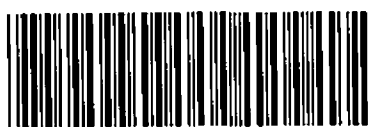


Company Registration No. 09565038 (England and Wales)

**THE STAGE SHOREDITCH DEVELOPMENT LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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# THE STAGE SHOREDITCH DEVELOPMENT LIMITED

## COMPANY INFORMATION

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**Directors**                      Mr J S Goldstein  
   Mr S S Conway  
   Mr D O'Sullivan  
   Mr D McCourt  
   Mr R M Pilkington

**Company number**              09565038

**Registered office**              33 Davies Street  
   London  
   W1K 4LR  
   United Kingdom

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

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# THE STAGE SHOREDITCH DEVELOPMENT LIMITED

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# THE STAGE SHOREDITCH DEVELOPMENT LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### Introduction

The Directors present the strategic report for The Stage Shoreditch Development Limited ("Company") for the year ended 31 December 2019.

### Business review

The principal activity of the Company is the development of a residential and commercial site in Shoreditch, London.

The Company has had a successful year and has a contract in place that will continue to be profitable for the foreseeable future.

Despite risks and uncertainties associated with COVID-19, the directors continue to be positive on the outlook for London as a global city with continuing appeal to businesses and people wanting to live in a vibrant environment. The Company's development site is located within prime London metropolitan area and is well-placed to benefit from the positive long-term outlook.

### Principal risks and uncertainties

The Company's strategy is to identify risks and uncertainties in the course of its day to day operations and assess those risks with a view to minimising or mitigating where possible. The directors consider that the principal risks and uncertainties faced by the Company are in the following categories:

#### *Economic risk*

The property development industry is susceptible to the macro-environment nationally and regionally. The housing market in the UK, where the Company operates, continues to remain strong. The primary economic risk to the Company is the risk of unrealistic increases in construction and operation costs impacting adversely on the Company.

The risks are managed by fixed price contracts, focusing on appropriate pricing in negotiations, strict cost control and detailed monitoring of projects against expectations and budgets.

#### *Regulatory risk*

As the Company is engaged in development management services, it is therefore subject to extensive and complex laws and regulations relating to environment and health and safety. Non-compliance can result in delays thereby incurring costs, restrictions and/or delays on construction or damage to the Company's reputation.

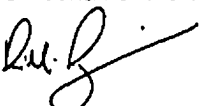
The Company actively engages with professionals to ensure that all regulatory and legal compliance criteria are met.

### Stakeholders (s.172 statement)

Reference to how decisions are considered of stakeholder interests is now required of companies of our size. Whilst the Company does not have any employees (refer Note 4), the Directors understand the importance of maintaining positive relations with all stakeholders, both customers and suppliers.

As part of ensuring that the Company's and stakeholders' commercial dealings are aligned, regular meetings and engagement are undertaken. This allows the Company to build on the relationships, discuss the appropriate strategic decisions and ensure milestones are met. This is important to ensure that the principal activity of the Company, incurring and recharging development costs, meets its customer's requirements. There has been no change in the normal course of business for the year ending 31 December 2019.

On behalf of the board



Mr R M Pilkington  
Director  
30 October 2020

# THE STAGE SHOREDITCH DEVELOPMENT LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2019

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The Directors present their Report of The Stage Shoreditch Development Limited (the "Company") for the year ended 31 December 2019.

#### **Incorporation**

The Company was incorporated on 28 April 2015.

#### **Results and dividends**

The profit for the period, after taxation, amounted to £1,326,493 (2018: £1,458,995). The Directors do not recommend payment of a dividend (2018: nil).

#### **Future developments**

The Directors consider that the Company will continue to develop the residential and commercial site in Shoreditch, London for the foreseeable future, until final completion is achieved.

#### **Directors**

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

Mr J S Goldstein

Mr S S Conway

Mr D O'Sullivan

Mr D McCourt

Mr R M Pilkington

#### **Qualifying third party indemnity provisions**

The Company has granted an indemnity to its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

#### **Going concern**

The financial statements have been prepared on a going concern basis. The Company recognised a profit of £1,326,493 for the year ended 31 December 2019 and has net current assets of £3,586,633 for the year then ended. The Directors are required to consider the application of the going concern assumption and whether material uncertainties exist when approving the financial statements. The primary consideration is whether the Directors believe the Company to have sufficient liquidity for a period of at least 12 months subsequent to the date of signing the financial statements.

Given the unprecedented crisis being faced due to COVID-19 the Directors have undertaken further analysis to assess the key factors affecting the going concern assumption. The Directors have identified critical performance obligations related to the Stage development, reviewed cashflow requirements for the 12 months period following approval of the financial statements (the 'review period') and performed stress testing on debt covenants to identify the most significant risks.

Subsequent to the year end, the construction site was closed on 27th March 2020 for a period of 14 working days with respect to the COVID-19 pandemic in accordance with UK Government advice. It subsequently re-opened on 20th April 2020 and construction continues to progress. The impact on critical deadlines for the development are still being explored with the main contractor.

The Directors have undertaken analysis of financial covenants in place in the development loan facility, reviewed covenant compliance in the review period to ensure sufficient headroom and sensitised the assumptions to take account of the potential impact of COVID-19. The Directors have identified the key assumption to be changes in property valuations.

# THE STAGE SHOREDITCH DEVELOPMENT LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### Going concern (continued)

Following this analysis, the Directors have identified material uncertainties relating to the Company's ongoing compliance with certain requirements of the development loan facility for which the Company is guarantor and is jointly and severally liable for the loan. The material uncertainties include:

i. Whether the required value of pre-sales of residential apartments will be achieved to meet the pre-sale milestone in April 2021. There is a risk that the prolonged impact of COVID-19 may slow down the rate of exchanged apartments and may cause this milestone not to be met. In this event, certain financial penalties may arise in the going concern review period.

ii. Whether the practical completion targets will be achieved. Although the full impact of COVID-19 on the completion timetable is not yet known, there is a risk that the completion targets are not met. In this event, certain financial penalties may arise in the going concern review period.

These matters represent material uncertainties which cast significant doubt over the ability of the Company to continue as a going concern.

If the pre-sales target is not achieved, or the practical completion date not met, the Company has the opportunity to remedy the breach(es) with penalties payable to the bank. These payments would need to be funded from the Group's investors.

The Company is reliant on funding from its immediate parent, the Stage Shoreditch LLP to settle its liabilities when they fall due. The parent has the same material uncertainties over going concern noted above as it is also a guarantor to the development loan facility.

The Directors of the Company have received a letter of support from the parent stating their current intention to support the Company for the period of at least 12 months from the approval of the financial statements. However, as this letter is conditional on the intention of those directors, this also represents a further material uncertainty over going concern for the Company.

Having considered each of these factors, the Directors are of the view that there is a reasonable prospect of the Company continuing its operations for at least 12 months from the date of approval of the financial statements, subject to the material uncertainties that may cast significant doubt over the Company's ability to continue as a going concern. For these reasons, the Directors have adopted the going concern basis for these financial statements.

### Auditor

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

### Strategic report

The principal activities of the Company are included within the Strategic Report set out on page 1.

### 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, being information needed by the auditor in connection with preparing its report, of which the Company's auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that they are obliged 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.

### Other matters

The Directors have respect of the need to ensure that all stakeholders, including suppliers and customers, are working collectively, and completing common objectives of the development site in Shoreditch, London. There is regular engagement with all stakeholders to further build on the relationships and ensure milestones are met.

### Subsequent events

Details of any subsequent events are set out in Note 14.

# THE STAGE SHOREDITCH DEVELOPMENT LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### Statement of Directors' responsibilities

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

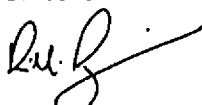
Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

This report has been approved by the board on 30 October 2020 and has been prepared in accordance with the small companies regime of the Companies Act 2006.

On behalf of the board



Mr R M Pilkington  
Director

# **INDEPENDENT AUDITOR'S REPORT**

## **TO THE MEMBERS OF THE STAGE SHOREDITCH DEVELOPMENT LIMITED**

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### **Opinion**

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

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 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 FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Material uncertainties relating to going concern**

We draw attention to Note 1 in the financial statements, which discloses material uncertainties with respect to the ongoing compliance with certain requirements of the development loan facility, for which the Company is guarantor and is jointly and severally liable for the loan. The material uncertainties include:

- i. Whether the required value of pre-sales of residential apartments will be achieved to meet the pre-sale milestone in April 2021. There is a risk that the prolonged impact of COVID-19 may slow down the rate of exchanged apartments and may cause this milestone not to be met. In this event, certain financial penalties may arise in the going concern review period.
- ii. Whether the practical completion targets will be achieved. Although the full impact of COVID-19 on the completion timetable is not yet known, there is a risk that the completion targets are not met. In this event, certain financial penalties may arise in the going concern review period.

If the pre-sales target is not achieved, or the practical completion date not met, the Group has the opportunity to remedy the breach(es) with penalties payable to the bank. These payments would need to be funded from the Group's investors.

The Company is reliant on funding from its immediate parent, the Stage Shoreditch LLP to settle its liabilities when they fall due. The parent has the same material uncertainties over going concern noted above as it is also a guarantor to the development loan facility.

The Directors of the Company have received a letter of support from the parent stating their current intention to support the Company for a period of at least 12 months from the approval of the financial statements. However, as this letter is conditional on the intention of those directors, this also represents a further material uncertainty over going concern for the Company.



## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF THE STAGE SHOREDITCH DEVELOPMENT LIMITED**

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#### **Material uncertainties relating to going concern (continued)**

As stated in Note 1, these events or conditions, indicate that material uncertainties exist that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the 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.

#### **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 directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF THE STAGE SHOREDITCH DEVELOPMENT LIMITED**

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#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

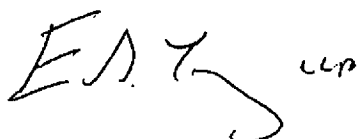
#### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

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

A handwritten signature in black ink, appearing to read 'E.A. Wilson', with a stylized flourish at the end.

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

30 October 2020

# THE STAGE SHOREDITCH DEVELOPMENT LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

		31 December 2019 £	31 December 2018 £
	Notes		
Turnover	3	75,358,597	51,827,562
Cost of sales		(73,133,597)	(49,602,562)
<b>Gross profit</b>		<b>2,225,000</b>	<b>2,225,000</b>
Administrative expenses		(592,720)	(426,187)
<b>Operating profit</b>	4	<b>1,632,280</b>	<b>1,798,813</b>
Interest receivable and similar income		6,233	3,335
Interest payable and similar expenses		(780)	(150)
<b>Profit before taxation</b>		<b>1,637,733</b>	<b>1,801,998</b>
Taxation	7	(311,240)	(343,003)
<b>Profit after taxation</b>		<b>1,326,493</b>	<b>1,458,995</b>
<b>Total comprehensive income for the year</b>		<b>1,326,493</b>	<b>1,458,995</b>

All amounts relate to continuing operations.

The Company has no other recognised Comprehensive Income and, therefore, no separate Statement of Comprehensive Income has been presented. Total Comprehensive Income for the financial year was a profit of £1,326,493 (2018: £1,458,995).

# THE STAGE SHOREDITCH DEVELOPMENT LIMITED

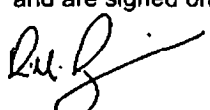
## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
<b>Current assets</b>					
Debtors: amounts falling due within one year	8	188,951,335		157,230,984	
Cash at bank and in hand		285,775		307,605	
		<u>189,237,110</u>		<u>157,538,589</u>	
Creditors: amounts falling due within one year	9	(185,650,477)		(155,278,449)	
<b>Net current assets</b>		<u>3,586,633</u>		<u>2,260,140</u>	
<b>Net assets</b>		<u><u>3,586,633</u></u>		<u><u>2,260,140</u></u>	
<b>Capital and reserves</b>					
Called up share capital	10	100		100	
Profit and loss account		3,586,533		2,260,040	
<b>Shareholders' equity</b>		<u><u>3,586,633</u></u>		<u><u>2,260,140</u></u>	

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors and authorised for issue on 30 October 2020 and are signed on its behalf by:



Mr R M Pilkington  
Director

Company No. 09565038

# THE STAGE SHOREDITCH DEVELOPMENT LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

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	Share capital £	Profit and loss account £	Total shareholders' equity £
As at 1 January 2018	100	801,045	801,145
Total comprehensive income for the year	-	1,458,995	1,458,995
As at 31 December 2018	100	2,260,040	2,260,140
Total comprehensive income for the year	-	1,326,493	1,326,493
As at 31 December 2019	100	3,586,533	3,586,633

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# THE STAGE SHOREDITCH DEVELOPMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **1 Accounting policies**

#### **Company information**

The Stage Shoreditch Development Limited is a private company limited by shares incorporated in England and Wales. The registered office is 33 Davies Street, London, United Kingdom, W1K 4LR. The Company number is 09565038. The date of incorporation was 28 April 2015. The financial statements were approved by the Board of Directors on 30 October 2020.

#### **1.1 Statement of compliance**

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 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

#### **1.2 Basis of preparation**

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. The principal accounting policies adopted are set out below.

This Company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this Company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The Company has therefore taken advantage of exemptions from the following disclosure requirements:

Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures.

#### **1.3 Going concern**

The financial statements have been prepared on a going concern basis. The Company recognised a profit of £1,326,493 for the year ended 31 December 2019 and has net current assets of £3,586,633 for the year then ended. The Directors are required to consider the application of the going concern assumption and whether material uncertainties exist when approving the financial statements. The primary consideration is whether the Directors believe the Company to have sufficient liquidity for a period of at least 12 months subsequent to the date of signing the financial statements.

Given the unprecedented crisis being faced due to COVID-19 the Directors have undertaken further analysis to assess the key factors affecting the going concern assumption. The Directors have identified critical performance obligations related to the Stage development, reviewed cashflow requirements for the 12 months period following approval of the financial statements (the 'review period') and performed stress testing on debt covenants to identify the most significant risks.

Subsequent to the year end, the construction site was closed on 27th March 2020 for a period of 14 working days with respect to the COVID-19 pandemic in accordance with UK Government advice. It subsequently re-opened on 20th April 2020 and construction continues to progress. The impact on critical deadlines for the development are still being explored with the main contractor.

The Directors have undertaken analysis of financial covenants in place in the development loan facility, reviewed covenant compliance in the review period to ensure sufficient headroom and sensitised the assumptions to take account of the potential impact of COVID-19. The Directors have identified the key assumption to be changes in property valuations.

# THE STAGE SHOREDITCH DEVELOPMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

#### 1.3 Going concern (continued)

Following this analysis, the Directors have identified material uncertainties relating to the Company's ongoing compliance with certain requirements of the development loan facility for which the Company is guarantor and is jointly and severally liable for the loan. The material uncertainties include:

i. Whether the required value of pre-sales of residential apartments will be achieved to meet the pre-sale milestone in April 2021. There is a risk that the prolonged impact of COVID-19 may slow down the rate of exchanged apartments and may cause this milestone not to be met. In this event, certain financial penalties may arise in the going concern review period.

ii. Whether the practical completion targets will be achieved. Although the full impact of COVID-19 on the completion timetable is not yet known, there is a risk that the completion targets are not met. In this event, certain financial penalties may arise in the going concern review period.

These matters represent material uncertainties which cast significant doubt over the ability of the Company to continue as a going concern.

If the pre-sales target is not achieved, or the practical completion date not met, the Company has the opportunity to remedy the breach(es) with penalties payable to the bank. These payments would need to be funded from the Group's investors.

The Company is reliant on funding from its immediate parent, the Stage Shoreditch LLP to settle its liabilities when they fall due. The parent has the same material uncertainties over going concern noted above as it is also a guarantor to the development loan facility.

The Directors of the Company have received a letter of support from the parent stating their current intention to support the Company for the period of at least 12 months from the approval of the financial statements. However, as this letter is conditional on the intention of those directors, this also represents a further material uncertainty over going concern for the Company.

Having considered each of these factors, the Directors are of the view that there is a reasonable prospect of the Company continuing its operations for at least 12 months from the date of approval of the financial statements, subject to the material uncertainties that may cast significant doubt over the Company's ability to continue as a going concern. For these reasons, the Directors have adopted the going concern basis for these financial statements.

#### 1.4 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 represents the administration charge the Company received from the underlying group entities for administering the development and construction of properties on behalf of those entities.

#### 1.5 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and are subject to insignificant risk of changes in fair value.

#### 1.6 Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest and are subsequently measured at amortised cost using the effective interest method.

# THE STAGE SHOREDITCH DEVELOPMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 1 Accounting policies

(Continued)

#### 1.7 Basic financial liabilities

Basic financial liabilities, including creditors, and loans from fellow group companies that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest and are subsequently measured at amortised cost using the effective interest method.

#### 1.8 Taxation

The tax expense represents a provision for the sum of the tax currently payable.

##### *Current tax*

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.

##### *Deferred tax*

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. Unrelieved tax losses and other deferred tax assets are recognised only to the extent it is more likely than not that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

### 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.

##### *Impairment of debtors*

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the ageing profile and historical experience. See note 7 for the net carrying amount of debtors and associated impairment provision.

### 3 Turnover and other revenue

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

	2019	2018
	£	£
Development recharges	73,133,597	49,602,562
Management fees	2,225,000	2,225,000
	<u>75,358,597</u>	<u>51,827,562</u>

All turnover arose within the United Kingdom.



# THE STAGE SHOREDITCH DEVELOPMENT 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:		
Fees payable to the company's auditor for the audit of the company's financial statements	13,500	13,500

### 5 Employees

The number of persons (including directors) employed by the Company during the year was nil (2018: nil).

### 6 Directors' remuneration

Directors' remuneration allocated in the period was nil (2018: nil).

### 7 Taxation

	2019 £	2018 £
<b>(a) Tax on profit on ordinary activities</b>		
<b>Current tax</b>		
UK corporation tax provision based at 19% (2018: 19%) of profits for the current period	311,240	342,472

#### (b) Factors affecting the total tax charge

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	1,637,733	1,801,998
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	311,169	342,380
Tax effect of expenses that are not deductible in determining taxable profit	71	92
Underprovided tax expense prior year	-	531
Tax expense for the year	311,240	343,003

#### (c) Factors that may affect future tax charges

The standard rate of corporation tax in the UK is 19%. Reductions in the UK corporation tax rate to 19% from 1 April 2017 and 18% from 1 April 2020 were announced in the 2015 summer budget and substantively enacted in November 2015. In addition, the 2016 budget provided a further reduction in the rate from 1 April 2020 to 17% which was substantively enacted by the 2016 Finance Bill in September 2016.

# THE STAGE SHOREDITCH DEVELOPMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 8 Debtors

	2019 £	2018 £
<b>Amounts falling due within one year:</b>		
Amounts due from group undertakings	185,550,461	156,754,182
Prepayments	289,725	437,082
Other debtors	3,111,149	39,720
	<u>188,951,335</u>	<u>157,230,984</u>

### 9 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	3,834,196	3,288,116
Provision for corporation tax	182,387	311,203
Amounts due to group undertakings	179,731,986	145,623,811
Other taxation and social security	-	4,840,403
Other creditors	1,700,000	1,000,000
Accruals and deferred income	201,908	214,916
	<u>185,650,477</u>	<u>155,278,449</u>

Included in amounts due to group undertakings is an interest free loan from The Stage Shoreditch LLP, the group parent, which is payable on demand without restrictions. Accordingly this has been classified as current.

Included in other creditors is a provision of £1.7m (2018: £1m) in respect of costs that have been reasonably estimated as means of settlement of claimed costs. These represent the present obligation of probable payments to be made in the future.

### 10 Called up share capital

	2019 £	2018 £
<b>Ordinary share capital</b>		
Authorised, issued and fully paid		
100 ordinary shares of £1 each	100	100

### 11 Commitments

The Company has provided a guarantee in respect of the group's £390m loan facility coordinated by lead arranger Lloyds Bank Plc during the previous year.

### 12 Parent undertaking

The Company's immediate parent and ultimate parent undertaking of the group, of which the Company is a member, and for which the group accounts are prepared is The Stage Shoreditch LLP. Copies of the group financial statements of The Stage Shoreditch LLP are available from 33 Davies Street, London, W1K4LR.

# THE STAGE SHOREDITCH DEVELOPMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 13 Related party transactions

The Company has been charged construction cost of £138,087 (2018: £1,641,650) by Galliard Construction Limited, a subsidiary of Galliard Holdings Limited. There is no outstanding balance due to Galliard Construction Limited at 31 December 2019.

Development management and marketing fee of £100,433 (2018: £890,722) were charged by Galliard Homes Limited, a subsidiary of Galliard Holdings Limited. There is no outstanding balance due to Galliard Construction Limited at 31 December 2019.

Administration and project monitoring fees of £nil (2018: £57,815 ) were charged by Cain Hoy Enterprises (U.K) Limited, a subsidiary of Cain International LP, part of the group of which CH McCourt (the Stage) LLC is also a member. There is no outstanding balance due Cain Hoy Enterprises (U.K) Limited at 31 December 2019.

Administration and project monitoring fees of £375,000 (2018: £415,878) were charged by Cain International UK Services Limited, a subsidiary of Cain International II LP, part of the group of which CH McCourt (the Stage) LLC is also a member. There is no outstanding balance due Cain International UK Services Limited at 31 December 2019.

All of the transactions are at market rates and considered to be arm's length.

*There are no related party transactions other than those mentioned above.*

#### 14 Subsequent events

##### *COVID-19*

The recent outbreak of a novel and highly contagious form of coronavirus ("COVID-19"), which the World Health Organization has declared to constitute a pandemic, has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in certain equity and debt markets. The global impact of the outbreak is rapidly evolving, and many countries have reacted by instituting quarantines, prohibitions on travel and the closure of offices, businesses, schools, retail stores and other public venues. Businesses are also implementing similar precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating significant disruption in supply chains and economic activity and are having a particularly adverse impact on transportation, hospitality, tourism, entertainment and other industries. The impact of COVID-19 has led to significant volatility and declines in the global public equity markets and it is uncertain how long this volatility will continue. As COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess.

The identification of the virus after 31 December 2019 as a new coronavirus, and its subsequent spread, is considered a non-adjusting event after the reporting period. Subsequent to the year end, the construction site was closed on 27th March 2020 for a period of 14 working days with respect to the COVID-19 pandemic in accordance with UK Government advice. It subsequently reopened on 20th April 2020 and construction continues to progress. The impact on critical deadlines for the development are still being explored with the main contractor.

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