
SOUTHWARK GP 2 LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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SOUTHWARK GP 2 LIMITED

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SOUTHWARK GP 2 LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

INTRODUCTION

The directors present their Annual Report on the affairs of Southwark GP 2 Limited (the 'Company') together with the financial statements for the period ended 31 December 2019.

BUSINESS REVIEW

The principal activity of the Company during the year was to act as the general partner of Southwark LP.

The Company is in a net asset position of £100 (2018 - £100) and has net current liabilities of £101 (2018 - £101) as at 31 December 2019. The Company made a result of £nil during the year (2018 - £nil).

GOING CONCERN

The intermediate holding company, Grosvenor Limited, has provided the directors of the Company with a letter of support confirming that it intends to support the Company for a period of not less than twelve months from the date of signing the accounts, provided that the Company remains a wholly owned subsidiary of Grosvenor Limited. Grosvenor Limited intends to enable it to meet its liabilities as they fall due. The directors have made enquiries and understand that the intermediate holding company has adequate resources to be able to provide this financial support.

Since the year end, the outbreak of the COVID-19 virus has given rise to material economic and financial uncertainties. The Group is continuing to monitor developments of the COVID-19 virus and the associated near-term uncertainty on the global economy outlook to understand the potential impact for the underlying property businesses and its tenants. The Directors have considered the going concern assumption for the Company in light of these developments and as part of the Group level assessment on the Group's cash flow forecasts for the period ending 31 December 2021, considered the possible impact of COVID-19, for example on rental income, as well as stressed assumptions on the availability of finance and property valuations. On the basis of the Group's continued forecast liquidity and its support for the Company, still consider it appropriate to prepare the accounts on a going concern basis.

Accordingly the directors continue to adopt the going concern basis in preparing the Company's financial statements.

The Company is incorporated in the United Kingdom and its registered office is 70 Grosvenor Street, London, W1K 3JP.

RESULTS AND DIVIDENDS

The result for the year, after taxation, amounted to £nil (2018 - £nil).

The directors did not recommend or pay a dividend in the year under review (2018 - £nil)

SOUTHWARK GP 2 LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

DIRECTORS

The directors who served during the year and subsequently, except as noted, were:

D C Lee (resigned 5 September 2019)
R F C Blundell
C A Henderson (resigned 31 December 2019)
C McWilliam (resigned 10 January 2019)
C J Jukes (appointed 5 September 2019, resigned 31 December 2019)
A J Doyle (resigned 31 December 2019)
A M Griffith (resigned 30 November 2019)
S Harding-Roots
T Renshaw (resigned 31 December 2019)
Michael Lytrides (resigned 31 December 2019)
J E Mendonca (appointed 1 January 2020)
J G Raynor (appointed 1 January 2020)

FUTURE DEVELOPMENTS

Grosvenor saw no discernible impact on operations arising from the UK's exit from the European Union (the "EU") on 31 January 2020. During 2020, the Company as part of the wider Group, will review the potential for operational or financial impacts arising from the negotiation of the future trading arrangement between the UK and the EU. Business commitments will be managed through the year dependent on the developing views of the likely outcome of the negotiations. Any related increase or decrease in profitability in the next 12 months is not expected to impact the long term strategy of the Company.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

This information is given and should be interpreted in accordance with s418 of the Companies Act 2006.

POST BALANCE SHEET EVENTS

Since the year end, the outbreak of the COVID-19 virus has given rise to material economic and financial uncertainties. This is considered to be a non-adjusting post balance sheet event for the Company. The impact has been considered by the Directors as set out on page 1.

AUDITOR

Deloitte LLP has indicated its willingness to be reappointed for another term and is deemed to be reappointed accordingly.

SOUTHWARK GP 2 LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

SMALL COMPANIES NOTE

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 21 April 2020 and signed on its behalf.

Derek Lewis

.....
D J Lewis

Company Secretary

SOUTHWARK GP 2 LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 judgments 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 to 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.

SOUTHWARK GP 2 LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOUTHWARK GP 2 LIMITED

OPINION

In our opinion the financial statements of Southwark GP 2 Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 12.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 Auditors' 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 United Kingdom, including the Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors's 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 12 months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

SOUTHWARK GP 2 LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOUTHWARK GP 2 LIMITED

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 respect of these matters.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

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 any material misstatements in the Directors' report.

SOUTHWARK GP 2 LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOUTHWARK GP 2 LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies Act 2006 we are required to report in respect of the following matters 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.
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report.

We have nothing to report in respect of these matters.

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Parizan Trewin FCA (Senior statutory auditor)

for and on behalf of

Deloitte LLP

Statutory Auditor

London
United Kingdom
21 April 2020

SOUTHWARK GP 2 LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The Company received no income and incurred no expenditure in the current or preceeding period and therefore the directors have not presented an Income Statement.

The notes on pages 11 to 20 form part of these financial statements.

SOUTHWARK GP 2 LIMITED
REGISTERED NUMBER: 08629373

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Investments	7	201	201
		<u>201</u>	<u>201</u>
Current assets			
Debtors: amounts falling due within one year	8	-	100
		<u>-</u>	<u>100</u>
Creditors: amounts falling due within one year	9	(101)	(201)
Net current liabilities		<u>(101)</u>	<u>(101)</u>
Total assets less current liabilities		<u>100</u>	<u>100</u>
 Net assets		 <u>100</u>	 <u>100</u>
Capital and reserves			
Called up share capital	10	100	100
		<u>100</u>	<u>100</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 April 2020.

Roger Blundell

.....
R F C Blundell
 Director

The notes on pages 11 to 20 form part of these financial statements.

SOUTHWARK GP 2 LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Total equity
	£	£
At 1 January 2018	100	100
At 1 January 2019	100	100
At 31 December 2019	100	100

The notes on pages 11 to 20 form part of these financial statements.

SOUTHWARK GP 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. GENERAL INFORMATION

Southwark GP 2 Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 1. The Financial Statements are prepared in Sterling.

2. ACCOUNTING POLICIES

2.1 FINANCIAL REPORTING STANDARD 101 - REDUCED DISCLOSURE EXEMPTIONS

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

Where required, equivalent disclosures are given in the group accounts of Grosvenor Limited. The group accounts of Grosvenor Limited are available to the public and can be obtained as set out in note 12.

2.2 GOING CONCERN

The Directors' Report on page 1 describes the going concern basis of preparation of the financial statements.

SOUTHWARK GP 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.3 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and the Companies Act 2006.

The financial statements have been prepared under the historical cost basis, except for the revaluation of certain assets and liabilities that are restated at revalued amounts or for values at the end of each reporting period.

Historical cost is generally based on the value of the consideration given in exchange for the assets.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The Company is a wholly owned subsidiary of Grosvenor Limited, its ultimate parent undertaking, which is incorporated in Great Britain and registered in England and Wales and prepares consolidated financial statements. Consequently the Company is not required to prepare consolidated financial statements.

The following accounting policies have been applied:

2.4 CHANGES IN ACCOUNTING POLICIES

(i) New standards, interpretations and amendments effective from 1 January 2019

The Company has applied IFRS 16 'Leases' which has a mandatory effective date of 1 January 2019.

In accordance with the transitional provisions in IFRS 16, the new rule has been adopted cumulatively using the modified retrospective approach.

There are no adjustments required to be made to the Company's financial statements as a result of the adoption of IFRS 16.

(ii) Changes in accounting policies

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately if they are different from those under IFRS 16.

Lessor accounting policy applicable to contracts entered into, or changed, from 1 January 2019.

IFRS 16 does not contain substantial changes to lessor accounting compared to IAS 17 and therefore has no impact on the Company.

SOUTHWARK GP 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.5 DEBTORS

Trade receivables, loans, contract assets and other receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

Financial assets are assessed for indicators of impairment at each balance sheet date.

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

2.6 INVESTMENTS

Investments held as fixed assets, including joint ventures and associates, are stated at cost less provision for impairment.

2.7 CREDITORS

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

SOUTHWARK GP 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.8 FINANCIAL INSTRUMENTS

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Company classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, lease receivables and contract assets, the Company applies the simplified approach, permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Impairment provisions will be measured using the expected credit loss model which requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. It is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Company has elected to measure loss allowances for trade receivables and contract assets at an amount equal to lifetime expected credit losses under the simplified approach as these items do not have significant financing component.

Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance Sheet.

SOUTHWARK GP 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.9 CURRENT AND DEFERRED TAXATION

Tax is recognised in the Income Statement, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying 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 be different from these estimates.

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

The directors do not believe that there are any critical accounting judgements or sources of estimation uncertainty that would result in a material difference to the accounts in the next 12 months.

SOUTHWARK GP 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

4. AUDITOR'S REMUNERATION

The Company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company:

	2019	2018
	£	£
Fees for audit services	2,000	1,980

The audit fee is borne by Grosvenor Estate Management Limited, a fellow subsidiary undertaking.

No fees were payable to Deloitte LLP and its associates for non audit services to the Company during the current or preceding year.

5. DIRECTORS' REMUNERATION

No fees or other emoluments were paid to the directors of the Company during either the current or the preceding year in respect of their services to the Company. The directors are paid by Grosvenor Estate Management Limited.

There were no employees of the Company for the current or preceding year.

SOUTHWARK GP 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

6. TAXATION

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is the same as (2018 - the same as) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Result before tax	-	-
Result multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	-	-
EFFECTS OF:		
Group relief received for no consideration	(2,819)	(2,676)
Other items attracting no tax relief or liability	2,819	2,676
TOTAL TAX FOR THE YEAR	-	-

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

A current tax rate of 19%, being the UK corporation tax rate throughout the period, has been applied to the year ended 31 December 2019.

A deferred tax rate of 17% has been applied to opening balances and movements in deferred tax in the year ended 31 December 2019.

SOUTHWARK GP 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

7. INVESTMENTS

	Investments in subsidiary undertakings and associates £
COST OR VALUATION	
At 1 January 2019	201
At 31 December 2019	201
NET BOOK VALUE	
At 31 December 2019	201
At 31 December 2018	201

SUBSIDIARY UNDERTAKINGS AND ASSOCIATES

The following were subsidiary undertakings and associates of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Southwark GP	United			Property
Nominee 1 Limited	Kingdom	Ordinary	100 %	Investment
Southwark GP	United			Property
Nominee 2 Limited	Kingdom	Ordinary	100 %	Investment
	United			Property
Southwark LP	Kingdom	Ordinary	1 %	Investment

All subsidiaries and associates are registered at 70 Grosvenor Street, London, W1K 3JP.

SOUTHWARK GP 2 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Amounts owed by group undertakings	-	100
	<u>-</u>	<u>100</u>

There are no interest bearing amounts owed by group undertakings at 31 December 2019 (2018 - £nil).

Amounts owed by group undertakings are repayable on demand.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Amounts owed to group undertakings	101	201
	<u>101</u>	<u>201</u>

There are no interest bearing amounts owed to group undertakings at 31 December 2019 (2018 - £nil).

Amounts owed to group undertakings are repayable on demand.

10. CALLED UP SHARE CAPITAL

	2019 £	2018 £
Authorised, allotted, called up and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

The Company's shares have attached to them full voting, dividend and capital distribution (including on winding up) rights.

11. RESERVES

Called up share capital

The balance classified as called up share capital includes the total net proceeds on issue of the Company's equity share capital, comprising £1 ordinary shares.

SOUTHWARK GP 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

12. CONTROLLING PARTY

The Company's ultimate parent undertaking is Grosvenor Group Limited, a Company incorporated in United Kingdom and registered in England and Wales which is wholly owned by trusts on behalf of members of the Grosvenor family, headed by the Duke of Westminster.

The ultimate parent undertaking heads the largest group of undertakings of which the Company is a member and for which group accounts are prepared. Grosvenor Limited, the intermediate holding company, heads the smallest group of undertakings of which the Company is a member and for which group accounts are prepared. Southwark GP 1 Limited is the immediate parent Company.

Copies of the consolidated financial statements of Grosvenor Group Limited and Grosvenor Limited can be obtained from Companies House, 3 Crown Way, Maindy, Cardiff, CF14 3UZ.

The address of the registered office of Grosvenor Group Limited and Grosvenor Limited is 70 Grosvenor Street, London, W1K 3JP.

SOUTHWARK LP

MEMBERS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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SOUTHWARK LP

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SOUTHWARK LP

MEMBERS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

INTRODUCTION

The members present their Annual Report on the affairs of Southwark LP (the 'Partnership') together with the financial statements for the year ended 31 December 2019.

The members have prepared the financial statements in accordance with the small limited partnerships regime.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Partnership during the year was holding the controlling interest in Southwark Real Estate Investment Limited and the ownership and development of property in Bermondsey.

The Partnership has net liabilities of £25,326,991 (2018 - £47,126,724) and net current liabilities of £128,912,091 (2018 - £125,762,667). The Partnership made profit of £21,799,733 (2018 - loss of £6,073,582) as at 31 December 2019.

GOING CONCERN

The intermediate holding company, Grosvenor Limited, has provided the members of the Partnership with a letter of support confirming that, provided that the Partnership remains a wholly owned subsidiary of Grosvenor Limited, it is their intention to continue to support the Partnership for a period of not less than twelve months from the date of signing of the accounts by enabling it to meet its liabilities as they fall due. The members have made enquiries and understand that the intermediate holding company has adequate resources to be able to provide this financial support.

Since the year end, the outbreak of the COVID-19 virus has given rise to material economic and financial uncertainties. The Group is continuing to monitor developments of the COVID-19 virus and the associated near-term uncertainty on the global economy outlook to understand the potential impact for the underlying property businesses and its tenants. The Members have considered the going concern assumption for the Partnership in light of these developments and as part of the Group level assessment on the Group's cash flow forecasts for the period ending 31 December 2021, considered the possible impact of COVID-19, for example on rental income, as well as stressed assumptions on the availability of finance and property valuations. On the basis of the Group's continued forecast liquidity and its support for the Partnership, still consider it appropriate to prepare the accounts on a going concern basis.

Accordingly, the members continue to adopt the going concern basis in preparing the Partnership's accounts.

The Partnership is incorporated in the United Kingdom and its registered office is 70 Grosvenor Street, London, W1K 3JP.

SOUTHWARK LP

MEMBERS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

RESULTS AND DISTRIBUTIONS

The profit for the year, after taxation, amounted to £21,799,733 (2018 - loss of £6,073,582).

Details of changes in members' capital in the year ended 31 December 2019 are set out in the financial statements.

The profits are shared amongst the members in accordance with agreed profit sharing arrangements.

The repayment of members' capital is continually assessed by the members with reference to the ongoing capital requirements of the partnership.

The members have not recommended payment of a distribution in the current year (2018 - £nil).

DESIGNATED MEMBERS

The members who served the Partnership throughout the period, except as noted, were as follows:

Southwark GP 1 Limited	Limited Partner (99% holding)
Southwark GP 2 Limited	General Partner (1% holding)

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Partnership's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Partnership arise from the investment in, and development of, property and include:

- demand from occupiers which affects the amount of rent obtainable for buildings in the Partnership's market and the level of occupancy in its portfolio;
- supply of properties for rent in the Partnership's market;
- demand from investors which affects the valuation of investment properties;
- tenant default;
- valuation of investment properties;
- volatility in construction and other costs;
- demand from occupiers and investors for the properties being developed by the Partnership;
- supply of competing properties;
- the availability of external sources of finance; and
- planning delays.

The Partnership is financed by partners' capital and intra-group loans. It has no external debt. It therefore has no interest rate exposure.

The Partnership is a subsidiary of Grosvenor Limited together with its subsidiaries (the 'Group'). The Group co-ordinates its cash flows, liquidity position and borrowing facilities on a group basis and further disclosures relating to these matters, including the impact of Brexit, are included in the Annual Report of Grosvenor Limited.

SOUTHWARK LP

MEMBERS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

FUTURE DEVELOPMENTS

Grosvenor saw no discernible impact on operations arising from the UK's exit from the European Union (the "EU") on 31 January 2020. During 2020, the Partnership as part of the wider Group, will review the potential for operational or financial impacts arising from the negotiation of the future trading arrangement between the UK and the EU. Business commitments will be managed through the year dependent on the developing views of the likely outcome of the negotiations. Any related increase or decrease in profitability in the next 12 months is not expected to impact the long term strategy of the Partnership.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are members at the time when this Members' Report is approved has confirmed that:

- so far as the members are aware, there is no relevant audit information of which the Partnership's auditors are unaware; and
- the members have taken all the steps that ought to have been taken as members in order to be aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information.

POST BALANCE SHEET EVENTS

On 21 February 2020 planning consent was granted for the Partnership's build to rent scheme in Bermondsey.

Since the year end, the outbreak of the COVID-19 virus has given rise to material economic and financial uncertainties including that addition of a material valuation uncertainty declaration being added to property valuations. This is considered to be a non-adjusting post balance sheet event for the LP. The impact has been considered by the Members as set out on page 1.

AUDITOR

Deloitte LLP has indicated its willingness to be reappointed for another term and is deemed to be reappointed accordingly.

This report was approved by the General Partner, Southwark GP 2 Limited, on 21 April 2020 and signed on its behalf.

Derek Lewis

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D J Lewis

Company Secretary of Southwark GP 2 Limited

SOUTHWARK LP

MEMBERS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

The members are responsible for preparing the Members' Report and the financial statements in accordance with the Limited Partnership Agreement.

The Limited Partnership Agreement requires the members to prepare financial statements for each financial year. Under the Limited Partnership Agreement the members have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. The financial statements are required by law to be prepared in accordance with the Limited Partnership Agreement.

In preparing these financial statement, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 partnership will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Partnership and to enable them to ensure that the financial statements comply with the Limited Partnership Agreement. They are also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SOUTHWARK LP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOUTHWARK LP

OPINION

In our opinion the financial statements of Southwark LP (the 'Partnership'):

- give a true and fair view of the state of the Partnership'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 including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships.

We have audited the financial statements of Southwark LP which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in members' interest; and
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

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 partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

SOUTHWARK LP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOUTHWARK LP (CONTINUED)

OTHER INFORMATION

The members are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the 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 respect of these matters.

RESPONSIBILITIES OF MEMBERS

As explained more fully in the Members' Responsibilities Statement on page 4, the members 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 members 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 members are responsible for assessing the partnership'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 members either intend to liquidate the partnership 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 Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditors' Report.

SOUTHWARK LP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOUTHWARK LP (CONTINUED)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Members' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Members' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Partnership and its environment obtained in the course of the audit, we have not identified any material misstatements in the Members' Report.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies Act 2006 we are required to report in respect of the following matters, 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 members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the members were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Members' Report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

USE OF OUR REPORT

This report is made solely to the qualifying Partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to qualifying partnerships. Our audit work has been undertaken so that we might state to the qualifying Partnership's members those matters we are required to state to them in an Auditors' 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 qualifying Partnership and the qualifying Partnership's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Parizan Trewin FCA (Senior Statutory Auditor)

for and on behalf of

Deloitte LLP

Statutory Auditor

London

United Kingdom

21 April 2020

SOUTHWARK LP

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Turnover	3	1,787,982	2,484,329
Cost of sales		(1,304,191)	(754,885)
Gross profit		483,791	1,729,444
Administrative expenses		(2,562)	(12,389)
Gain/(loss) on revaluation of investment property	9	21,318,504	(7,790,637)
Operating profit/(loss)	4	21,799,733	(6,073,582)
Tax on profit/(loss)	7	-	-
Profit/(loss) for the year		21,799,733	(6,073,582)

There were no recognised gains and losses, or items of other comprehensive income for 2019 or 2018 other than those included in the income statement and, as a result, no statement of comprehensive income has been presented.

The notes on pages 11 to 22 form part of these financial statements.

All activities in the current and prior year are derived from continuing operations.

SOUTHWARK LP
REGISTERED NUMBER: LP15667

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Investments	8	100	100
Investment property	9	103,585,000	78,913,000
		<u>103,585,100</u>	<u>78,913,100</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	10	558,042	766,466
Cash at bank and in hand	11	120,896	147,041
		<u>678,938</u>	<u>913,507</u>
Creditors: amounts falling due within one year	12	(129,591,029)	(126,676,174)
NET CURRENT LIABILITIES		<u>(128,912,091)</u>	<u>(125,762,667)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(25,326,991)</u>	<u>(46,849,567)</u>
PROVISIONS FOR LIABILITIES			
Other provisions	13	-	(277,157)
		<u>-</u>	<u>(277,157)</u>
NET LIABILITIES		<u>(25,326,991)</u>	<u>(47,126,724)</u>
REPRESENTED BY:			
Members capital classified as equity		100	100
Retained earnings classified as equity		(25,327,091)	(47,126,824)
		<u>(25,326,991)</u>	<u>(47,126,724)</u>

The financial statements were approved and authorised for issue by the General Partner, Southwark GP 2 Limited, and were signed on its behalf on 21 April 2020.

Roger Blundell

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R F C Blundell
Southwark GP 2 Limited

The notes on pages 11 to 22 form part of these financial statements.

SOUTHWARK LP

**STATEMENT OF CHANGES IN MEMBERS' INTERESTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Members capital classified as equity £	Retained earnings classified as equity £	Total members interests £
At 1 January 2018	100	(41,053,242)	(41,053,142)
Loss for the year	-	(6,073,582)	(6,073,582)
At 1 January 2019	100	(47,126,824)	(47,126,724)
Profit for the year	-	21,799,733	21,799,733
AT 31 DECEMBER 2019	100	(25,327,091)	(25,326,991)

The notes on pages 11 to 22 form part of these financial statements.

SOUTHWARK LP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and the Companies Act 2006.

The financial statements have been prepared under the historical cost basis, except for the revaluation of certain assets and liabilities that are restated at revalued amounts or for values at the end of each reporting period.

Historical cost is generally based on the value of the consideration given in exchange for the assets.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Partnership's accounting policies (see note 2).

The Partnership is a wholly owned subsidiary of Grosvenor Limited, its ultimate parent undertaking, which is incorporated in the United Kingdom and registered in England and Wales and prepares consolidated financial statements. Consequently the Partnership is not required to prepare consolidated financial statements.

The following accounting policies have been applied:

SOUTHWARK LP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES (CONTINUED)

1.2 FINANCIAL REPORTING STANDARD 101 - REDUCED DISCLOSURE EXEMPTIONS

The Partnership has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
 - paragraphs 76 and 79(d) of IAS 40 Investment Property;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) 134(f) and 135(c) 135(e) of IAS 36 Impairment of Assets.

Where required, equivalent disclosures are given in the group accounts of Grosvenor Limited. The group accounts of Grosvenor Limited are available to the public and can be obtained as set out in note 15.

SOUTHWARK LP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES (CONTINUED)

1.3 CHANGES IN ACCOUNTING POLICIES

(i) New standards, interpretations and amendments effective from 1 January 2019

The Partnership has applied IFRS 16 'Leases' which has a mandatory effective date of 1 January 2019.

In accordance with the transitional provisions in IFRS 16, the new rule has been adopted cumulatively using the modified retrospective approach.

There are no adjustments required to be made to the Partnership's financial statements as a result of the adoption of IFRS 16.

(ii) Changes in accounting policies

The Partnership has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately if they are different from those under IFRS 16.

Lessor accounting policy applicable to contracts entered into, or changed, from 1 January 2019

IFRS 16 does not contain substantial changes to lessor accounting compared to IAS 17 and therefore has no impact on the Partnership.

1.4 GOING CONCERN

The Members' Report on page 1 describes the going concern basis of preparation of the financial statements.

1.5 TURNOVER

The turnover shown in the income statement represents rents receivable and other recoverables from tenants in the year, excluding VAT.

Rental income from operating leases is recognised on a straight line basis over the lease term, even if the payments are not received on such a basis. The cost of operating lease incentives are similarly spread, in accordance with IFRS 16, on a straight line basis over the lease term.

Turnover and profit before tax are attributable to the one principal activity of the Partnership and arise entirely in the United Kingdom.

SOUTHWARK LP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES (CONTINUED)

1.6 OPERATING LEASES: THE PARTNERSHIP AS LESSOR

Rental income from operating leases is credited to the Income Statement on a straight-line basis over the term of the relevant lease.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income on a straight-line basis over the length of the lease.

Premiums received and book values derecognised on the sale of operating leases are deferred to the Balance Sheet and released to the Income Statement on a straight-line basis over the length of the lease.

1.7 INVESTMENT PROPERTY

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Income Statement.

When the Partnership begins to redevelop an existing investment property for continued future use as the investment property, the property continues to be classified as an investment property and is carried at fair value with valuation gains and losses being recorded in the income statement.

Profits and losses on the disposal of investment properties are recognised on completion and are calculated by reference to book value and are included in the income statement.

1.8 INVESTMENTS

Investments held as fixed assets, including joint ventures and associates, are stated at cost less provision for impairment.

1.9 DEBTORS

Trade receivables, loans, contract assets and other receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

Financial assets are assessed for indicators of impairment at each balance sheet date.

The Partnership assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

SOUTHWARK LP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES (CONTINUED)

1.10 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.11 FINANCIAL INSTRUMENTS

The Partnership recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de recognised when they are discharged or when the contractual terms expire. The Partnership's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Partnership classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The Partnership assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, lease receivables and contract assets, the Partnership applies the simplified approach, permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Impairment provisions will be measured using the expected credit loss model which requires the Partnership to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. It is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Partnership has elected to measure loss allowances for trade receivables and contract assets at an amount equal to lifetime expected credit losses under the simplified approach as these items do not have significant financing component.

Financial liabilities

The Partnership classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance Sheet.

SOUTHWARK LP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES (CONTINUED)

1.12 CREDITORS

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.13 PROVISIONS FOR LIABILITIES

Provisions are recognised when the Partnership has a present obligation (legal or constructive) as a result of past events, it is probable that the Partnership will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

SOUTHWARK LP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Partnership's accounting policies, which are described in note 1, the members are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying 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 be different from these estimates.

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

i) Critical judgements in applying the Partnership's accounting policies

The members do not believe that there are any critical accounting judgements that would result in a material difference to the accounts in the next 12 months.

ii) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Property valuations

Due to the size of the investment property portfolio held on the balance sheet at market value small changes to the estimates used to derive the market values can have a significant impact on the valuations and therefore a significant impact on the results and financial position of the Partnership. This includes the value of property yields and the estimated future rental income assumed in the valuations.

The outbreak of the COVID-19 virus and related economic concerns have given rise to valuation uncertainties across property sectors, especially retail. A material uncertainty declaration is now being included in the majority of real estate valuations. The impact of COVID-19 is considered to be a non-adjusting post balance sheet event for the Partnership, but it will likely impact valuations in future periods. The size of the impact is still unknown.

Grosvenor saw no discernible impact on operations arising from the UK's exit from the European Union (the "EU") on 31 January 2020. During 2020, the Partnership as part of the wider Group, will review the potential impact on property valuations arising from the negotiation of the future trading arrangement between the UK and the EU. Business commitments will be managed through the year dependent on the developing views of the likely outcome of the negotiations. Any related increase or decrease in profitability in the next 12 months is not expected to impact the long term strategy of the Partnership.

SOUTHWARK LP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3. TURNOVER

An analysis of turnover by class of business is as follows:

	2019	2018
	£	£
Rental income	1,614,192	1,913,280
Expense recoveries	139,592	571,049
Other income	34,198	-
	<u>1,787,982</u>	<u>2,484,329</u>

All turnover arose within the United Kingdom.

4. OPERATING PROFIT/(LOSS)

The operating profit/(loss) is stated after:

	2019	2018
	£	£
Gain/(loss) on revaluation of investment properties	<u>21,318,504</u>	<u>(7,790,637)</u>

5. AUDITOR'S REMUNERATION

The Partnership paid the following amounts to its auditor in respect of the audit of the financial statements and for other services provided to the Partnership:

	2019	2018
	£	£
Fees for audit services	<u>2,835</u>	<u>2,577</u>

The audit fee is borne by Grosvenor Estate Management Limited, a fellow subsidiary undertaking.

No fees were payable to Deloitte LLP and its associates for non-audit services to the Partnership during the current or preceding year.

6. PARTICULARS OF MEMBERS

The amount of profits to be distributed is determined and approved by the members. The profits are shared amongst the members in accordance with agreed profit sharing arrangements.

There were no employees of the Partnership for the current or preceding year.

SOUTHWARK LP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

7. TAXATION

There is no taxation charge in the income statement of the Partnership as tax due on the profits will be borne by the members, Southwark GP 1 Limited and Southwark GP 2 Limited, directly.

8. INVESTMENTS

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2019	100
At 31 December 2019	100
<i>At 31 December 2018</i>	100

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Partnership:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Southwark Real Estate Investment Limited	UK	Ordinary	100 %	Investment in real estate in the UK.
Drummond Road Limited	UK	Ordinary	100 %	Investment in real estate in the UK.

The registered address of these subsidiaries are the same as for the Partnership.

SOUTHWARK LP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

9. INVESTMENT PROPERTY

	Freehold investment property £	Investment property held for development £	Total £
Valuation			
At 1 January 2019	1,585,000	77,328,000	78,913,000
Additions at cost	6,775	3,346,721	3,353,496
(Loss)/gain on revaluation of investment property	(6,775)	21,325,279	21,318,504
At 31 December 2019	1,585,000	102,000,000	103,585,000

The majority of investment properties that are leased out under operating leases have leases in the range of between 6 months and 4 years in length.

Investment property was independently valued at 31 December 2019 by Cushman & Wakefield. The valuation was performed on a fair value basis in accordance with the Royal Institution of Chartered Surveyors' Valuation - Professional Standards guidelines and performed in accordance with International Valuation Standards.

The historical cost of the property was £128,163,838 (2018 - £124,810,342).

The amount recognised in the Income Statement for the year for rental income from investment property is £1,614,192 (2018 - £1,913,280) and direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the period are £1,305,628 (2018 - £537,675).

At 31 December 2019, there were no contractual obligations (2018 - £277,157) to construct investment property.

At 31 December 2019, there was no investment property pledged as security for borrowings (2018 - none).

At 31 December 2019, the Partnership had no investment properties under offer from third parties (2018 - none).

SOUTHWARK LP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Due within one year		
Trade debtors	408,904	653,732
Expected credit loss	(145,810)	-
Other debtors	10,000	2,000
Prepayments and accrued income	284,948	110,734
	<u>558,042</u>	<u>766,466</u>

11. CASH AT BANK AND IN HAND

	2019 £	2018 £
Restricted cash held on behalf of third parties	120,896	147,041
	<u>120,896</u>	<u>147,041</u>

Restricted cash held on behalf of third parties includes funds held in relation to tenants deposits.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade creditors	33,843	136,139
Amounts owed to group undertakings	128,433,301	125,710,212
Taxation and social security	225,466	285,642
Other creditors	120,896	147,041
Accruals and deferred income	777,523	397,140
	<u>129,591,029</u>	<u>126,676,174</u>

There are no interest bearing amounts owed to group undertakings at 31 December 2019 (2018 - £nil).

All amounts owed to group undertakings are repayable on demand.

SOUTHWARK LP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

13. OTHER PROVISIONS

	£
At 1 January 2019	277,157
Utilised in year	(277,157)
AT 31 DECEMBER 2019	-

The prior year provision amount related to the present obligation to construct an office building as part of the purchase agreement for the development.

14. COMMITMENTS UNDER OPERATING LEASES: THE COMPANY AS LESSOR

At 31 December 2019 the Partnership had amounts receivable under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	1,021,506	1,034,835
Later than 1 year and not later than 2 years	960,288	856,784
Later than 2 years and not later than 3 years	642,465	854,787
Later than 3 years and not later than 4 years	39,777	607,731
Later than 4 years and not later than 5 years	-	39,355
	2,664,036	3,393,492

15. CONTROLLING PARTY

The Partnership's ultimate parent undertaking is Grosvenor Group Limited a company incorporated in the United Kingdom and registered in England and Wales which is wholly owned by trusts on behalf of the Grosvenor family, headed by the Duke of Westminster.

The ultimate parent undertaking heads the largest group of undertakings of which the Partnership is a member and for which group accounts are prepared. Grosvenor Limited, the intermediate holding company, heads the smallest group of undertakings of which the Partnership is a member and for which group accounts are prepared.

Copies of the consolidated financial statements of Grosvenor Group Limited and Grosvenor Limited can be obtained from Companies House, 3 Crown Way, Maindy, Cardiff, CF14 3UZ.

The address of the registered office of Grosvenor Group Limited and Grosvenor Limited is 70 Grosvenor Street, London, W1K 3JP.