

Company Registration No. 8493236 (England and Wales)

HB REAVIS UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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HB REAVIS UK LIMITED

COMPANY INFORMATION

Directors	S Hollingshead M Cassidy S Skinner
Secretary	TMF Corporate Administration Services Limited
Company number	8493236
Registered office	Level 7 33 King William Street London EC4R 9AS
Auditor	Lindeyer Francis Ferguson Limited North House 198 High Street Tonbridge Kent TN9 1BE
Business address	Level 7 33 King William Street London EC4R 9AS

HB REAVIS UK LIMITED

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HB REAVIS UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report for the year ended 31 December 2019.

From the CEO

2019 was the year of uncertainty that became even more uncertain. The protracted negotiations for the UK's departure from the European Union was amplified by a series of dramatic political votes on what an acceptable exit deal could look like, culminating in the resignation of the Prime Minister. This triggered a leadership election within the leadership party which gave some certainty on the exit deal and then led into a general election set against the backdrop of a slowing economy.

For HB Reavis in the UK, however, we saw one of our strongest years to date. Our commitment to put our customers at the heart of all our decision making combined with our unique and flexible delivery model, resulted in us finishing the year without any office space - neither completed nor under construction – available to lease. We also saw meaningful growth in the rental values that we were able to achieve, with all transactions ahead of valuation further endorsing our approach to create the very best workspace for both companies and their employees that use them.

The definition of what the “best” workspace is continuing to evolve and we can see the emergence of the key themes of people, productivity and planet as the key drivers for the future of our industry. Our portfolio in the UK is positioned strongly to respond to these themes but we have developed from a ‘bricks and mortar’ developer to providing innovative services which help provide solutions around these key themes and has a strong resonance with both potential and existing customers. Through our early adoption of wellbeing as a key focus, we are providing workspaces which can have a positive impact on people. Our flexible occupational offerings along with our data-driven analysis of space usage allows us to offer our customers enhanced productivity and our adoption of leading technology combined with thoughtful design is resulting in our buildings having a greatly reduced impact on the planet.

Our Performance

2019 built on our success on 2018.

The most significant achievement during the year was obtaining resolution to grant planning consent for the re-development of Elizabeth House at Waterloo. Lambeth council voted unanimously in favor of the 1.3 million sq ft scheme which will transform this area of London. The scheme will be one of the highest profile in London and is a game changer for HB Reavis as we develop a scheme that will provide the highest quality of workspace, public squares, a new retail street and a 1 acre garden that will be directly accessed from Waterloo Station. We are very excited to commence construction works in 2020.

At 20 Farringdon Street we successfully achieved the building being 100% let with clear evidence of rental growth secured during 2019. We also deployed our innovative leasing concept of plug and play (or Qubes) at the building which offered our customer on demand but personalised space. We secured a pre-let to TMF Group before commencing the works achieving a significant net rental premium. Our co-working concept of HubHub also opened in 2019 and performed well attractive a wide and diverse selection of members of different sizes and sectors, building an inclusive and innovative community. This is the first building in London where the owner of the building has offered directly 4 different options for customers to choose from and a concept that we look to roll out to other developments given its success.

At our development at Bloom Clerkenwell, we successfully commenced construction works and “topped out” in the last quarter of 2019. When completed in 2021, the building will be one of the very first in the world to have BREEAM outstanding, WELL platinum, Wired score platinum and will be a flagbearer for new developments need to focus on sustainability, wellness and digital connectivity. The building has generated a huge amount of early customer interest and we ended 2019 with 100% of the workspace under offer.

As a result of our overall strategy and performance in 2019, I am totally confident that we remain at the very forefront of the substantial changes that our industry continues to experience and are positioned in a way to maximise the opportunities they will continue to create.

HB REAVIS UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Post Year End Updates

In February 2020 we acquired a new project, Quick and Tower House located at the intersection of Shoreditch and the City, an area thriving in growth sectors such as media, fintech and fashion. The existing buildings benefit from having a resolution to grant planning consent which will broadly double to the size of the existing buildings on site and become a key landmark in this location. The development is strategic in terms of size and timing as it will allow us to clearly transfer our learnings / experience from our previous London projects whilst also providing consistent construction pipeline, which is key for staff retention. We are working through clearing the development obligations required to commence the development with works anticipated to start in Q2 2021 and completion towards the end of 2023.


Since March we have seen an impact on our business due to the Covid-19 pandemic. We have seen a slowdown in leasing market with the two customers who had agreed to come to Bloom deciding that they could no longer commit to moving office during a period of uncertainty. Tenant demand remains weak but in recent months we have started to see some improvement with a number of active negotiations ongoing.

The completion date of Bloom was also impacted as a result of Covid-19. We made the people focused decision to suspend construction to protect our employees which has led to a delay of circa 3 months to the completion date. Given we do not have any obligations to tenants to deliver the scheme by a certain date this has no material impact.

We also made the decision to dispose of 20 Farringdon Street following an off market approach at a record price for a building of this size in the City of London. This underlines the liquidity that our high quality provides for us and also allowed us to raise substantial equity as we entered the most uncertain phase of the pandemic.

On behalf of the board

S Skinner
Director

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HB REAVIS UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the company consists of the day to day overview of the development project of the property owned and funded by HB Reavis Group.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

S Hollingshead

M Cassidy

K Pawar

S Skinner

(Resigned 14 February 2020)

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Financial instruments

Financial instruments comprise short-term debtors and creditors only.

The main risks associated to the company's business are:

Liquidity

The company has the full support of its shareholder in meeting its obligations in the short term. It also has sufficient cash reserves to meet its obligations as at the balance sheet date. It is therefore not exposed to liquidity risks.

Financial and Interest Rate Risk

The company is funded by shareholder capital. In addition, the company received a loan in the amount of £300,000 from a related party, HBR Capital Investment LP, with an interest rate at 3% p.a. It is therefore to some extent exposed to interest rate risk as fluctuations in the market lending rates may affect its interest payable.

Currency Risk

The company's assets and liabilities are denominated in GBP. The company does incur some costs in Euro and is therefore operationally exposed to fluctuations in the GBP / Euro exchange rate. Management does not feel it is necessary to hedge against this risk by entering into exchange rate contracts as, given the small amount of costs incurred in Euro, this is not seen as a significant risk.

Credit Risk

All of the company's trade receivables are related parties and therefore the risk of delays in receipt and the risk of defaults on payment due from the trade receivables in respect of the outstanding balances, as at the year end, is mitigated through the adoption of the group policy for settlement of invoices.

Capital Risk Management

The company's objective is to maintain a sufficient shareholder equity base to support current operations and planned growth in line with relevant forecasts. The company is not subject to external regulatory capital requirements and manages share capital and reserves and shareholders' equity.

HB REAVIS UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Auditor

The auditor, Lindeyer Francis Ferguson Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

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). 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;
- 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.

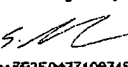
Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Strategic report

As permitted by section 9A of Schedule 7 of the Large and Medium-sized Companies and Groups (accounts and reports) Regulations 2008, certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report. These matters relate to business strategy and principal risks and uncertainties.

On behalf of the board

DocuSigned by:

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S Skinner
Director

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HB REAVIS UK LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HB REAVIS UK LIMITED

Opinion

We have audited the financial statements of HB Reavis UK Limited (the 'company') for the year ended 31 December 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, 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 state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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. 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.

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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 this 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 our 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 the directors' report have been prepared in accordance with applicable legal requirements.

HB REAVIS UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF HB REAVIS UK LIMITED

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 and the directors' report.

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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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.



Jonathan Healey FCA (Senior Statutory Auditor)
for and on behalf of Lindeyer Francis Ferguson Limited

16 DECEMBER 2020

Chartered Accountants
Statutory Auditor

North House
198 High Street
Tonbridge
Kent
TN9 1BE

HB REAVIS UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Turnover	3	24,228,726	25,409,296
Cost of sales		(17,371,291)	(20,141,467)
Gross profit		6,857,435	5,267,829
Administrative expenses		(6,122,258)	(5,190,605)
Operating profit	4	735,177	77,224
Interest receivable and similar income	7	1,344	749
Interest payable and similar expenses	8	(9,000)	(9,000)
Profit before taxation		727,521	68,973
Tax on profit	9	(61,764)	(29,568)
Profit for the financial year		665,757	39,405

The Income Statement has been prepared on the basis that all operations are continuing operations.

HB REAVIS UK LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	10		-		12,651
Current assets					
Debtors	11	5,666,301		13,820,494	
Cash at bank and in hand		3,540,105		2,358,748	
		<u>9,206,406</u>		<u>16,179,242</u>	
Creditors: amounts falling due within one year	12	(6,989,221)		(14,640,465)	
Net current assets			<u>2,217,185</u>		<u>1,538,777</u>
Total assets less current liabilities			<u>2,217,185</u>		<u>1,551,428</u>
Creditors: amounts falling due after more than one year	13		(300,000)		(300,000)
Net assets			<u><u>1,917,185</u></u>		<u><u>1,251,428</u></u>
Capital and reserves					
Called up share capital	15	700,001		700,001	
Profit and loss reserves		1,217,184		551,427	
Total equity			<u><u>1,917,185</u></u>		<u><u>1,251,428</u></u>

14 December 2020

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

DocuSigned by:



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S Skinner
Director

Company Registration No. 8493236

HB REAVIS UK LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2018	700,001	512,022	1,212,023
Year ended 31 December 2018:			
Profit and total comprehensive income for the year	-	39,405	39,405
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2018	700,001	551,427	1,251,428
Year ended 31 December 2019:			
Profit and total comprehensive income for the year	-	665,757	665,757
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2019	<u>700,001</u>	<u>1,217,184</u>	<u>1,917,185</u>

HB REAVIS UK LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from operations	18	1,214,289		2,136,689	
Interest paid		(9,000)		(9,000)	
Income taxes paid		(25,276)		(117,092)	
Net cash inflow from operating activities		<u>1,180,013</u>		<u>2,010,597</u>	
Investing activities					
Interest received		1,344		749	
Net cash generated from investing activities		<u>1,344</u>		<u>749</u>	
Financing activities					
Proceeds from borrowings		-		(300,000)	
Net cash used in financing activities		<u>-</u>		<u>(300,000)</u>	
Net increase in cash and cash equivalents		<u>1,181,357</u>		<u>1,711,346</u>	
Cash and cash equivalents at beginning of year		2,358,748		647,402	
Cash and cash equivalents at end of year		<u><u>3,540,105</u></u>		<u><u>2,358,748</u></u>	

HB REAVIS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

HB Reavis UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is Level 7, 33 King William Street, London, EC4R 9AS.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

Revenue from services is recognised in line with the service level agreements in place. Invoices are raised following the completion of services and recognised in the period to which they relate.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	20% straight line
Computers	30-50% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.6 Financial instruments

The company only has financial instruments which are classified as basic financial instruments.

Short-term debtors and creditors are measured at the settlement value. Any losses from impairment are recognised in profit and loss.

HB REAVIS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.7 Taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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.

1.8 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.9 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2019 £	2018 £
Turnover analysed by class of business		
Construction services	24,183,103	25,357,449
Other revenue	45,623	51,847
	<u>24,228,726</u>	<u>25,409,296</u>

HB REAVIS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

4 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(145,831)	79,714
Fees payable to the company's auditor for the audit of the company's financial statements	8,000	7,680
Depreciation of owned tangible fixed assets	-	23,603
Loss on disposal of tangible fixed assets	12,650	-
Operating lease charges	-	125,645
	<u> </u>	<u> </u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2019 Number	2018 Number
Accounting	5	3
Development Management	6	7
Group Finance Group HR	3	3
Legal	5	6
Marketing	2	2
Office Management	6	5
Product Design	3	3
Transactions & Leasing UK	5	4
Total	<u>35</u>	<u>33</u>

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	2,857,532	2,475,643
Social security costs	358,443	335,096
Pension costs	69,913	60,191
	<u>3,285,888</u>	<u>2,870,930</u>

HB REAVIS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

6 Directors' remuneration

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2019 £	2018 £
Remuneration for qualifying services	256,712	253,759
Company pension contributions to defined contribution schemes	8,400	6,400

7 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	1,344	749

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	1,344	749
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8 Interest payable and similar expenses

	2019 £	2018 £
Interest on financial liabilities measured at amortised cost:		
Interest payable to group undertakings	9,000	9,000

9 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	136,729	29,568
Adjustments in respect of prior periods	(74,965)	-
Total current tax	61,764	29,568

HB REAVIS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

9 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	727,521	68,973
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	138,229	13,105
Tax effect of expenses that are not deductible in determining taxable profit	3,687	12,645
Permanent capital allowances in excess of depreciation	(5,187)	1,642
Depreciation on assets not qualifying for tax allowances	-	2,176
Under/(over) provided in prior years	(74,965)	-
Taxation charge for the year	61,764	29,568

10 Tangible fixed assets

	Fixtures and fittings £	Computers £	Total £
Cost			
At 1 January 2019	113,885	18,554	132,439
Disposals	(113,885)	(18,554)	(132,439)
At 31 December 2019	-	-	-
Depreciation and impairment			
At 1 January 2019	101,234	18,554	119,788
Eliminated in respect of disposals	(101,234)	(18,554)	(119,788)
At 31 December 2019	-	-	-
Carrying amount			
At 31 December 2019	-	-	-
At 31 December 2018	12,651	-	12,651

HB REAVIS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

11 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	36,788	88,401
Corporation tax recoverable	-	13,551
Amounts owed by group undertakings	5,293,896	12,995,083
Other debtors	6,666	130,864
Prepayments and accrued income	328,951	592,595
	<u>5,666,301</u>	<u>13,820,494</u>

12 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	327,751	2,786,229
Amounts due to group undertakings	4,096,097	6,437,168
Corporation tax	22,937	-
Other taxation and social security	431,026	858,155
Other creditors	16,621	-
Accruals and deferred income	2,094,789	4,558,913
	<u>6,989,221</u>	<u>14,640,465</u>

Lloyds Bank Plc hold a fixed charge, created 12 May 2017, over any patents, trademarks registered or other designs in relation to 61 Southwark Street and 15,17 & 19 Great Guild Street, London. This was satisfied on 17 July 2019.

Deutsche Pfandbrief Bank Ag hold a fixed charge created 19 July 2018, over the present construction contracts.

13 Creditors: amounts falling due after more than one year

	2019 £	2018 £
Amounts owed to group undertakings	<u>300,000</u>	<u>300,000</u>

HBR Capital Investment LP issued a loan of £300,000 to HB Reavis UK Limited dated 22 March 2016, the interest rate has been set at 3% and has a maturity date of 22 March 2067.

HB REAVIS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

14 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>69,913</u>	<u>60,191</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

15 Share capital

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
700,001 Ordinary shares of £1 each	<u>700,001</u>	<u>700,001</u>

16 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2019 £	2018 £
Aggregate compensation	<u>519,110</u>	<u>639,062</u>

17 Ultimate controlling party

The company is a wholly owned subsidiary of HB Reavis Group BV, a Dutch Holding company.

The ultimate controlling party is HB Reavis Holding S.A, which is registered in Luxembourg and the accounts of which are publicly available for inspection.

HB REAVIS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

18 Cash generated from operations

	2019 £	2018 £
Profit for the year after tax	665,757	39,405
Adjustments for:		
Taxation charged	61,764	29,568
Finance costs	9,000	9,000
Investment income	(1,344)	(749)
Loss on disposal of tangible fixed assets	12,650	-
Depreciation and impairment of tangible fixed assets	-	23,603
Movements in working capital:		
Decrease/(increase) in debtors	8,140,643	(8,544,847)
(Decrease)/increase in creditors	(7,674,181)	10,580,709
Cash generated from operations	<u>1,214,289</u>	<u>2,136,689</u>

19 Analysis of changes in net funds

	1 January 2019 £	Cash flows £	31 December 2019 £
Cash at bank and in hand	<u>2,358,748</u>	<u>1,181,357</u>	<u>3,540,105</u>

HB REAVIS UK LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	£	£
Turnover		
Development services	18,882,271	16,404,379
Construction servicing during construction works	5,300,831	8,953,070
Other revenue	45,624	51,847
	<u>24,228,726</u>	<u>25,409,296</u>
Cost of sales		
Wages and salaries	1,634,738	1,368,945
Social security costs	204,375	173,328
Agency staff costs	-	18,599
Staff pension costs defined contribution	53,162	30,309
Development services and operating costs	553,063	3,342,219
Legal and professional fees	13,913,979	14,280,170
Consultancy fees	773,682	591,546
Advertising and marketing	238,292	336,351
	<u>(17,371,291)</u>	<u>(20,141,467)</u>
Gross profit	<u>6,857,435</u>	<u>5,267,829</u>
Administrative expenses	<u>(6,122,258)</u>	<u>(5,190,605)</u>
Operating profit	<u>735,177</u>	<u>77,224</u>
Investment revenues		
Bank interest received	1,344	749
	<u>1,344</u>	<u>749</u>
Interest payable and similar expenses		
Interest payable to group companies	(9,000)	(9,000)
Profit before taxation	<u><u>727,521</u></u>	<u><u>68,973</u></u>

HB REAVIS UK LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	£	£
Administrative expenses		
Wages and salaries	1,203,794	1,009,924
Social security costs	154,068	161,768
Agency staff	19,000	78,175
Staff recruitment and training costs	277,468	247,246
Staff welfare	42,770	418
Staff training	2,288	-
Staff pension costs defined contribution	16,751	29,882
Directors' liability insurance	44,147	79,100
Management charge	1,230,333	561,256
Rent operating leases	-	125,645
Rent	415,993	-
Rates	156,900	60,980
Repairs and maintenance	34,136	863
Small equipment	79,254	20,694
Computer running costs	113,548	139,454
Travelling expenses	127,318	283,837
Professional subscriptions	107,411	92,589
Legal and professional fees	1,523,981	1,239,321
Consultancy fees	-	19,799
Accountancy	59,651	37,333
Non audit remuneration paid to auditors	10,816	24,649
Audit fees	8,000	7,680
Charitable donations	1,395	-
Bank charges	4,346	4,693
Insurances	91,060	77,915
Printing, postage and stationery	21,465	32,577
Advertising	460,932	594,007
Telecommunications	17,017	66,655
Entertaining	19,611	80,071
Sundry expenses	11,986	10,757
Depreciation	-	23,603
Loss on disposal of tangible assets	12,650	-
(Profit) / loss on foreign exchange	(145,831)	79,714
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	6,122,258	5,190,605
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