

Registered Number: 05879261

BPP (FARRINGDON ROAD) LIMITED

DIRECTORS' REPORT AND ACCOUNTS

Year ended 30 November 2014

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BPP (FARRINGTON ROAD) LIMITED

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BPP (FARRINGDON ROAD) LIMITED

Year ended 30 November 2014

Directors

G. Harris

M. Fitzgerald

B. van de Laar (resigned 1 January 2015)

D. Vijselaar (appointed 1 January 2015)

Secretary

Intertrust (UK) Limited

Registered Office

11 Old Jewry

7th Floor

London

EC2R 8DU

Bankers

Natwest

11 Springs Gardens

Manchester

M2 1FB

Auditors

KPMG LLP

15 Canada Square

London

E14 5GL

Solicitors

K&L Gates LLP

One New Change

London

EC4M 9AF

BPP (FARRINGTON ROAD) LIMITED

REPORT OF THE DIRECTORS

Year ended 30 November 2014

The directors present their report and accounts for the year ended 30 November 2014.

Principal activities

BPP (Farringdon Road) Limited ("BPP"), a company incorporated in the United Kingdom, holds land interests at the junction of Charterhouse Street and Farringdon Street, London EC1. The ownership includes a former NCP car park at basement level. A separate leasehold interest providing access to the basement was compulsorily acquired in May 2009 in connection with the Crossrail project.

The building previously on the site known as Caxton House which had been constructed in the 1960s was demolished to the level of the ground floor slab in 2011, leaving the basement structure in place. The Company's plans to redevelop the site pursuant to a Development Agreement with the City Corporation granted in 2005 have been delayed as a consequence of the occupation of the site by Crossrail Limited ("Crossrail"). Although the Company's professional team has demonstrated that redevelopment can be undertaken whilst still preserving access through the basement of Caxton House for Crossrail, concurrent development is only possible in practice with the agreement of Crossrail.

Crossrail is in occupation of the basement car park under the terms of an Agreement dated 2 August 2007 which grants rights of occupation and use of the basement for the duration of the Crossrail project. A separate lease of the ground floor slab was granted to Crossrail in 2011 for a term until 10 December 2015 at a rent of £390,000 per annum. This lease is contracted out of the security of tenure provisions of the Landlord & Tenant Act 1954.

Results and dividends

The Company made a profit of £2,762,000 for the year (2013: profit of £1,133,000). The directors do not recommend the payment of a dividend (2013: £nil).

An impairment reversal of £3,368,000 (2013: impairment reversal of £1,980,000) was recognised on the property in the year.

Review of the business and future developments

The Company currently holds three separate leasehold interests in the property from the City Corporation (including a 999 year lease of the basement from 1896 at a nominal rent) and has the benefit of a development agreement enabling it to redevelop the building. The Development Agreement provides that the Company will surrender its existing interests and be granted a new 150 year leasehold interest in the entire site on completion of the development.

BPP (FARRINGDON ROAD) LIMITED

REPORT OF THE DIRECTORS (continued)

Year ended 30 November 2014

The development agreement provides that when the Company serves notice that it wishes to proceed with the development, it has 5 years to complete the building to “shell and core” with extensions of time for any delays caused by Crossrail. Works are progressing on the adjoining site immediately to the north of Caxton House which will provide access to the new Crossrail station and a combined Thameslink/Crossrail ticket hall. The Crossrail project is currently scheduled to complete in 2018/19.

A planning application on behalf of the Company for an office led scheme designed by Hamiltons architects had been approved in December 2008, being a revision of a scheme which was submitted in December 2006. This scheme provided for basement access via Cowcross Street with the principal office entrance and reception area fronting Charterhouse Street together with a central core. This scheme was placed in abeyance following Crossrail’s occupation of the basement of the property in 2010 for the duration of the Crossrail project.

Following negotiations with Crossrail and, in anticipation of development being undertaken concurrently with construction of the station box, a new professional team was appointed with Lifshutz Davidson Sandilands as architects to design a revised scheme to reflect market expectations for a scheme with an anticipated delivery date in late 2015. To facilitate this scheme, negotiations also took place with Snowhill Real Estate Limited to acquire access over their basement to replace that acquired by Crossrail under the Crossrail Bill. Design work was completed to a detailed stage and a formal tendering process was undertaken so that the Company would be in a position to place a contract for the construction work. Contrary to expectation, Crossrail advised the Company in August 2012 that it was not willing to permit concurrent development. The current position remains that redevelopment of the site will be postponed until Crossrail no longer require possession of the site.

The company has been in discussion with Crossrail regarding the amount of compensation resulting from the compulsory acquisition of the Cowcross Street ramp and the losses resulting from Crossrail’s occupation. Following Crossrail’s decision not to allow concurrent development, the Company’s advisers re-assessed the losses which it has and will suffer, including the expenditure incurred to facilitate concurrent development which proved to be abortive. A revised claim was submitted in March 2014 and the claim was referred to the Upper Tribunal (Lands Chamber) for determination.

Terms were agreed during the period to enter into a suite of documents with Crossrail and the City Corporation. These include the grant of a reversionary lease of the space above ground to the Company by the City Corporation from December 2015 to December 2020; a tripartite agreement in relation to rights of light; a supplemental underlease to Crossrail of the airspace not currently demised to them, and the grant of a reversionary underlease to Crossrail of the slab until 31 December 2016 (with options to renew if required for the purposes of the Crossrail project.) These documents were completed in February 2014.

BPP (FARRINGDON ROAD) LIMITED

REPORT OF THE DIRECTORS (continued)

Year ended 30 November 2014

An option agreement was entered into with the owner of the Smithfield General Market, Snowhill Real Estate Limited, in July 2013 to acquire a permanent right of way over the Snow Hill Ramp and through the basement of the General Market. The new right of access will replace the access from Cowcross Street which was compulsorily acquired for the Crossrail project. An option fee of £1m was paid when the option agreement was entered into enabling the Company to draw down the deed of easement when required.

Directors

The directors of the Company are set out on page 2, which includes those who held office throughout the year and any appointments, resignations and cessations since the year end.

Registered office

The Company's registered office address is 11 Old Jewry, 7th Floor, London EC2R 8DU.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the Board



Geoffrey Harris
Director
11 Old Jewry
London
EC2R 8DU

Date: 24 November 2015

BPP (FARRINGDON ROAD) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BPP (FARRINGDON ROAD) LIMITED

We have audited the financial statements of BPP (Farringdon Road) Limited for the year ended 30 November 2014 set out on pages 9 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BPP (FARRINGDON ROAD) LIMITED
(continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Andrew Marshall (**Senior Statutory Auditor**)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London, E14 5GL

Date: 2 December 2015

BPP (FARRINGDON ROAD) LIMITED**PROFIT AND LOSS ACCOUNT**Year ended 30 November 2014

	Note	2014 £'000	2013 £'000
Turnover	2	423	423
Cost of sales		(1,209)	(1,059)
		<hr/>	<hr/>
Gross loss		(786)	(636)
Other operating income		400	-
Administration expenses	3	3,368	1,980
		<hr/>	<hr/>
Operating profit	3	2,982	1,344
Interest receivable		1	6
Interest payable	5	(221)	(217)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		2,762	1,133
Taxation	6	-	-
		<hr/>	<hr/>
Profit for the financial year	11	<u>2,762</u>	<u>1,133</u>

All activities derive from continuing operations.

There are no recognised gains or losses other than the profit of £2,762,000 attributable to the shareholders for the year ended 30 November 2014 (30 November 2013: profit of £1,133,000).

The notes on pages 12 to 18 form part of these financial statements.

BPP (FARRINGDON ROAD) LIMITED**BALANCE SHEET****30 November 2014**

	Note	2014		2013	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	7		24,650		21,200
Current assets					
Debtors	8	11,367		11,617	
Cash		39		280	
		<u>11,406</u>		<u>11,897</u>	
Creditors: amounts falling due within one year	9	<u>(7,573)</u>		<u>(7,376)</u>	
Net current assets			3,833		4,521
Net assets			<u>28,483</u>		<u>25,721</u>
Capital and reserves					
Called up share capital	10		-		-
Share premium account	11		998		998
Capital contribution reserve	11		21,375		21,375
Profit and loss account	11		6,110		3,348
Equity shareholders' funds	11		<u>28,483</u>		<u>25,721</u>

The notes on pages 12 to 18 form part of these financial statements.

The financial statements were approved by the Board of Directors on 24 November 2015.

Signed on behalf of the Board of Directors by



.....
Geoffrey Harris

Director

Registered Number: 05879261

BPP (FARRINGDON ROAD) LIMITED**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS****Year ended 30 November 2014**

	2014	2013
	£'000	£'000
Shareholders' funds at beginning of year	25,721	24,588
Profit for the financial year	2,762	1,133
Shareholders' funds at the end of year	<u>28,483</u>	<u>25,721</u>

BPP (FARRINGDON ROAD) LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 November 2014

1. ACCOUNTING POLICIES

(a) Basis of accounting

Going concern

The financial statements have been prepared on the going concern basis, which the directors believe to be appropriate for the following reasons.

(b) Cash flow statement

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that the company qualifies as a small company under the Companies Act 2006.

(c) Related parties transactions

The Company has taken advantage of the exemption in FRS 8 'Related Party Disclosures' to dispense with the requirement to disclose transactions with group companies which are wholly owned within the group.

(d) Fixed assets

All fixed assets are initially recorded at cost. Finance costs are not included in the cost of fixed assets. No depreciation is charged on assets in the course of construction. The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For fixed assets where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset then the resultant reversal of the impairment loss is recognised in the current period in the profit and loss account.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(e) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax. However deferred tax assets are recognised only to the event that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on an undiscounted basis at the tax rate that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws or substantively enacted at the balance sheet date.

BPP (FARRINGDON ROAD) LIMITED (continued)

NOTES TO THE ACCOUNTS

Year ended 30 November 2014

(f) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax. However deferred tax assets are recognised only to the event that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on an undiscounted basis at the tax rate that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws or substantively enacted at the balance sheet date.

(g) Lease commitments

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

(h) Developments expected in future accounting periods – FRS 100, 101 and 102

FRS 100 sets out the application of financial reporting requirements in the UK and Republic of Ireland and FRS 101 “IFRS” with reduced disclosures” outlines the reduced disclosure framework available for use by qualifying entities choosing to report under IFRS. FRS 102 is applicable in the UK and Republic of Ireland and is known as “new UK GAAP”. The mandatory effective date for the new framework of reporting is for accounting periods beginning on or after 1 January 2015. A full analysis was undertaken and it was decided that the company will apply FRS102 (“the new UK GAAP”).

2. **TURNOVER**

Turnover, which is stated net of value added tax, represents amounts derived from rental income. Rental income is recognised in the profit and loss account on an accruals basis. Benefits to lessees in the form of rent-free periods and capital contributions are treated as a reduction in the overall return on the leases and, in accordance with UITF 28 *Operating lease incentives*, are recognised on a straight line basis over the shorter of the lease term or the period up to the initial rental review date. The resulting asset is reflected as a debtor in the balance sheet.

BPP (FARRINGDON ROAD) LIMITED (continued)

NOTES TO THE ACCOUNTS

Year ended 30 November 2014

3. OPERATING PROFIT

This is stated after charging the following fees:

	<i>2014</i> £'000	<i>2013</i> £'000
Statutory audit ¹	8	12
Tax fees ¹	13	14
Impairment reversal	(3,368)	(1,980)
	<u>(3,347)</u>	<u>(1,954)</u>

¹ There were no other fees paid to the auditors.

4. STAFF COSTS

No salaries or wages have been paid to the directors who are the only employees of the Company in either the current or prior year.

5. INTEREST PAYABLE

	<i>2014</i> £'000	<i>2013</i> £'000
On amounts owed to Charterhouse Snowhill (Luxembourg) S.à.r.l	(221)	(217)
	<u>=====</u>	<u>=====</u>

BPP (FARRINGDON ROAD) LIMITED (continued)

NOTES TO THE ACCOUNTS

Year ended 30 November 2014

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

(a) Taxation on profit on ordinary activities.

There is no current or deferred tax for the current year (year ended 30 November 2013 - £nil).

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities to 30 November 2014 is different to the standard rate of corporation tax in the UK of 21.66% (year ended 30 November 2013 23.33%). The differences are reconciled below:

	2014 £000	2013 £000
Profit on ordinary activities before taxation	2,762	1,133
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.66% (2013 – 23.33%)	599	264
Unutilised losses carried forward	131	236
Other temporary timing differences	-	-
Reversal of other temporary timing differences	-	(38)
Impairment reversal – not taxable	(730)	(462)
Total current tax	-	-

(c) Factors that may affect future tax charges

There is a deferred tax asset of £1,076,465 in respect of the tax losses of £5,382,327 carried forward. There is also a deferred tax asset of £42,045 in respect of the temporary timing differences arising from a prior year. In accordance with the company's accounting policy the deferred tax asset has not been recognised due to the uncertainty as to when these losses will be utilised.

The 2015 Budget on 8 July 2015 announced that the UK corporation tax rate will reduce to 18% by 2020 with a 2% interim cut in 2017. It has not yet been possible to quantify the full anticipated effects of the announced further rate reductions, although they will further reduce the Company's future, current and deferred tax charges.

BPP (FARRINGDON ROAD) LIMITED (continued)**NOTES TO THE ACCOUNTS**Year ended 30 November 2014**7. TANGIBLE FIXED ASSETS**

	<i>Properties held for development £'000</i>
Cost at 1 December 2013	25,113
Additions	82
At 30 November 2014	<u>25,195</u>
Impairment	
At 1 December 2013	(3,913)
Impairment reversal in the year	3,368
At 30 November 2014	<u>(545)</u>
Net book value at 30 November 2014	<u>24,650</u>
Net book value at 30 November 2013	<u>21,200</u>

An impairment reversal of £3,368,000 (2013: impairment reversal of £1,980,000) was recognised in the year based on a formal external valuation of the property at the balance sheet date.

8. DEBTORS

	<i>2014 £'000</i>	<i>2013 £'000</i>
Sundry debtors and prepayments	11,367	11,617
	<u>11,367</u>	<u>11,617</u>

BPP (FARRINGDON ROAD) LIMITED (continued)

NOTES TO THE ACCOUNTS

Year ended 30 November 2014

9. CREDITORS: amounts falling due within one year

	<i>2014</i> £'000	<i>2013</i> £'000
Trade creditors	22	43
Amounts owed to Charterhouse Snowhill (Luxembourg) S.ar.l	7,246	7,024
Accruals and deferred income	305	309
	<u>7,573</u>	<u>7,376</u>

10. SHARE CAPITAL

	<i>Allotted, called up and fully paid</i>			
	<i>2014</i>		<i>2013</i>	
	No	£	No	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS/(DEFICIT)

	Share capital*	Share premium	Capital contribution**	Profit and loss	Total shareholders' funds
	£'000	£'000	£'000	£'000	£'000
At 1 December 2013	-	998	21,375	3,348	25,721
Profit for the year	-	-	-	2,762	2,762
Total shareholders' funds at 30 November 2014	<u>-</u>	<u>998</u>	<u>21,375</u>	<u>6,110</u>	<u>28,483</u>

*Called up share capital was 2 ordinary shares at £1 each at the 30 November 2014 (30 November 2013: 2 ordinary shares of £1).

**Other capital reserves represent the contribution of £21,374,538 in the form of cash gift received from London Charterhouse RE (Luxembourg) S.ar.l. to settle its liability to Snowhill Real Estate Limited (SREL) on 29 October 2010.

BPP (FARRINGDON ROAD) LIMITED (continued)

NOTES TO THE ACCOUNTS

Year ended 30 November 2014

12. ULTIMATE CONTROLLING PARTY

At 30 November 2014 the ultimate controlling party is FREP Holdings Canada I Limited Partnership, a Canadian limited Partnership which holds investments on behalf of a number of limited partner pension clients. This is the highest and lowest level at which consolidated accounts are prepared. These accounts are not available to the public.

The immediate parent undertaking is from London Charterhouse RE (Luxembourg) S.à.r.l., a company registered in Luxembourg.

13. POST BALANCE SHEET EVENTS

- The compensation claims with Crossrail referred to in the Directors' report were settled by agreement after the end of the year under review. A settlement agreement was concluded on 26 October 2015. The option agreement with Snowhill Real Estate Limited was exercised on 27 July and the deed of easement was completed on 31 July 2015 following payment of an additional £3.75m.