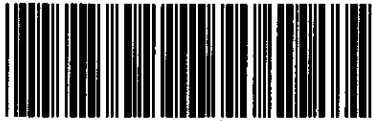


G.P.E. (BERMONDSEY STREET) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

WEC

THURSDAY



ACVXMEØR

A11	01/02/2024	#16
COMPANIES HOUSE		
ACVDGVRM		
A9	24/01/2024	#3
COMPANIES HOUSE		

G.P.E. (BERMONDSEY STREET) LIMITED

COMPANY INFORMATION

Directors

T Courtauld
N Sanderson
S Mew
A White

Secretary

D Lennark

Company number

05593239

Registered office

33 Cavendish Square
London
United Kingdom
W1G 0PW

G.P.E. (BERMONDSEY STREET) LIMITED

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G.P.E. (BERMONDSEY STREET) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present their annual report and financial statements for the year ended 31 March 2023.

This report has been prepared in accordance with the special provisions relating to small companies under s415A of the Companies Act 2006 and therefore taking the exemption from preparing a strategic report.

Principal activities

The principal activity of the Company is investment in and development of freehold properties in the United Kingdom.

Results and dividends

The results for the year are set out on page 4.

The loss for the year, after taxation, amounted to £1,025,437 (2022: profit of £7,722,083). The directors paid a dividend during the year of £nil (2022: £nil) and no dividend has been proposed after the year end (2022: £nil).

Great Portland Estates plc Group ('the Group') converted to REIT status on 1 January 2007 and as a result the Company benefits from an exemption from UK corporation tax on both rental profits and chargeable gains relating to the property investment business.

The Company is managed on a day to day basis by Great Portland Estates plc. The performance of the Group, including the Company, is discussed in the Great Portland Estates plc Annual Report. For this reason, the directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business.

Directors

The directors who held office during the year and up to the date of this report, except as noted, were as follows:

T Courtauld
N Sanderson
S Mew
A White

Directors' insurance

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were in force during the year and remain in force at the date when this report was approved.

Going concern

The directors have reviewed the loss made in the current financial year and the projected financial position of the Company and the Group, making reasonable assumptions about future trading performance, valuation projections and debt requirements. In making this assessment, the directors had a particular focus on macroeconomic conditions in which the Company and Group is operating including the ongoing economic disruption from geopolitical tensions, high inflationary environment and rising interest rates. As part of the review, the directors have modelled a series of market scenarios to further understand the resilience of the business. This included a going concern scenario to consider the impact of market disruption on the Group's cash balances, its capital commitments, its debt maturity profile, including undrawn facilities, its levels of rent collection and the long-term nature of customer leases. The directors also conducted extensive stress testing, sensitising the potential impact of climate change as well as the impact of removing non-committed disposal proceeds and capital expenditure. Please see note 1 for further details.

On the basis of this review, and the confirmed availability of financial support from the Group where necessary, and after making due enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue to operate as a going concern for at least 12 months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the report and financial statements.

G.P.E. (BERMONDSEY STREET) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Net rental income

Net rental income for the year was £3,970,541 an increase from 2022 of £1,996,009 as a result of portfolio management activity, in particular an increase in our Fully Managed Flex offer.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including liquidity risk and credit risk.

Liquidity risk

To maintain liquidity and ensure that sufficient funds are available for ongoing operations and future developments, the Company sources funds from the Group which uses a mixture of long-term and short-term debt finance.

Credit risk

The Company's principal financial assets are trade and other receivables. The Company's credit risk is primarily in relation to its trade receivables. The amounts presented in the statement of financial position are net of expected credit losses. The Company has no significant concentration of credit risk, with exposure spread over a diverse customer base. Further details regarding credit risk can be found in the accounting policies in the notes to the financial statements.

Future prospects

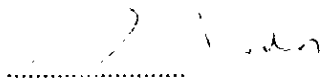
Despite the impact of recent interest rate rises, London has continued to recover and is evidently busier than this time last year; centrally located offices are returning to more normal levels of occupation, and the West End is seeing higher numbers of both shoppers and tourists, supported by the opening of the Elizabeth Line.

From here, whilst macro-economic challenges are likely to persist, we do not expect the recovery to be uniform. For some time, we have witnessed a growing divergence between the prospects of the best spaces versus the rest, and we believe this is set to widen further as customers seek out sustainable and well designed, prime spaces, of which there is a marked shortage, particularly in the West End. Our strategic focus on prime HQ and Flex offerings, underpinned by our Customer First approach means we are well placed to benefit from these trends. So, with exceptionally strong finances and plentiful liquidity, we will continue capitalising on opportunities that are emerging, and with our experienced team, we can look to our future with confidence.

Auditor

For the year ended 31 March 2023 the Company was entitled to exemptions under section 479A of the Companies Act 2006 relating to subsidiary companies.

Approved by the board and signed on their behalf by


.....

N Sanderson

14 December 2023

G.P.E. (BERMONDSEY STREET) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 MARCH 2023

The directors are responsible for preparing the Annual 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), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

G.P.E. (BERMONDSEY STREET) LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
Revenue	3	4,110,954	2,561,039
Cost of sales	4	(1,037,180)	(1,060,680)
		<u>3,073,774</u>	<u>1,500,359</u>
Expected credit losses	9	(19,879)	(94,782)
Administrative expenses		(576,632)	(525,751)
		<u></u>	<u></u>
Operating profit before (deficit)/surplus from property		2,477,263	879,826
(Deficit)/surplus on revaluation of investment properties	8	(3,938,678)	6,418,068
		<u></u>	<u></u>
Operating (loss)/profit		(1,461,415)	7,297,894
Interest receivable	6	435,978	424,189
		<u></u>	<u></u>
(Loss)/profit before taxation		(1,025,437)	7,722,083
Tax	7	-	-
		<u></u>	<u></u>
(Loss)/profit for the financial year		<u>(1,025,437)</u>	<u>7,722,083</u>

The income statement has been prepared on the basis that all operations are continuing operations.

G.P.E. (BERMONDSEY STREET) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	£	£
(Loss)/profit for the financial year	(1,025,437)	7,722,083
	<u> </u>	<u> </u>
Other comprehensive income		
	<u> </u>	<u> </u>
Total other comprehensive income for the year	-	-
	<u> </u>	<u> </u>
Total comprehensive (expense)/income for the year	(1,025,437)	7,722,083
	<u> </u>	<u> </u>

G.P.E. (BERMONDSEY STREET) LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

		2023	2022
	Notes	£	Restated* £
Non-current assets			
Investment properties	8	49,700,000	50,600,000
Amounts due from parent undertaking	9	14,530,891	15,165,350
		<u>64,230,891</u>	<u>65,765,350</u>
Current assets			
Trade and other receivables	9	292,778	214,440
Other taxes		101,592	14,345
Amounts held in respect of customer rent deposits (restricted cash)	9	896,925	851,745
		<u>1,291,295</u>	<u>1,080,530</u>
Current liabilities			
Trade and other payables	10	(1,593,552)	(1,891,809)
		<u>(1,593,552)</u>	<u>(1,891,809)</u>
Net current liabilities		<u>(302,257)</u>	<u>(811,279)</u>
Net assets being total assets less liabilities		<u>63,928,634</u>	<u>64,954,071</u>
Equity			
Share capital	11	29,595,312	29,595,312
Retained earnings		34,333,322	35,358,759
Total equity		<u>63,928,634</u>	<u>64,954,071</u>

For the year ended 31 March 2023 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

- The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476;
- The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

*Cash and cash equivalents and monies held in trade and other payables have been restated as at 31 March 2022 following clarification by IFRIC on classification of funds with externally imposed restrictions, see note 1 for further details.

The financial statements were approved by the board of directors and authorised for issue on 14 December 2023 and are signed on its behalf by:


N Sanderson
Director

Company Registration No. 05593239

G.P.E. (BERMONDSEY STREET) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Share capital £	Retained earnings £	Total £
Balance at 1 April 2021	29,595,312	27,636,676	57,231,988
Profit for the year	-	7,722,083	7,722,083
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	7,722,083	7,722,083
Balance at 31 March 2022	29,595,312	35,358,759	64,954,071
Loss for the year	-	(1,025,437)	(1,025,437)
Other comprehensive income	-	-	-
Total comprehensive expense for the year	-	(1,025,437)	(1,025,437)
Balance at 31 March 2023	29,595,312	34,333,322	63,928,634

G.P.E. (BERMONDSEY STREET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

1.1 Basis of preparation

G.P.E. (Bermondsey Street) Limited is a private company limited by shares incorporated in the United Kingdom and registered in England and Wales under the Companies Act 2006. The nature of the Company's operations and its principal activities are set out on page 1. The address of the registered office can be found in note 14.

The Company meets the definition of a qualifying entity under FRS 100 "Application of Financial Reporting Requirements issued by the FRC". The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the requirements of the Companies Act 2006.

The financial statements have been prepared in sterling on the historical cost basis, except for investment property that is measured at fair value at the end of each reporting period, as explained in the accounting policies below.

The entity is included in the ultimate parent company accounts as described in note 14 as such the entity has taken the exemption per IFRS 10 from preparing consolidated financial statements.

The Company has taken advantage of certain disclosure exemptions in FRS 101 as its financial statements are included in the publicly available consolidated financial statements of Great Portland Estates plc. The disclosure exemptions available under that standard in relation to business combinations, share-based payments, non-current assets held for sale and discontinued operations, financial instruments, presentation of a cash flow statement, changes in accounting estimates and errors, standards not yet effective, impairment of assets and related party transactions. Copies of those consolidated financial statements can be obtained from Great Portland Estates plc, 33 Cavendish Square, London, W1G 0PW or from the Group's website at www.gpe.co.uk.

The Company is not a financial institution and is therefore able to take advantage of exemption from all requirements of, IFRS 7 'Financial Instruments: Disclosures' and from the disclosure requirements of IFRS 13 'Fair Value Measurement'.

The Company has assessed the impact of the IFRS Interpretation Committee's recent agenda decision in respect of Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7). The Company holds customer deposits in separate designated bank accounts where the use of the monies is restricted and defined in the lease agreements; however, the access to these monies by the Company is not restricted. Following the clarification by IFRIC, these customer deposits are judged to meet the definition of 'cash' under IAS 7. The Company comparative balances have been restated to reflect this change in classification, which resulted in customer deposits as at 31 March 2022 being reclassified and presented gross as cash and cash equivalents and payables with no impact on net assets or the income statement.

1.2 Critical judgements and key sources of estimation uncertainty

In the process of preparing the financial statements, the directors are required to make certain judgements, assumptions and estimates. Not all of the Company's accounting policies require the directors to make difficult, subjective or complex judgements or estimates. Any estimates and judgements made are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on the directors' best knowledge of the amount, event or actions, actual results may differ from those estimates. No critical judgements have been made in the current or prior year.

The following is intended to provide an understanding of the policies that management consider critical because of the level of complexity, judgement or estimation involved in their application and their material impact on the financial statements.

G.P.E. (BERMONDSEY STREET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Key source of estimation uncertainty: property portfolio valuation

The valuation to assess the fair value of the Company's investment properties is prepared by its external valuer. The valuation is based upon a number of assumptions including future rental income, anticipated maintenance costs, future development costs and an appropriate discount rate. The valuers also make reference to market evidence of transaction prices for similar properties. An adjustment to any of these assumptions could lead to a material change in the property valuation. For the current year and prior year the Directors adopted the valuation without adjustment, further information is provided in the accounting policy for investment property and note 8.

1.3 New accounting standards

During the year ended 31 March 2023, the following accounting standards and guidance were adopted by the Company. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements. These new standards and amendments are listed below:

- Amendments to IAS 16 – Property, plant and equipment proceeds before intended use;
- Amendments to IAS 37 – Onerous contracts, cost of fulfilling a contract; and
- Annual improvements to IFRS Standards 2018–20.

The adoption of the Standards and Interpretations has not significantly impacted these financial statements, and no other Standards effective in the year impact the Company.

1.4 Going concern

As noted in the Directors' report, the directors have at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The Directors rely upon the Group's ability to continue as a going concern and provide support when required by group companies to inform their review of the Company's going concern position. Great Portland Estates plc (the ultimate parent company) has committed to support the Company in order to continue operating for the going concern period.

The Directors have reviewed the loss and net current liability position of the Company in the current year as well as the projected financial position of the Group, making reasonable assumptions about future trading performance. The Group assessment has focused on the impact of geopolitical tensions on macroeconomic conditions in which both the Company and Group operates. As part of the Group review, the Great Portland Estates plc directors modelled a series of market scenarios to further understand the resilience of the business to the impact of geopolitical tensions. This included a going concern scenario to consider the impact of market disruptions and demonstrated that the Group has significant liquidity to fund its ongoing operations and is operating with significant headroom above its Group debt financing covenants.

The Directors also conducted extensive stress testing sensitising the potential impact of climate change as well as the impact of removing non-committed disposal proceeds and capital expenditure. Based on these considerations, together with available market information and the directors' knowledge and experience of the Company's property portfolio and the confirmed availability of financial support by the Group where necessary, the Directors have a reasonable expectation that the Company has access to adequate resources to continue in operational existence for the next twelve months. Accordingly, it continues to adopt the going concern basis in preparing the annual report and financial statements.

G.P.E. (BERMONDSEY STREET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.5 Revenue

Gross rental income comprises rental income and premiums on lease surrenders on investment properties for the year, exclusive of service charges receivable, on a straight-line basis. Initial direct costs incurred in arranging a lease are added to the carrying value of investment properties and are subsequently recognised as an expense over the lease term on the same basis as the lease income.

Lease incentives, including rent-free periods and payments to customers, are allocated to the income statement on a straight-line basis over the lease term or on another systematic basis, if applicable. The value of resulting accrued rental income is included within the respective property, with the aggregate cost of the incentive recognised as a reduction in rental income on a straight-line basis over the term of the lease.

Revenue from Fully Managed spaces is split between an amount attributable to the rent on a fitted basis and services income. The rent is recognised in gross rental income (see above) and the services income is recorded over the period when the services are provided and benefit the customer. The Group's Flex Partnerships represent leases with third-party operators where the rent payable is calculated by reference to the profitability of the space under management. The rent is recognised in gross rental income (see above).

Service charge income is recorded over the period when the services are provided and benefit the customer.

1.6 Cost of sales

Service charge expenses (including the cost of service provision in our Fully Managed spaces) represent the costs of operating the Group's portfolio and are expensed as incurred.

Other property expenses represent irrecoverable running costs directly attributable to specific properties within the Group's portfolio. Costs incurred in the improvement of the portfolio which, in the opinion of the Directors, are not of a capital nature are written-off to the income statement as incurred.

1.7 Administration expenses

Costs not directly attributable to individual properties are treated as administration expenses.

G.P.E. (BERMONDSEY STREET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.8 Investment properties

Freehold investment properties and investment properties under development are professionally valued on a fair value basis by qualified external valuers and the directors must ensure that they are satisfied that the valuation of the Company's properties is appropriate for inclusion in the accounts without adjustment. The valuation of the property portfolio reflects its fair value taking into account the market view of all relevant factors including the climate related risks associated with the properties. This includes the impact of expected regulatory changes.

The valuations have been prepared in accordance the RICS Valuation – Global Standards (incorporating the International Valuation Standards (IVS)) and the UK national supplement (the Red Book) and have been primarily derived using comparable recent market transactions on arm's length terms.

For investment property, this approach involves applying market-derived capitalisation yields to current and market-derived future income streams with appropriate adjustments for income voids arising from vacancies or rent-free periods.

These capitalisation yields and future income streams are derived from comparable property and leasing transactions and are considered to be the key inputs in the valuation. Other factors that are taken into account in the valuations include the tenure of the property, tenancy details, non-payment of rent, planning, building and environmental factors that might affect the property.

In the case of investment property under development, the approach applied is the 'residual method' of valuation, which is the investment method of valuation as described above with a deduction for the costs necessary to complete the development, together with an allowance for the remaining risk.

The Company recognises sales and purchases of property when control passes on completion of the contract. Gains or losses on the sale of properties are calculated by reference to the carrying value at the end of the previous year, adjusted for subsequent capital expenditure.

Financial risk management objectives:

The Company's financial risk management is in line with and managed by the Group.

1.9 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a policy of reviewing the financial information of prospective customers and only dealing with those that are creditworthy and obtaining sufficient rental cash deposits or third party guarantees as a means of mitigating financial loss from defaults.

The concentration of credit risk is limited due to the large and diverse customer base. Accordingly the directors believe that there is no further credit provision required in excess of the expected credit losses. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk without taking account of the value of rent deposits obtained.

1.10 Capital risk

The Group manages its capital to ensure that it will be able to continue as a going concern and as such it aims to maintain an appropriate mix of debt and equity financing. The current capital structure of the Group consists of a mix of both equity and debt. The Group aims to maintain a loan-to-property value of between 10% - 35%.

1.11 Liquidity risk

The Group operates a framework for the management of the Group's short-, medium- and long-term funding requirements. Cash flow and funding needs are regularly monitored to ensure sufficient facilities are in place. The Group operates strict counterparty limits on its deposits.

G.P.E. (BERMONDSEY STREET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.12 Interest rate risk

Interest rate risk arises from the Group's use of interest bearing financial instruments. It is the risk that future cash flows from a financial instrument will fluctuate due to changes in interest rates. It is the Group's policy to mitigate the risk through fixed interest rates on its debt.

Financial instruments:

1.13 Trade receivables and payables

Trade receivables are initially measured at the transaction price, and are subsequently measured at amortised cost using the effective interest rate method. See note 9 for further information on trade receivables and associated expected credit losses. Trade payables are initially measured at fair value and subsequently measured at amortised cost.

1.14 Interest bearing loans and borrowings

Borrowings are held at amortised cost, with any discounts, premiums and attributable costs charged to the income statement using the effective interest rate method as a defined method in IFRS 9.

1.15 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

G.P.E. (BERMONDSEY STREET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

2 Directors' remuneration and employees

The Company had no employees other than directors, in the current year or preceding year. None of the directors received any emoluments for their services to the Company in the current or preceding financial year as they were paid by another group company.

3 Revenue

Revenue comprises rental income, service charge income and premiums on lease surrenders on investment properties for the year. Rental uplifts from rent reviews are recognised when agreed with the tenant. Net rental income is exclusive of service charge income. All revenue is derived within the UK.

	2023 £	2022 £
Gross rental income	3,261,344	1,877,750
Spreading of lease incentives	(156,600)	76,800
Service charge income	138,139	491,725
Fully managed services income	868,071	114,764
	<u>4,110,954</u>	<u>2,561,039</u>

	2023 £	2022 £
The table below sets out the Company's gross rental income split between types of space provided:		
Ready to fit	1,193,192	1,448,239
Retail	119,136	119,136
Fully Managed	1,949,016	310,375
	<u>3,261,344</u>	<u>1,877,750</u>

	2023 £	2022 £
The table below sets out the Company's net rental income:		
Gross rental income	3,261,344	1,992,514
Expected credit losses	(2,274)	(94,782)
Spreading of lease incentives	(156,600)	76,800
Net rental income	<u>3,102,470</u>	<u>1,974,532</u>

G.P.E. (BERMONDSEY STREET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

4 Cost of Sales

	2023 £	2022 £
Service charge expenses (including Fully Managed service costs)	848,300	482,464
Other property costs	188,880	578,216
	<u>1,037,180</u>	<u>1,060,680</u>

The table below sets out the Company's property costs:

Service charge income	(138,139)	(491,725)
Fully Managed services income	(868,071)	(114,764)
Service charge expenses (including Fully Managed service costs)	848,300	482,464
Other property costs	188,880	578,216
Expected credit losses	17,605	-
	<u>48,575</u>	<u>454,191</u>

5 Auditor's remuneration

	2023 £	2022 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts - paid by ultimate parent undertaking	-	9,000

No non-audit fees were paid in either the current or prior year.

6 Interest receivable

	2023 £	2022 £
Interest receivable from ultimate parent company at 2.98% (2022: 2.94%)	<u>435,978</u>	<u>424,189</u>

Interest on intercompany debt is charged at variable rates based on the weighted average interest rate of Group third party debt. The headline margin of the Group's revolving credit facility (RCF) was unchanged at 90.0 basis points over SONIA plus or minus 2.5 basis points subject to a number of ESG-linked targets in future years.

G.P.E. (BERMONDSEY STREET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

7 Taxation

	2023	2022
	£	£
Total tax charge	-	-

The charge for the year can be reconciled to the (loss)/profit per the income statement as follows:

	2023	2022
	£	£
(Loss)/profit before taxation	(1,025,437)	7,722,083
(Loss)/profit before taxation multiplied by standard rate of UK corporation tax of 19% (2022: 19%)	(194,833)	1,467,196
Taxation impact of factors affecting tax charge:		
Effect of revaluation of investment properties	748,349	(1,219,433)
Ring-fenced rental income and gains	(470,804)	(167,108)
Tax losses claimed by Company for £nil consideration	(82,712)	(80,655)
Total adjustments	194,833	(1,467,196)
Tax charge for the year	-	-

The standard rate of corporation tax in the UK throughout the period was 19% (2022: 19%). The standard rate of corporation tax increased, from 19% to 25% on 1 April 2023.

G.P.E. (BERMONDSEY STREET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

8 Investment properties

	Freehold £
At 1 April 2021	43,400,000
Additions	781,932
Surplus on revaluation	6,418,068
At 31 March 2022	50,600,000
Additions	3,038,678
Deficit on revaluation	(3,938,678)
At 31 March 2023	49,700,000

The Company's investment properties were valued on the basis of Fair Value by CBRE Limited (CBRE), external valuers, as at 31 March 2023. The valuations have been prepared in accordance with the current version of the RICS Valuation – Global Standards (incorporating the International Valuation Standards (IVS)) and the UK national supplement (the Red Book) and have been primarily derived using comparable recent market transactions on arm's length terms. CBRE has continuously been carrying out valuation instructions for the Group for in excess of 20 years.

Real estate valuations are complex and derived using comparable market transactions which are not publicly available and involve an element of judgement. Therefore, in line with EPRA guidance, we have classified the valuation of the property portfolio as Level 3 as defined by IFRS 13. There were no transfers between levels during the year. Inputs to the valuation, including capitalisation yields (typically the true equivalent yield) and rental values, are defined as 'unobservable' as defined by IFRS 13.

The valuation of the property portfolio reflects its fair value taking into account the market view of all relevant factors including the climate related risks associated with the properties. This includes the impact of expected regulatory changes.

The historical cost of investment properties at 31 March 2023 was £26,240,348 (2022: £23,045,069).

9 Trade and other receivables

	Current 2023 £	2022 £	Non-current 2023 £	2022 £
Trade receivables	268,906	214,440	-	-
Expected credit loss allowance	(21,882)	-	-	-
	247,024	214,440	-	-
Amount owed by parent undertaking	-	-	14,530,891	15,165,350
Other receivables	45,754	-	-	-
	292,778	214,440	14,530,891	15,165,350

G.P.E. (BERMONDSEY STREET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

9 Trade and other receivables

(Continued)

Trade receivables consist of rent and service charge monies, which are due on the quarter day with no credit period. Interest is charged on trade receivables in accordance with the terms of the customer's lease. Trade receivables are provided for based on the expected credit loss, which uses a lifetime expected loss allowance for all trade receivables based on an assessment of each individual customers' circumstance. This assessment reviews the outstanding balances of each individual customer and makes an assessment of the likelihood of recovery, based on an evaluation of their financial situation. Where the expected credit loss relates to revenue already recognised this has been recognised immediately in the income statement. For the portion of the expected credit loss that relates to future revenue which is no longer considered fully recoverable, the relevant amount of rent received in advance has been released.

	2023 £	2022 £
Movements in expected credit loss allowance		
Balance at the beginning of the year	-	(45,112)
Expected credit loss allowance during the year	(23,855)	(113,738)
Expected credit loss allowance in respect of future years	-	45,112
Amounts written-off as uncollectable	1,973	113,738
	<u>(21,882)</u>	<u>-</u>

The current year expected credit loss net of VAT is £19,879 (2022: £94,782).

Interest on intercompany debt is charged at variable rates based on the weighted average interest rate of Group third party debt. The headline margin of the Group's revolving credit facility (RCF) was unchanged at 90.0 basis points over SONIA plus or minus 2.5 basis points subject to a number of ESG-linked targets in future years. Amounts are unsecured and are repayable on demand.

10 Trade and other payables

	2023 £	2022 Restated* £
Payables in respect of customer rent deposits	896,925	851,745
Accruals and rent in advance	696,627	789,646
Other payables	-	250,418
	<u>1,593,552</u>	<u>1,891,809</u>

* The 2022 comparatives have been restated to reflect the IFRIC Decision on Deposits. Amounts held in respect of customer rent deposits have been recorded as cash and cash and equivalents, with a corresponding liability recorded within trade and other payables.

G.P.E. (BERMONDSEY STREET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

11	Share capital	2023 £	2022 £
	Ordinary share capital		
	<i>Issued and fully paid</i>		
	29,595,312 Ordinary shares of £1 each	29,595,312	29,595,312

The share capital comprises 29,595,312 ordinary shares carrying no right to fixed income.

12 Reserves

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

Share capital

The nominal value of the Company's issued capital, comprising £1 ordinary shares.

Retained earnings

Cumulative net gains and losses recognised in the Company's income statement together with other items such as dividends.

13 Lease receivables

Future aggregate minimum rentals receivable under non-cancellable leases are:

	2023 £	2022 £
The Company as a lessor		
Less than one year	2,273,682	2,695,119
Between two and five years	2,096,622	3,446,299
More than five years	1,394,630	1,745,264
	<u>5,764,934</u>	<u>7,886,682</u>

14 Ultimate controlling party

The Company is a wholly-owned subsidiary undertaking of Great Portland Estates plc, a company incorporated in the United Kingdom and registered in England and Wales, the ultimate parent undertaking and controlling entity, and the only company within the Group which prepares consolidated financial statements. The financial statements of the Company and of Great Portland Estates plc can be obtained from 33 Cavendish Square, London, W1G 0PW.