financial condition.

Judgement and key sources of estimate uncertainty (continued)**(b) Trade and other receivables**

The Company is required to judge when there is sufficient objective evidence to require the impairment of individual trade receivables. It does this on the basis of the age of the relevant receivables, external evidence of the credit status of the counterparty and the status of any disputed amounts.

(c) Contract revenue and costs

When the outcome of a construction contract can be estimated reliably, the contract revenue is highly probable and the contract will be profitable, contract revenue and costs are recognised over the period of the contract, usually by reference to the stage of completion using the 'percentage-of-completion method', to determine the appropriate amount to recognise in a given period. When it is probable that total contract costs will exceed total contract revenue, the realised loss based on the 'percentage-of-completion method' is recognised as an expense immediately, while the future expected loss is included in a provision for onerous contracts. When the outcome of a construction contract cannot be estimated reliably, for instance in the early stages of a contract, but it is expected that the cost incurred in satisfying the performance obligation under the contract will be recovered, then revenue will be recognised to the extent of the cost incurred, until the outcome of a contract can be reliably measured. In determining the stage of completion the Company has efficient, coordinated systems for cost estimating, forecasting and revenue and costs reporting. The system also requires a consistent judgment (forecast) of the final outcome of the project, including variance analyses of divergences compared with earlier assessment dates. Estimates are an inherent part of this assessment and actual future outcome may deviate from the estimated outcome, specifically for major and complex construction contracts. However, historical experience has also shown that estimates are, on the whole, sufficiently reliable.

Inventories

Land and property developments are recorded at the lower of cost and net realisable value. Net realisable value is based upon estimated selling price less any further costs expected to be incurred to completion and disposal. The company has not adopted a policy to capitalise interest on specific finance raised once development commences and until practical completion, based on the total actual finance cost incurred on the borrowings during the year. The cumulative amount of capitalised interest in the land and developments relating to assets under construction at the balance sheet date is £ nil [2018: £ nil].

Amounts due to related parties

Amounts due to related parties are initially recognised at fair value less attributable transaction costs. Subsequent to initial recognition, the amounts are recognised at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the Income Statement over the period of the loan, using the effective interest method.

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Turnover and profit recognition

Revenue is recognised to the extent that the group obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Sale of land

Revenue from the sale of land is recognised when the significant risks and rewards of ownership of the land has passed to the buyer, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Development services

Revenue from the development services provided is recognised by reference to the stage of completion. Stage of completion is measured by reference costs incurred to date as a percentage of total estimated costs. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest receivable / interest payable

Interest income and interest payable is recognised in the profit and loss account as they accrue, using the effective interest method.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is at the measured at the tax rate that it is expected to apply to the reversal of the related difference using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

3. Turnover

Turnover, which is stated net of VAT, represents the invoiced value of sales in respect of commercial property developments. Turnover is attributable to continuing activities and arose wholly within the United Kingdom.

Turnover recognised in the income statement is analysed as follows:

	For the year to 31 December 2019 £000	For the period from 26 January 2018 to 31 December 2018 £000
Turnover – land sale	-	10,462
Turnover - development	20,154	9,251
	20,154	19,713

4. Expenses and auditor's remuneration

Included on the profit / loss are the following:

	For the year to 31 December 2019 £000	For the period from 26 January 2018 to 31 December 2018 £000
Auditor's remuneration – audit of these financial statements	15	15
	15	15

5. Directors remuneration and staff costs

The company employed no staff in either the current or preceding financial period.

None of the directors received any remuneration during the period for their services to the company, or for the preceding period.

6. Interest payable and similar expenses

	For the year to 31 December 2019 £000	For the period from 26 January 2018 to 31 December 2018 £000
Payable to related parties	<u>726</u>	<u>631</u>
	<u>726</u>	<u>631</u>

7. Taxation

	For the year to 31 December 2019 £000	For the period from 26 January 2018 to 31 December 2018 £000
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a) Tax charge on profit on ordinary activities

Total tax		
Current tax charge	<u>437</u>	<u>1,394</u>
Total tax charge	<u>437</u>	<u>1,394</u>

b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year equates to [period to 31 December 2018 – equates to] the corporation tax rate in the UK of 19.00% [period to 25 January 2018 - 19.00%].

Profit on ordinary activities before tax	<u>2,301</u>	<u>7,336</u>
Profit on ordinary activities multiplied by the UK corporation tax rate of 19.00% [period to 31 December 2018 – 19.00%]	<u>437</u>	<u>1,394</u>
Tax losses utilised	-	(655)
De-recognition of deferred tax asset	-	586
Adjustment to deferred tax relating to prior period	<u>-</u>	<u>69</u>
Total tax charge	<u>437</u>	<u>1,394</u>

There are no unutilised tax losses carried forward [period to 31 December 2018: £ nil]. There were no deferred tax assets recognised in the period.

c) Factors affecting the future tax charge

The Finance Act 2016 included legislation to reduce the corporation tax from 20% to 19% from 1 April 2017 and 17% from 1 April 2020. The Finance Act 2020 which was substantively enacted on 22 July 2020, froze the UK corporation tax rate at 19% for the tax years beginning 1 April 2020 and 1 April 2021. The rate change will impact the amount of future tax payments to be made by the company.

8. Inventories

	For the year to 31 December 2019 £000	For the period from 26 January 2018 to 31 December 2018 £000
As at 31 December 2018	6,286	5,392
Sale of land	-	(3,878)
Additions	9,839	4,772
As at 31 December 2019	<u>16,125</u>	<u>6,286</u>

9. Debtors

	For the year to 31 December 2019 £000	For the period from 26 January 2018 to 31 December 2018 £000
Value added tax	1,155	212
Other debtors	3,419	429
	<u>4,574</u>	<u>641</u>

10. Creditors

	For the year to 31 December 2019 £000	For the period from 26 January 2018 to 31 December 2018 £000
Amounts due to related parties	18,755	14,030
Retention due to related parties	1,162	240
Corporation tax	437	808
Accruals and deferred income	27	793
	<u>20,381</u>	<u>15,871</u>

11. Called up share capital

	For the year to 31 December 2019 £000	For the period from 26 January 2018 to 31 December 2018 £000
Authorised, allotted, called up and fully paid:		
1,176,001 'A' ordinary shares of £1 each	1,176	1,176
1,176,001 'B' ordinary shares of £1 each	1,176	1,176
	<u>2,352</u>	<u>2,352</u>

12. Related party transactions

	For the year to 31 December 2019 £000	For the period from 26 January 2018 to 31 December 2018 £000
Amounts due to:		
BAM Properties Limited	6,765	4,528
TCP Developments Limited	11,990	9,502
Retention due to BAM Construction Limited	<u>1,162</u>	<u>240</u>
	<u>19,917</u>	<u>14,270</u>

Amounts owed to BAM Properties Limited and TCP Developments Limited are repayable on demand. Interest is charged at a rate of 5% per annum.

During the year the company purchased £29,137,000 (period to 31 December 2018: £ 8,424,000) of goods and services from BAM Construction Limited, a subsidiary within the same group as the joint venture partner BAM Properties Limited.

During the year the company incurred £922,000 (period to 31 December 2018 : £ 240,000) of retention due to BAM Construction Limited, a subsidiary within the same group as the joint venture partner BAM Properties Limited.

During the year the company incurred £237,000 (period to 31 December 2018: £ 204,000) in relation to interest accruing on a loan issued from BAM Properties Limited. An unsecured payable balance of £6,765,000 is due at the year end.

During the period the company incurred £489,000 (period to 31 December 2018: £ 427,000) in relation to interest accruing on a loan issued from TCP Developments Limited. An unsecured payable balance of £11,990,000 is due at the year end.

13. Ultimate controlling party

The company is a 50:50 joint venture between TCP Developments Limited and BAM Properties Limited and therefore there is no ultimate controlling entity.

The registered address of BAM properties Limited is Breakspear Park, Breakspear Way, Hemel Hempstead, Herts, HP2 4FL.

The registered address of TCP Developments Limited is 185 St Vincent Street, Glasgow, G2 5QD.

14. Subsequent Events

COVID-19

The recent outbreak of a novel and highly contagious form of coronavirus ("COVID-19"), which the World Health Organization has declared to constitute a pandemic on 11 March 2020, has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in certain equity and debt markets. The global impact of the outbreak is rapidly evolving, and many countries have reacted by instituting quarantines, prohibitions on travel and the closure of offices, businesses, schools, retail stores and other public venues. Businesses are also implementing similar precautionary 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 and are having a particularly adverse impact on transportation, hospitality, tourism, entertainment and other industries.

The impact of COVID-19 has led to significant volatility and declines in the global public equity markets and it is uncertain how long this volatility will continue. As COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess.

The identification of the virus after 31 December 2019 as a new coronavirus, and its subsequent spread, is considered a non-adjusting event after the reporting period. Subsequent to the year end, the construction site was closed on 23 March 2020 for a period of 58 working days with respect to the COVID-19 pandemic in accordance with UK government advice. It subsequently reopened on 15 June 2020 and construction continues to progress. As a result of COVID-19, an extension of time was granted to the main contractor until 23 March 2021 for building 1 and 5 April 2021 for building 2 and the development is expected to complete as of that date.

There have been no other material events arising after the reporting date.