

Company Number: 11656454 (England and Wales)

**SMBL DEVELOPMENTS LIMITED**  
**REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2019**

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## **SMBL DEVELOPMENTS LIMITED**

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# **SMBL DEVELOPMENTS LIMITED**

## **LEGAL AND ADMINISTRATIVE INFORMATION**

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**Registered office**      2<sup>nd</sup> Floor  
100 New Oxford Street  
London WC1A 1HB

**Directors**              David Camp  
Eiichiro Onozawa  
Hiroshi Hisada  
Robert Watts

**Company secretary**   Clare Pagan

**Auditor**                KPMG LLP  
15 Canada Square  
London E14 5GL

**Solicitors**             Macfarlanes LLP  
20 Cursitor Street  
London EC4A 1LT

## **SMBL DEVELOPMENTS LIMITED**

### **DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019**

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The Directors presents their report and the audited financial statements for the period from incorporation on 2 November 2018 to 31 December 2019. The company commenced trading on 6 February 2019.

In February 2019, the Company signed a Development Agreement with the British Library to develop plans to build a 100,000 sq ft extension to the Grade I listed building which will house state-of-the-art facilities for British Library learning, business and exhibition spaces, a new northern entrance to the Library and a new headquarters for the national institution for data and science and artificial intelligence, The Alan Turing Institute.

#### **Results**

The loss for the period, after taxation, amounted to £50,385.

#### **Future developments**

The Company will continue its objective of developing plans for the extension of the British Library.

The Company has considered Brexit and the wider implications on the Project. The Company seeks advice from experts to ensure it understand the political environment, infrastructure requirements of Crossrail 2 and the impact of upcoming regulatory or tax changes. Based on this the Directors believe that the project will be a success, and that London will remain a stable source of potential growth and development profits.

The directors of the company have considered the impact of the COVID-19 global pandemic which has risen in 2020 when preparing these financial statements. Refer to Basis of preparation (note 2) and Post Balance Sheet Events (note 15).

#### **Directors**

The directors who served during the period were:

David Camp (appointed 2 November 2018, resigned 16 January 2019, appointed 6 December 2019)

Eiichiro Onozawa (appointed 2 November 2018)

Hiroshi Hisada (appointed 1 April 2019)

Robert Watts (appointed 16 January 2019)

Simon Camp (appointed 2 November 2018, resigned 30 June 2019)

Stuart Grant (appointed 1 July 2019, resigned 6 December 2019)

Toshihiko Omachi (appointed 2 November 2018, resigned 31 March 2019)

#### **Directors' responsibilities statement**

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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland.' 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 the profit or loss of the company for that period.

# **SMBL DEVELOPMENTS LIMITED**

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

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### **Directors' responsibilities statement (continued)**

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclosure 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.

### **Going concern**

The financial statements are prepared on a going concern basis, which the directors believe to be appropriate for the following reasons. The company is dependent on funds provided by the company's shareholders. The shareholders' total commitment to the company is £9.23m of which £1.857m had been drawn down at the period end.

This commitment enables the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. Based on this undertaking the directors believe it remains appropriate to prepare the financial statements on a going concern basis.

### **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 is 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 auditor is aware of that information.

### **Auditor**

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

This report was approved by the board on 21 May 2020 and signed on its behalf by:



Hiroshi Hisada  
**Director**

Date: 21 May 2020

## **SMBL DEVELOPMENTS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019**

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#### **Opinion**

We have audited the financial statements of SMBL Developments Limited ("the company") for the year ended 31 December 2019 which comprise the Statement of Profit and Loss Account and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and related notes, including the accounting policies in note 4.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

#### **Other information**

The directors are responsible for the other information, which comprises the Directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the directors' report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

## **SMBL DEVELOPMENTS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019**

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#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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

We have nothing to report in these respects.

#### **Directors' responsibilities**

As explained more fully in their statement set out on pages 4-5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

#### **The purpose of our audit work and to whom we owe our responsibilities**

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.



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

Date: 21 May 2020

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## **SMBL DEVELOPMENTS LIMITED**

### **STATEMENT OF PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD FROM 2 NOVEMBER 2018 TO 31 DECEMBER 2019**

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	<b>Note</b>	<b>2 November to 31 December 2019 £</b>
Administrative expenses		(50,460)
<b>Operating loss</b>	<b>5</b>	<b>(50,460)</b>
Other interest receivable and similar income		239
Interest payable and similar expenses		(164)
<b>Loss before taxation</b>		<b>(50,385)</b>
Tax		-
<b>Loss for the period</b>		<b>(50,385)</b>
Other comprehensive income		-
<b>Total comprehensive loss for the period</b>		<b>(50,385)</b>

The notes on pages 10 to 14 form part of these financial statements.

# SMBL DEVELOPMENTS LIMITED

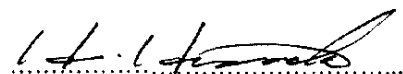
## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

Company number: 11656454

	Note	2019 £
<b>Fixed assets</b>		
Development costs	7	2,187,415
<b>Current assets</b>		
Debtors: amounts falling due within one year	8	33,645
Cash at bank and in hand	9	99,791
		133,436
Creditors: amounts falling due within one year	10	(514,128)
<b>Net current liabilities</b>		<b>(380,692)</b>
<b>Total assets less current liabilities</b>		<b>1,806,723</b>
Creditors: amounts falling due after more than one year		-
<b>Net assets</b>		<b>1,806,723</b>
<b>Capital and reserves - equity</b>		
Share capital		202
Share premium		1,856,906
Retained losses		(50,385)
<b>Total equity</b>		<b>1,806,723</b>

The notes on pages 10 to 14 form part of these financial statements.

These financial statements were approved by the directors on 21 May 2020 and signed on behalf of the Company by:



Hiroshi Hisada  
Director  
Date: 21 May 2020

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**SMBL DEVELOPMENTS LIMITED****STATEMENT OF CHANGES EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2019**

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	<b>Called up share capital</b>	<b>Share premium</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 2 November 2018	-	-	-	-
Shares issued during the period	202	1,856,906	-	1,857,108
Loss for the period	-	-	(50,385)	(50,385)
At 31 December 2019	<u>202</u>	<u>1,856,906</u>	<u>(50,385)</u>	<u>1,806,723</u>

# **SMBL DEVELOPMENTS LIMITED**

## **STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2019**

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	<b>2019 £</b>
<b>Cash flows from operating activities</b>	
Loss for the period	(50,385)
Adjustments for:	
Increase in trade and other debtors	(33,645)
Increase in trade and other creditors	33,841
	<hr/>
<b>Net cash from operating activities</b>	<b>(50,188)</b>
<b>Cash flows from investing activities</b>	
Capital expenditure on development costs	(1,707,129)
	<hr/>
<b>Net Cash from investing activities</b>	<b>(1,707,129)</b>
<b>Cash flows from financing activities</b>	
Proceeds of equity from shareholders	1,857,108
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<b>Net cash from financing activities</b>	<b>1,857,108</b>
Net increase in cash and cash equivalents	99,791
Cash and cash equivalents at the beginning of the period	0
	<hr/>
<b>Cash and cash equivalents at 31 December</b>	<b>99,791</b>

# SMBL DEVELOPMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

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### 1 Company information

SMBL Developments Limited (the "Company") was established on 2 November 2018 and is a private company limited by shares and registered in England and Wales.

The registered number is 11656454 and the registered address is 2nd Floor, 100 New Oxford Street, London, WC1A 1HB.

The financial statements are prepared for the long period of account to 31 December 2019.

The Company was established to develop plans to build a 100,000 sq ft extension to the British Library.

### 2 Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 102, *The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102")*. The presentation currency of these financial statements is Sterling.

The financial statements are prepared on the historical cost basis.

#### Going concern

The directors have considered the cash requirements of the company for at least 12 months from the date of approval of the financial statements.

In this forecast the directors have taken account of the serious implications of the outbreak of coronavirus which has adversely impacted global commercial activities. The UK real estate market is no exception to this. The directors therefore have modelled a reasonable worst case scenario in respect to the company's cash inflows incorporating mitigating actions, such as delaying development work until increased financing is secured, on its cash outflows. This forecast included consideration there is no bank debt and there is committed funding from the shareholders.

The results of this forecast indicate that the company's costs can be funded by existing shareholders commitment for at least 12 months from the date of approval of the financial statements.

In addition the directors note that whilst the Company had net current liabilities of £380,692 at 31 December 2019, the shareholders have agreed to commit funds of £9.23m to the Company (of which only £1.857m was drawn down at 31 December 2019). A letter of support has been provided by the shareholders to confirm the financial support of at least 12 months from the financial statements issuance date.

The directors therefore consider that sufficient funding is available to enable the Company to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### 3 Significant judgements and estimates

The preparation of the financial statements requires the Company to make significant judgements and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, where actual amounts could differ from those estimates. This also includes the reported amounts of increases and decreases in the total comprehensive income or loss during the reported period.

The key judgement in these financial statements is the recoverability of development costs (see note 7).

## **SMBL DEVELOPMENTS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019 (CONTINUED)**

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#### **Significant judgements and estimates (continued)**

In February 2019, the Company signed a Development Agreement with the British Library to develop plans to build a 100,000 sq ft extension to the British Library. This will provide the Library with new cultural facilities whilst also providing commercial space to sustain the long-term future of the Knowledge Quarter, an area supported by MedCity. The Company has been working with advisors and with, local and national stakeholders to ensure the project is a success. The Company has also been working with Transport for London to ensure that the infrastructure requirements for Crossrail 2 are accommodated within the new development.

Following the Development Agreement being signed, professional fees have been capitalised. The directors believe, for the reasons above, that it is sufficiently probable that the development will proceed and that the accounting treatment is appropriate.

#### **4 Summary of significant accounting policies**

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

##### **Taxation**

Taxation expense for the period is recognised in the reporting period in the profit and loss account.

##### **Development costs**

Development costs directly attributable to the planning of the construction of a property are capitalised to the extent that the directors consider it is sufficiently probable that the development will proceed and the costs recovered. This assessment is made at the date the costs are incurred.

Otherwise development costs are expensed when incurred.

##### **Basic financial instruments**

Financial liabilities and assets are measured at amortised cost using the effective interest method.

##### **Trade and other debtors/creditors**

Trade and other debtors are recognised initially at transaction price less attributable transaction costs.

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs.

Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of debtors. If an arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### **Impairment of financial assets**

A financial asset not measured at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### **Interest receivable and interest payable**

Interest income and interest payable are recognised in profit or loss using the effective interest method.

## **SMBL DEVELOPMENTS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019 (CONTINUED)**

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#### **5 Operating loss**

Operating loss is stated after charging:

	<b>2019</b>
	<b>£</b>
Audit of these financial statements	5,000
Auditor's remuneration – tax services	3,500
	<u>8,500</u>

#### **6 Staff numbers and Director's remuneration**

The directors did not receive remuneration from this company during the period.

The Company does not have any other employees.

#### **7 Development costs**

	<b>2019</b>
	<b>£</b>
At 2 November 2018	-
Additions	2,187,415
	<u>2,187,415</u>
At 31 December 2019	<u>2,187,415</u>

#### **8 Debtors: amounts falling due within one year**

	<b>2019</b>
	<b>£</b>
VAT recoverable	33,645
	<u>33,645</u>
	<u>33,645</u>

#### **9 Cash and cash equivalents**

	<b>2019</b>
	<b>£</b>
Cash and cash equivalents	99,791
	<u>99,791</u>
	<u>99,791</u>

# SMBL DEVELOPMENTS LIMITED

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

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

	2019 £
Trade creditors	77,749
Accruals	436,379
	<hr/> 514,128

### 11 Financial instruments

The carrying amounts of the financial assets and liabilities include:

	2019 £
Assets measured at amortised cost	33,645
Liabilities measured at amortised cost	77,749
	<hr/>

### 12 Share capital and reserves

	2019 £
<b>Allotted, called up and fully paid</b>	
70 Ordinary 'A' shares at £1 each	70
130 Ordinary 'B' shares at £1 each	130
2 Ordinary 'C' shares at £1 each	2
	<hr/> 202

#### Share premium

Excess of proceeds over the nominal amount of share capital issued to shareholders.

#### Profit and loss account

Accumulated retained profit and losses

### 13 Related party transactions

Stanhope PLC is the Development Manager for the Company, and a Pre-Construction Development Management Agreement was entered into on 6 February 2019. During the period Stanhope PLC received fees and recharges of £1,334,233 and at the end of the financial year there was an outstanding creditor of £60,000. Stanhope PLC is the fellow subsidiary of one of the shareholders in the Company.

### 14 Control

The immediate parent company is MF BL Limited, a company registered in England & Wales.

The ultimate parent and controlling party is Mitsui Fudosan Co. Limited, a company registered in Japan which prepares consolidated financial statements.

## **SMBL DEVELOPMENTS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019 (CONTINUED)**

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#### **15 Post Balance Sheet Event**

Since the start of January 2020, the outbreak of coronavirus, which is a rapidly evolving situation, has adversely impacted global commercial activities. The rapid development and fluidity of this situation precludes any prediction as its ultimate impact, which may have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. The directors do not believe there is any financial impact to the Financial Statements as at 31 December 2019 as a result of this non-adjusting subsequent event.

However, the impact on the valuation of the work-in-progress in the period since 31 December 2019 cannot currently be determined.

The directors are monitoring developments relating to coronavirus and are coordinating its operational response based on existing business continuity plans and on guidance from global health organisations, relevant governments, and general pandemic response best practices.