

BISHOPSGATE PREMIER FINANCE PLC

Annual Report and Financial Statements

For the year ended 31 December 2016



Bishopsgate Premier Finance Plc

ANNUAL REPORT AND FINANCIAL STATEMENTS

CONTENTS

Page

Officers and professional advisers	1
Strategic report	2
Directors' report	4
Independent auditor's report	6
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11

Bishopsgate Premier Finance Plc

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M H Filer (resigned 07/04/2017)

D J Wynne (appointed 20/03/2017)

Wilmington Trust SP Services (London) Limited

SECRETARY

Wilmington Trust SP Services (London) Limited

Third Floor

1 King's Arms Yard

London

EC2R 7AF

REGISTERED OFFICE

c/o Wilmington Trust SP Services (London) Limited

Third Floor

1 King's Arms Yard

London

EC2R 7AF

LAWYERS

Clifford Chance LLP

10 Upper Bank Street

London

E14 5JJ

BANKERS

Citibank N.A

London Branch

5 Carmelite Street

London

EC4Y 0PA

AUDITOR

SRG LLP

London

Bishopsgate Premier Finance Plc

STRATEGIC REPORT

For the year ended 31 December 2016

The directors present their strategic report of the Company, for the year ended 31 December 2016.

BUSINESS REVIEW

On 5 April 2005 the Company issued £451.3m of Class A Commercial Mortgage Backed 5.409189% fixed rate RPI adjusted bonds (the “Bonds”) due for repayment in October 2034.

Under the terms of Inter-Company Loan Agreements, the Company advanced secured loans to 280 Bishopsgate Finance Limited and Premier Place Finance Limited (together the “Landlords”), fellow members of the BP Group, to allow them to acquire the Head Leases relating to two properties known as 280 Bishopsgate and Premier Place (together the “Head Leases”). Both properties are let to The Royal Bank of Scotland plc (“RBS”) as the Occupational Tenant.

RESULTS AND KEY PERFORMANCE INDICATOR

The results for the year and the state of the Company’s affairs are set out in the accompanying financial statements.

The Company made a pre-tax profit of £15k in the year compared to the pre-tax loss of £7k in 2015. The profit is mainly due to the financing costs being lower than the interest receivable as compared to last year. This mismatch is forecast to reduce over future years to gradually bring the Company in to a profitable position by the time the Bonds are due for repayment in October 2034.

FUTURE DEVELOPMENTS

There has been no change in the activities during the period under review and the Directors intend to continue to pursue these activities for the foreseeable future.

FINANCIAL RISK MANAGEMENT

Repayment risk

The ability of the Company to meet its obligations under the Bonds is dependent on receipt by it of funds from the Landlords under the Inter-Company Loan Agreements. The ability of each Landlord to meet its obligations to pay interest under the relevant Inter-Company Loan Agreement will be dependent on receipt by it of rental payments from the Occupational Tenant under the relevant Occupational Lease.

The Occupational Leases provide that at all times during the term the occupational tenant will be RBS or an assignee guaranteed by RBS.

Prior to or following the enforcement of the security created pursuant to the issue of the Bonds, the Company will not have any other funds available to it to meet its obligations under the Bonds and in respect of any payment ranking in priority to, or *pari passu* with, the Bonds.

However, the net proceeds of sale of the Head Leases or amounts raised on any refinancing of the same are expected to provide the primary source of funds for the Landlords to repay principal and any remaining accrued interest in respect of the Inter-Company Loan Agreements.

Interest rate risk

The Company has managed its exposure to interest rate risk through the issue of fixed rate index-linked Bonds and using these funds to grant fixed rate index-linked Inter-Company loans.

The Company has not entered into any swaps or other derivatives for hedging or investment purposes.

EMPLOYEES

Apart from the directors, the Company has no employees. Wilmington Trust SP Services (London) Limited provided corporate management services to the Company.

Bishopsgate Premier Finance Plc

STRATEGIC REPORT (continued)

For the year ended 31 December 2016

GOING CONCERN

The Company has issued fixed rate bonds (with a semi annual RPI adjustment) which have been used to provide inter-company loans to the Landlords to allow them to acquire the Head Leases. The ability of the Landlords to pay the interest on the inter-company loans is dependent upon the receipt of the rent from the Occupational Tenant.

The current net liability position of the Company has been caused by the long term mismatch between the interest income receivable on the inter-company loans and the interest expense payable on the Bonds issued by the Company which have both a cash and a roll-up element. The cash element is matched, however, the roll-up element is initially mismatched and this mismatch is currently forecast to increase in deficit up to 2024 after which it reverses to £nil by October 2034 when the Bonds are due for repayment. Notwithstanding the current negative net asset position of the Company, the ability of the Company to meet its cash obligations prior to the interest payment date falling in October 2034, is dependent on receipt by the Company of cash interest income from the Landlords, who in turn are dependent on receipt of rental payments from the Occupational Tenant under the relevant Occupational Lease, rather than being dependent on refinancing proceeds or realisation proceeds in respect of the investment properties which, until September 2034, are subject to Occupational Leases.

The notes are full recourse obligations of the Company and are issued subject to a Post Enforcement Call Option Agreement ("PECO") held by BPHL. Should an event of default be declared and a shortfall exists on the outstanding note obligations after realising all of the assets of the Company, BPHL would be able to purchase all of the outstanding notes obligations for one pence per bond. Following the purchase of such remaining note obligations the Directors of the Company would rely on BPHL to support the continued operations of the Company through the cancellation of the notes. The notes are therefore viewed as being "without recourse" and the Company will only be liable to make any payments to the extent that it has received sufficient funds to enable it to do so.

The Landlords have each entered into an agreement to grant an option to third parties to acquire the Head Leases should those parties pay for the option to be granted. To date, the Landlords have not received any such payments to require the Landlords to grant the options and so no options have yet been granted to those third parties. The Landlords have not received any correspondence, notice or communication from the parties to the option agreement, or from any other party, as to the third parties intentions regarding their rights under the option agreement.

As there has been no identifiable deterioration in the ongoing cash flows from the securitised assets, and after making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.



Mignon Clarke-Whelan for and on behalf of

Wilmington Trust SP Services (London) Limited

Director

29 June 2017

Bishopsgate Premier Finance Plc

DIRECTORS' REPORT

For the year ended 31 December 2016

The directors present their report on the affairs of Bishopsgate Premier Finance Plc ("the Company"), together with the financial statements and auditor's report for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The Company's principal activity is that of a special purpose company which has issued Bonds for the purpose of providing funding to the group of companies headed by Bishopsgate Premier Holdings Limited (the "BP Group"), of which the Company is a member, and the properties owned by it.

DIVIDENDS

The directors do not recommend the payment of a dividend (2015: £nil).

DIRECTORS

The directors who served throughout the year are as follows:

M H Filer (resigned 07/04/2017)

D J Wynne (appointed 20/3/2017)

Wilmington Trust SP Services (London) Limited

SECRETARY

Wilmington Trust SP Services (London) Limited acted as secretary throughout the year.

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all steps that he ought to have taken as director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

SRG LLP has indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Bishopsgate Premier Finance Plc

DIRECTORS' REPORT (continued)

For the year ended 31 December 2016

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRS) 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:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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

Approved by the Board of Directors and signed on behalf of the Board



Mignon Clarke-Whelan for and on behalf of

Wilmington Trust SP Services (London) Limited

Director

Date: 29 June 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BISHOPSGATE PREMIER FINANCE PLC

We have audited the financial statements of Bishopsgate Premier Finance Plc for the year ended 31 December 2016 which comprise the statement of other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standard (IFRS) as adopted by European Union.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Haydn Wood BA FCA (Senior Statutory Auditor)
for and on behalf of SRG LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
29 June 2017

Bishopsgate Premier Finance Plc**Statement of Comprehensive Income****For the year ended 31 December 2016**

	Notes	2016 £'000	2015 £'000
TURNOVER		-	-
Administrative expenses		<u>(25)</u>	<u>(30)</u>
OPERATING LOSS		(25)	(30)
Interest receivable and similar income	4	35,228	34,703
Interest payable and similar charges	5	<u>(35,188)</u>	<u>(34,680)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	6	15	(7)
Tax on loss on ordinary activities	7	<u>(2)</u>	<u>-</u>
PROFIT/(LOSS) AFTER TAXATION FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDER		13	(7)
Other comprehensive income		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS		<u>13</u>	<u>(7)</u>

The notes on pages 11 to 18 form part of these financial statements

Bishopsgate Premier Finance Plc

Statement of Financial Position

At 31 December 2016

		31 December 2016 £'000	31 December 2015 £'000
	Notes		
ASSETS			
CURRENT ASSETS			
Debtors: amounts falling due within one year	8	24,930	24,874
Debtors: amounts falling due after more than one year	8	<u>461,088</u>	<u>450,365</u>
		486,018	475,239
Cash and cash equivalents		<u>3,432</u>	<u>11,332</u>
TOTAL ASSETS		<u>489,450</u>	<u>486,571</u>
LIABILITIES			
Non-current liabilities			
Creditors	10	485,621	482,679
Current liabilities			
Creditors	9	<u>4,820</u>	<u>4,896</u>
TOTAL LIABILITIES		<u>490,441</u>	<u>487,575</u>
EQUITY			
Share capital	12	12	12
Retained deficit		<u>(1,003)</u>	<u>(1,016)</u>
Total Equity		<u>(991)</u>	<u>(1,004)</u>
Total Equity and Liabilities		<u>489,450</u>	<u>486,571</u>

These financial statements of Bishopsgate Premier Finance Plc, Company Registration 5183090, on pages 7 to 18 were approved and authorised for issue by the directors on 29 June 2017 and signed on its behalf by:



Mignon Clarke-Whelan for and on behalf of
Wilmington Trust SP Services (London) Limited
Director

The notes on pages 11 to 18 form part of these financial statements

Bishopsgate Premier Finance Plc

Statement of Changes in Equity

For the year ended 31 December 2016

	Attributable to the owners of the parent		
	Share capital	Retained loss	Total equity
	£'000	£'000	£'000
Balance as at 1 January 2015	12	(1,009)	(997)
Loss for the year	-	(7)	(7)
Other comprehensive income for the year	-	-	-
Balance at 31 December 2015	<u>12</u>	<u>(1,016)</u>	<u>(1,004)</u>
	Share capital	Retained loss	Total equity
	£'000	£'000	£'000
Balance at 1 January 2016	12	(1,016)	(1,004)
Profit for the year	-	13	13
Other comprehensive income for the year	-	-	-
Balance at 31 December 2016	<u>12</u>	<u>(1,003)</u>	<u>(991)</u>

Bishopsgate Premier Finance Plc

Statement of Cash Flows

For the year ended 31 December 2016

	Notes	2016 £	2015 £
Cash flows from operating activities			
(Loss)/profit before tax for the year		13	(7)
<i>Adjustments for:</i>			
Bank interest received	4	(3)	(6)
Decrease/(increase) in trade and other receivables		(10,778)	1,655
Decrease in other liabilities		<u>(79)</u>	<u>(43)</u>
Net cash from/(used in) operating activities		(10,847)	1,599
Tax paid		<u>3</u>	<u>-</u>
		10,844	1,599
Investing activities			
Bank interest received	4	<u>3</u>	<u>6</u>
Net cash from investing activities		3	6
Financing activities			
Roll up interest on loan notes		<u>2,941</u>	<u>2,775</u>
Net cash used in financing activities		2,941	2,775
Net (decrease)/increase in cash and cash equivalents		(7,900)	4,380
Cash and cash equivalents at the beginning of the year		<u>11,332</u>	<u>6,952</u>
Cash and cash equivalents at 31 December		<u><u>3,432</u></u>	<u><u>11,332</u></u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

1. Corporate information

The financial statements of the company for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on 29 June 2017. The company is a public limited company and incorporated in England and Wales. The registered office is located at C/o Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London, United Kingdom EC2R 7AF.

The Company's business activities and future developments are set out in the Strategic Report.

2. 2.1 Basis of preparation

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as adopted by the European Union.

For periods up to and including the year ended 31 December 2014, the company its financial statements in accordance with UK generally accepted accounting practice.

The transition date was 1 January 2015 and there were no transitional adjustments.

The financial statements are presented in Pounds Sterling. The financial statements have been prepared on a historical cost basis as modified for the revaluation of certain financial instruments under IAS 39 Financial Instruments: Recognition and Measurement.

2.2 Going Concern

The current net liability position of the Company has been caused by the long term mismatch between the rental income receivable and the interest expense payable on the Bonds issued by the Company which have both a cash and a roll-up element. The cash element is matched, however, the roll-up element is initially mismatched but this mismatch is currently forecast to increase in deficit up to 2025 after which it reverses to £nil by October 2034 when the Bonds are due for repayment. Notwithstanding the current negative net asset position of the Company, the ability of the Company to meet its cash obligations prior to the interest payment date falling in October 2034, is dependent on receipt by the Company of cash interest income from the Landlords, who in turn are dependent on receipt of rental payments from the Occupational Tenant under the relevant Occupational Lease, rather than being dependent on refinancing proceeds or realisation proceeds in respect of the investment properties which until September 2034 are subject to Occupational Leases.

As there has been no identifiable deterioration in the ongoing cash flows from the securitised assets, and after making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

2.3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses, in particular impairment of loan assets. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements on carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates used in the financial statements.

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 the current and future periods. The key estimates and assumptions are discussed in the accounting policy notes.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

2.4 Summary of significant accounting policies

Turnover

Turnover is accounted for on an accrual basis and is derived in the United Kingdom.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Loans receivable

Loans receivable are classified as loans and receivables and initially measured at fair value with subsequent measurement being at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Bonds issued

Interest-bearing borrowings are classified as other financial liabilities and recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest rate method.

Interest income and expense

Interest income and expense is accounted for on a time basis, by reference to the balance outstanding on the underlying financial asset or liability and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability to that asset's or liability's net carrying amount.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and short-term deposits with an original maturity of three months or less.

The Company has deposits in bank accounts held in the Company's name which meet the definition of cash and cash equivalents but their use is restricted by a detailed priority of payments set out in the securitisation transaction agreements. As the cash can only be used to meet certain specific liabilities and is not available to be used with discretion, it is viewed as restricted cash. Cash and cash equivalents are classified as loans and receivables.

Embedded derivatives

Certain derivatives are embedded within other non-derivative host financial instruments to create a hybrid instrument. Where the economic characteristics and risks of the embedded derivatives are not closely related to the economic characteristics and risks of the host instrument, and where the hybrid instrument is not measured at fair value, the embedded derivative is separated from the host instrument with changes in fair value of the embedded derivative recognised in the profit and loss account. Depending on the classification of the host instrument, the host is then measured in accordance with IAS 39.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

3. DIRECTORS AND EMPLOYEES

None of the directors received any emoluments for their services to the Company during the current year or prior year apart from Wilmington Trust SP Services (London) Limited which received £6k (2015: £6k) for corporate management services. Mr D J Wynne is a director of Wilmington Trust SP Services (London) Limited.

None of the directors had any interests in the Company at the end of the current or prior year.

None of the directors had any material interest in any contract of significance in relation to the business of the Company in the current or prior year.

The Company does not have any employees (2015: none).

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2016	2015
	£'000	£'000
Interest on bank balance	3	6
Interest on amounts owed by group undertakings	35,225	34,697
	<u>35,228</u>	<u>34,703</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2016	2015
	£'000	£'000
Interest on Bonds	35,188	34,680
	<u>35,188</u>	<u>34,680</u>

6. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit/loss on ordinary activities before taxation is stated after charging:	2016	2015
	£'000	£'000
Auditor's fees for audit of the Company's accounts	11	8
Auditor's fees for taxation services	-	-
	<u>-</u>	<u>-</u>

7. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

The tax charge comprises:	2016	2015
	£'000	£'000
Current year	2	-
	<u>2</u>	<u>-</u>

Factors affecting tax charge:

The difference between total current tax shown on the face of the Profit and Loss Account and the amount calculated by applying the standard rate of United Kingdom corporation tax to the profit/(loss) before tax is as follows:

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

7. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

	2016 £'000	2015 £'000
Profit/(Loss) on ordinary activities before tax	15	(7)
Corporation tax at 20% (2015: 21.5%)	3	(1)
Expenses not deductible for tax purposes	2	1
Unutilised losses carried forward	-	-
Utilisation of brought forward losses	(3)	-
Charge for the year	2	-

A deferred tax asset has not been recognised in respect of the tax losses carried forward as there is insufficient evidence that the asset will be recovered. The amount not recognised is £0.2m (2015: £0.2m).

8. DEBTORS

	2016 £'000	2015 £'000
Amounts falling due within one year:		
Amounts receivable from group undertakings	24,930	24,874
Other debtors	-	-
	24,930	24,874
Amounts falling due after more than one year:		
Amounts receivable from group undertakings	461,088	450,365
Total	486,018	475,239

The Company has granted two fixed rate loans to group undertakings with the interest being calculated on each quarterly interest payment date.

The interest on the first loan accrues at a fixed rate of 6.01% per annum on the outstanding principal. In addition, the loan attracts an additional "compensation amount", which is adjusted semi-annually by reference to the RPI index factor applicable to the relevant bond interest period. The actual interest paid on the interest payment date is calculated at 5.55% per annum on the outstanding principal with the remaining interest being rolled up and falling due for repayment on the maturity of the loan in 2034. The rolled up interest is added to the outstanding principal.

The interest on the second loan accrues at a fixed rate of 4.95% per annum on the outstanding principal. In addition, the loan attracts an additional "compensation amount", which is adjusted semi-annually by reference to the RPI index factor applicable to the relevant bond interest period. The actual interest paid on the interest payment date is calculated at 4.72% per annum on the outstanding principal with the remaining interest being rolled up and falling due for repayment on the maturity of the loan in 2034. The rolled up interest is added to the outstanding principal.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £'000	2015 £'000
Amounts owed to group undertakings	4,639	4,685
Accruals and deferred income	181	211
	<u>4,820</u>	<u>4,896</u>

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016 £'000	2015 £'000
Class A fixed rate Bonds	451,310	451,310
Bond interest payable	34,311	31,369
	<u>485,621</u>	<u>482,679</u>

The Bonds are secured against the investment properties owned by the BP Group and were issued on 5 April 2005 with a repayment date of October 2034. The funds raised have been used to provide funding for the investment properties owned by the BP Group. The Bonds are non-amortising and the full amount of the principal is repayable only on maturity in October 2034 or on the repayment of the inter-company loans.

Interest on the Bonds is calculated and accrues on the principal outstanding on each quarterly interest payment date in January, April, July and October at a fixed rate of 5.41% per annum. In addition, the Bonds attract an additional "compensation amount", which is adjusted semi-annually by reference to the RPI index factor applicable to the relevant bond interest period. The element of the accrued interest to be paid on the interest payment date is calculated at 5.08% per annum on the outstanding Bond principal. An element of the accrued interest is not due to be paid on each interest payment date and will be rolled up. It will become payable on the date the Bond principal is repaid. The rolled up interest attracts interest at a fixed rate of 5.41% per annum.

11. FINANCIAL RISK MANAGEMENT

The principal risks of the Company are set out in the Strategic Report.

The Company's financial instruments comprise cash and liquid resources, interest-bearing borrowings and various receivables and payables that arise directly from its operations. The Company has not entered into any derivative transactions.

The directors have considered the financial risks affecting the Company and have included the relevant disclosures of interest rate and repayment risks in the Strategic Report.

Capital risk management

The Company's overall strategy remains unchanged from the prior year. The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 9, and equity attributable to equity holders of the Company, comprising share capital and retained earnings. The Directors continue to monitor the balance of the overall capital structure. The Company is not subject to any external capital requirements.

Fair values

The fair values together with the carrying amounts shown in the balance sheet of the other amounts are as follows:

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

11. FINANCIAL RISK MANAGEMENT (continued)

	Notes	Carrying amount 2016 £'000	Fair value 2016 £'000	Carrying amount 2015 £'000	Fair value 2015 £'000
Financial assets at amortised cost:					
Amounts receivable from group undertakings	8	486,018	537,000	475,239	533,000
Cash and cash equivalents		<u>3,432</u>	<u>3,432</u>	<u>11,332</u>	<u>11,332</u>
		<u>489,450</u>	<u>540,432</u>	<u>486,571</u>	<u>544,332</u>
Financial liabilities at amortised cost:					
Class A fixed rate Bonds	10	451,310	537,000	451,310	533,000
Other creditors	9, 10	<u>39,131</u>	<u>39,131</u>	<u>36,265</u>	<u>36,265</u>
		<u>490,441</u>	<u>576,131</u>	<u>487,575</u>	<u>569,265</u>

The fair values of amounts receivable from group undertakings and Class A fixed rate bonds are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

Interest rate re-pricing analysis

The Company has managed its exposure to interest rate risk through the issue of fixed rate Bonds and using these funds to grant fixed rate Inter-Company loans. The following table details the Company's exposure to interest rate risk by the earlier of contractual maturities or re-pricing:

	Total £'000	Fixed rate adjusted for RPI £'000	1-3 months £'000	Non interest bearing £'000
2016				
Assets				
Amounts receivable from group undertakings	486,018	484,048	-	1,970
Cash and cash equivalents	<u>3,432</u>	<u>-</u>	<u>3,432</u>	<u>-</u>
Total assets	<u>489,450</u>	<u>484,048</u>	<u>3,432</u>	<u>1,970</u>
Liabilities				
Class A fixed rate Bonds	451,310	451,310	-	-
Other creditors	<u>39,131</u>	<u>34,311</u>	<u>-</u>	<u>4,820</u>
Total liabilities	<u>490,441</u>	<u>485,621</u>	<u>-</u>	<u>4,820</u>
2015				
Assets				
Amounts receivable from group undertakings	475,239	473,325	-	1,914
Cash and cash equivalents	<u>11,332</u>	<u>-</u>	<u>11,332</u>	<u>-</u>
Total assets	<u>486,571</u>	<u>473,325</u>	<u>11,332</u>	<u>1,914</u>
Liabilities				
Class A fixed rate Bonds	451,310	451,310	-	-
Other creditors	<u>36,265</u>	<u>31,369</u>	<u>-</u>	<u>4,896</u>
Total liabilities	<u>487,575</u>	<u>482,679</u>	<u>-</u>	<u>4,896</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

11. FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk

The Company's assets and liabilities are denominated in Pounds Sterling and therefore there is no foreign currency risk.

Repayment risk

The ability of the Company to meet its obligations under the Bonds is dependent on receipt by it of funds from the Landlords under the Inter-Company Loan Agreements. The ability of each Landlord to meet its obligations to pay interest under the relevant Inter-Company Loan Agreement will be dependent on receipt by it of rental payments from the Occupational Tenant under the relevant Occupational Lease.

The Company's policy is to manage liquidity risk through its loan terms. As the final maturity of the Bonds is designed to match the final maturity of Inter-Company Loan Agreements, there are deemed to be limited liquidity risks facing the Company. Payments made by the Company are made in accordance with the priority of payments as set out in the offering circular issued in connection with the issue of the Bonds. Under these terms, payments are made quarterly.

The following table details the Company's liquidity analysis for its financial liabilities at 31 December. The bond interest payable is based on the outstanding principal, RPI index factor and interest rates at the year end calculated up to October 2034, and are shown on an undiscounted basis.

At 31 December 2016	Total	1 to 3	3 to 12	In more than 1 year but not more than 5 years	In more than 5 years
	£'000	months	months	£'000	£'000
Financial liabilities					
Class A fixed rate Bonds	451,310	-	-	-	451,310
Amounts owed to group undertakings	4,750	-	-	-	4,750
Accruals	70	70	-	-	-
Bond interest payable	<u>789,216</u>	<u>8,552</u>	<u>26,200</u>	<u>150,475</u>	<u>603,989</u>
Total financial liabilities	<u>1,245,346</u>	<u>8,622</u>	<u>26,200</u>	<u>150,475</u>	<u>1,060,049</u>

At 31 December 2015	Total	1 to 3	3 to 12	In more than 1 year but not more than 5 years	In more than 5 years
	£'000	months	months	£'000	£'000
Financial liabilities					
Class A fixed rate Bonds	451,310	-	-	-	451,310
Amounts owed to group undertakings	4,790	-	-	-	4,790
Accruals	106	106	-	-	-
Bond interest payable	<u>822,892</u>	<u>8,287</u>	<u>25,389</u>	<u>145,815</u>	<u>643,401</u>
Total financial liabilities	<u>1,279,098</u>	<u>8,393</u>	<u>25,389</u>	<u>145,815</u>	<u>1,099,501</u>

Credit risk

At 31 December 2016 the maximum credit risk that the Company has amounts to £489,450k (2015: £486,571k) and comprises Inter-Company loans, other debtors and cash and bank balances. The Inter-Company loans of £486,018k (2015: £475,239k) are secured on two commercial properties in the City of London with a market value of £721,000k (2015: £677,000k). No assets are past due or impaired.

Interest rate sensitivity

The sensitivity of the Company to interest rate changes, and the resulting changes in net assets attributable to equity shareholders, is limited as the interest on the Bonds and the Inter-Company loans are at fixed rates with similar RPI indexation terms. As such, no sensitivity analysis is presented.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

12. CALLED UP SHARE CAPITAL

	2016 £'000	2015 £'000
Called up, allotted and fully paid		
1 ordinary share of £1 each	-	-
Partly called up, allotted and fully paid		
50,000 ordinary shares of £1 each and 25p called up and 25p fully paid	12	12
	<u>12</u>	<u>12</u>

13. RELATED PARTIES TRANSACTIONS

Amount owed by group undertakings is £486 million (2015: 475 million) to the company. The Company owes £4.7 million (2015: 4.6 million) to other companies in the group.

Interest received from group undertakings is £35,225k (2015: 34,697k).

During the year Wilmington Trust SP Services (London) Limited, a director of the Company, received £7k (2015: £6k) for corporate services provided to the Company under the terms of a Corporate Services Agreement. There are no other related party transactions that require disclosure.

14. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The Company's immediate holding company is Bishopsgate Premier Intermediate Holdings Limited, a company which is incorporated in the United Kingdom and registered in England and Wales.

The ultimate holding and controlling party is Bishopsgate Premier Holdings Limited. The shares in Bishopsgate Premier Holdings Limited are held by Wilmington Trust SP Services (London) Limited under a Declaration of Trust for charitable purposes and the directors regard Bishopsgate Premier Holdings Limited as the ultimate parent undertaking.

The smallest and largest group for which consolidated accounts are prepared is Bishopsgate Premier Holdings Limited which is incorporated in the United Kingdom and registered in England and Wales. Copies of these accounts are publicly available from Companies House.