

Registered number: 02924707

**R.B. BISHOPSGATE INVESTMENTS
LIMITED**

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

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COMPANIES HOUSE

**LUBBOCK FINE
Chartered Accountants
Paternoster House
65 St Paul's Churchyard
London EC4M 8AB**

R.B. BISHOPSGATE INVESTMENTS LIMITED

COMPANY INFORMATION

DIRECTORS	Walid Abu-Suud Laraine Loh Sangeet Dhanani
REGISTERED NUMBER	02924707
REGISTERED OFFICE	33 Davies Street London W1K 4LR
INDEPENDENT AUDITORS	Lubbock Fine Chartered Accountants & Statutory Auditors Paternoster House 65 St Paul's Churchyard London EC4M 8AB

R.B. BISHOPSGATE INVESTMENTS LIMITED

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R.B. BISHOPSGATE INVESTMENTS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their strategic report and the financial statement for the year ended 31 December 2016.

PRINCIPAL ACTIVITY

The principal activity of the Company during the year was that of property investment. The Company derives its revenues from its leasehold property held within the United Kingdom.

RESULTS AND PERFORMANCE

The Company recorded a profit after tax for the year of £39,854,000 (2015 - £36,023,000). At the end of the year the balance sheet showed shareholders' funds of £532,293,000 (2015 - £534,236,000). The detailed results are set out in the financial statements.

The financial performance of the Company during the year is promising, the directors are of the opinion that the future prospects of the Company remain positive and the Company will continue as a going concern.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company seeks to minimise exposure to external financial risks through the use of hedging instruments. The Company also has exposure to asset risk on the residual value of its investment property which is recognised at its market value.

The directors believe that the principle risks facing the Company would be:

- a significant reduction in the market value of the investment property – due to the current strength of the UK commercial property sector and the prime leasehold asset held by the Company, the directors have no reason to believe that the market value of the investment property will significantly decline in the foreseeable future.
- the loss of rental income from the tenant of the investment property – the tenant is secured under a long term lease and the directors believe that both parties will fulfil their commitments under this lease agreement.
- the withdrawal of the loan facility – the Company is fully compliant with all of the loan covenants and maintains a strong relationship with the loan facility providers. The directors therefore do not believe that this facility will be withdrawn before the final repayment date.

At present, the directors do not foresee any significant uncertainties in relation to the Company's financial performance over the next 12 months.

R.B. BISHOPSGATE INVESTMENTS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

BUSINESS ENVIRONMENT

The property market in Europe had been severely affected by the financial recession and credit crisis that began in 2007 and continued through 2009. In addition to the ripple effects of the recession on property prices, the lack of liquidity and available credit contributed to a more severe and rapid decline in property values than had generally been experienced in the past. This effect was particularly severe in the commercial property market.

New commercial building activity was depressed between 2010 and 2013 which created a favourable supply / demand balance for property owners with rental yields increasing and vacancy rates falling during this period. The rising rental growth and recovery of the UK economy resulted in an increase in overseas investment into the UK commercial property market over the past three years, with central London in particular witnessing significant overseas investment.

The decision of the UK to withdraw its membership of the European Union will provide some short term uncertainty to the UK commercial property sector however in the long term the sector is expected to remain an attractive investment proposition for investors with continued rental growth and capital appreciation forecasted.

FUTURE DEVELOPMENTS

The directors have no significant future developments to report. The directors believe that the outlook for the Company is promising due to the strength of the property market within the United Kingdom and the stability provided by the long term lease agreement with the tenant for the leasehold property.

FINANCIAL KEY PERFORMANCE INDICATORS

The Company considers profit after tax and shareholders' funds to be its key performance indicators. Profit after tax of £39,854,000 (2015 - £36,023,000) represents an increase in comparison to the prior year. Shareholder funds continue to remain in a strong position at £532,293,000 (2015 – £534,236,000).

FINANCIAL RISK MANAGEMENT

The Company's financial instruments comprise borrowings, cash, derivatives and various items such as trade creditors that arise directly from its operations. The main risks arising from the Company's financial instruments are cash flow risk and liquidity risk. The Company has no formal procedures for managing these risks, though the Company continually reviews these risks and takes actions as deemed necessary.

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



Laraine Loh
Director

Date: 29 / 6 / 2017

R.B. BISHOPSGATE INVESTMENTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, 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 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 for the Company's financial statements and then apply them consistently;
- make judgments 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £39,854,000 (2015 - £36,023,000).

DIRECTORS

The directors who served during the year were:

Walid Abu-Suud
Laraine Loh
Sangeet Dhanani

FINANCIAL INSTRUMENTS

Details of the company's financial risk management objectives and policies are included in the notes to the financial statements.

MATTERS COVERED IN THE STRATEGIC REPORT

In accordance with section 414C(11) of the Companies Act 2006, the company has chosen to include information in relation to future developments in the company's strategic report.

R.B. BISHOPSGATE INVESTMENTS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

AUDITORS

The auditors, Lubbock Fine, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



Laraine Loh
Director

Date: 29/6/2017

R.B. BISHOPSGATE INVESTMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF R.B. BISHOPSGATE INVESTMENTS LIMITED

We have audited the financial statements of R.B. Bishopsgate Investments Limited for the year ended 31 December 2016, set out on pages 7 to 21. The relevant financial reporting framework that has been applied in their preparation is applicable law and the 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'.

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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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 AUDITORS

As explained more fully in the Directors' Responsibilities Statement on page 3, 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 Financial Reporting Council'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 Strategic Report and the Directors' 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 United Kingdom Generally Accepted Accounting Practice; 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, based on the work undertaken in the course of the audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.


R.B. BISHOPSGATE INVESTMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF R.B. BISHOPSGATE INVESTMENTS LIMITED (CONTINUED)

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.



Stephen Banks (Senior Statutory Auditor)

for and on behalf of
Lubbock Fine

Chartered Accountants & Statutory Auditors

Paternoster House
65 St Paul's Churchyard
London
EC4M 8AB

Date: *30 June 2017*

R.B. BISHOPSGATE INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £000	2015 £000
Turnover	4	59,147	58,288
Administrative expenses		(140)	(95)
OPERATING PROFIT	5	<u>59,007</u>	<u>58,193</u>
Interest payable and expenses	8	(22,077)	(30,248)
PROFIT BEFORE TAX		<u>36,930</u>	<u>27,945</u>
Tax on profit	9	2,924	8,078
PROFIT FOR THE YEAR		<u><u>39,854</u></u>	<u><u>36,023</u></u>

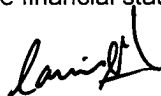
The notes on pages 12 to 21 form part of these financial statements.

BALANCE SHEET

AS AT 31 DECEMBER 2016

	Note	2016 £000	2015 £000
FIXED ASSETS			
Investment property	11	1,200,000	1,200,000
		<u>1,200,000</u>	<u>1,200,000</u>
CURRENT ASSETS			
Debtors	12	8,421	5,497
Cash at bank and in hand	13	16,825	17,828
		<u>25,246</u>	<u>23,325</u>
Creditors: amounts falling due within one year	14	(31,953)	(28,089)
		<u>(6,707)</u>	<u>(4,764)</u>
NET CURRENT LIABILITIES			
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,193,293</u>	<u>1,195,236</u>
Creditors: amounts falling due after more than one year	15	(661,000)	(661,000)
		<u>532,293</u>	<u>534,236</u>
NET ASSETS			
CAPITAL AND RESERVES			
Called up share capital	19	1,062	1,062
Revaluation reserve	20	402,344	417,304
Profit and loss account	20	128,887	115,870
		<u>532,293</u>	<u>534,236</u>

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



Laraine Loh
Director

Date: 29/6/2017

The notes on pages 12 to 21 form part of these financial statements.

R.B. BISHOPSGATE INVESTMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2016	1,062	417,304	115,870	534,236
Profit for the year	-	-	39,854	39,854
COMPREHENSIVE INCOME FOR THE YEAR	-	-	39,854	39,854
Equity dividends paid	-	-	(41,797)	(41,797)
Deferred tax	-	(14,960)	14,960	-
TOTAL TRANSACTIONS WITH SHAREHOLDER	-	(14,960)	(26,837)	(41,797)
AT 31 DECEMBER 2016	1,062	402,344	128,887	532,293

R.B. BISHOPSGATE INVESTMENTS LIMITED**STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2015**

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2015 (as previously stated)	1,062	417,304	145,160	563,526
Prior year adjustment	-	-	(24,346)	(24,346)
At 1 January 2015 (as restated)	1,062	417,304	120,814	539,180
Profit for the year	-	-	36,023	36,023
COMPREHENSIVE INCOME FOR THE YEAR	-	-	36,023	36,023
Equity dividends paid	-	-	(40,967)	(40,967)
TOTAL TRANSACTIONS WITH SHAREHOLDER	-	-	(40,967)	(40,967)
AT 31 DECEMBER 2015	1,062	417,304	115,870	534,236

The notes on pages 12 to 21 form part of these financial statements.

R.B. BISHOPSGATE INVESTMENTS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
	£000	£000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year	39,854	36,023
ADJUSTMENTS FOR:		
Interest paid	22,077	17,141
Taxation	(2,924)	(8,078)
Decrease in debtors	-	6,885
(Decrease)/increase in creditors	(1,026)	19,430
Increase/(decrease) in amounts owed to group undertakings	1	(6)
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u>57,982</u>	<u>71,395</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Equity dividends paid	(41,797)	(40,967)
Interest paid	(17,188)	(17,141)
NET CASH USED IN FINANCING ACTIVITIES	<u>(58,985)</u>	<u>(58,108)</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(1,003)	13,287
Cash and cash equivalents at beginning of year	17,828	4,541
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	<u>16,825</u>	<u>17,828</u>
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	16,825	17,828
	<u>16,825</u>	<u>17,828</u>

The notes on pages 12 to 21 form part of these financial statements.

R.B. BISHOPSGATE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1. GENERAL INFORMATION

R.B. Bishopsgate Investments Limited is a limited liability company incorporated in England. Its principal place of business is 33 Davies Street, London W1K 4LR.

The continuing activity of the Company is investment in property in London, United Kingdom.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 TURNOVER

Turnover represents rental income receivable which is recognised on a straight line basis over the life of the lease.

2.3 INVESTMENT PROPERTIES

Investment properties are included in the Balance Sheet at their open market value in accordance with FRS 102 and are not depreciated. This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the company.

2.4 CASH AND CASH EQUIVALENTS

Cash is represented by cash at bank and in hand. The company holds no cash equivalents.

R.B. BISHOPSGATE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES (continued)

2.5 FINANCIAL INSTRUMENTS

The Company enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.6 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.7 DERIVATIVE FINANCIAL INSTRUMENTS

The company has entered into variable to fixed rate interest swaps to manage its exposure to interest rate cash flow risk on its variable rate debt. These derivatives are measured at fair value at each balance sheet date.

The fair value of the interest rate swap is the estimated amount that the company would receive or pay to terminate the swap at the balance sheet date, taking into account the current interest rates and the current creditworthiness of the swap counterparty.

2.8 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.9 RELATED PARTIES TRANSACTIONS

The company is a wholly owned subsidiary of Jermyn Street Commercial Real Estate Fund III Limited, a company incorporated in the Cayman Islands. Accordingly, the company has taken advantage of the exemption in FRS 102 from disclosing transactions with members or investees of the Jermyn Street Commercial Real Estate Fund III Limited group.

R.B. BISHOPSGATE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES (continued)

2.10 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

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

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

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. There are no key sources of estimation uncertainty. The following judgments have had the most effect on amounts recognised in the financial statements:

Investment property revaluation

The company holds investment property which is subject to revaluation to fair value resulting in deferred tax being recognised. The tax will be recognised based on a disposal of the investment property at market value, being the difference between the fair values of investment property and the historical cost of the investment property. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Derivative valuation

The company holds derivative financial instruments that are not quoted in active markets, such as over-the-counter derivatives. Fair value of such instruments are determined by using valuation techniques. The company uses its judgment to select a variety of methods and make assumptions that are based on market conditions existing at the end of each reporting period.

R.B. BISHOPSGATE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

4. TURNOVER

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

	2016	2015
	£000	£000
Rental income	59,147	58,288

All turnover arose within the United Kingdom.

The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	2016	2015
	£000	£000
No later than 1 year	58,654	57,633
Later than 1 year and no later than 5 years	234,616	230,534
Later than 5 years	769,079	813,332
	<u>1,062,349</u>	<u>1,101,499</u>

5. OPERATING PROFIT

The operating profit is stated after charging:

	2016	2015
	£000	£000
Fees payable to the Company's auditor and its associates for the audit of the company's annual accounts	(20)	25

During the year, no director received any emoluments (2015 - £nil).

6. AUDITORS' REMUNERATION

	2016	2015
	£000	£000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	(20)	25

R.B. BISHOPSGATE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

7. EMPLOYEES

The average monthly number of employees, including the directors, during the year was as follows:

	2016	2015
	No.	No.
Management staff	3	3
	<u>3</u>	<u>3</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2016	2015
	£000	£000
Bank interest payable	17,188	17,141
Interest rate swap fair value movement	4,889	13,107
	<u>22,077</u>	<u>30,248</u>
	<u>22,077</u>	<u>30,248</u>

9. TAXATION

	2016	2015
	£000	£000
DEFERRED TAX		
Origination and reversal of timing differences	(2,525)	52
Changes to tax rates	(399)	837
Adjustment in respect of previous periods	-	(8,967)
TOTAL DEFERRED TAX	<u>(2,924)</u>	<u>(8,078)</u>
	<u>(2,924)</u>	<u>(8,078)</u>

R.B. BISHOPSGATE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

9. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is the same as (2015 - the same as) the standard rate of corporation tax in the UK of 20.00% (2015 - 20.25%) as set out below:

	2016	2015
	£000	£000
Profit on ordinary activities before tax	36,930	27,945
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.00% (2015 - 20.25%)	7,386	5,659
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	977	2,654
Adjustment in respect of previous periods	-	(8,967)
Revaluation of investment property	(5,244)	(2,613)
Tax rate changes	(399)	837
Group relief	(5,644)	(5,648)
TOTAL TAX CHARGE FOR THE YEAR	(2,924)	(8,078)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

At the balance sheet date, the company had a deferred tax asset of £23,381,000 (2015 - £26,057,000) representing corporation tax at 18.4% (2015 - 18.5%) on tax losses carried forward for set-off against future profits from the same trade. Based on the anticipated profits of the company, this has been recognised at the balance sheet date. The company also has a deferred tax liability of £14,960,000 (2015 - £20,560,000) representing corporation tax at 17% (2015 - 18%) on the revaluation of investment property.

10. DIVIDENDS

	2016	2015
	£000	£000
Equity dividends paid	41,797	40,967

R.B. BISHOPSGATE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

11. INVESTMENT PROPERTY

	Long term leasehold investment property £000
VALUATION	
At 1 January 2016	1,200,000
AT 31 DECEMBER 2016	<u>1,200,000</u>

The investment property is held on a 999 year lease with 983 years remaining, the freehold of which is held by Rhodium Investments 1 Limited, a fellow subsidiary undertaking.

The 2016 valuations were made by Strutt and Parker LLP, on an open market value for existing use basis.

	2016 £000	2015 £000
REVALUATION RESERVES		
At 1 January 2016	417,304	417,304
AT 31 DECEMBER 2016	<u>417,304</u>	<u>417,304</u>

If the investment property had been accounted for under the historic cost accounting rules, the property would have been measured as follows:

	2016 £000	2015 £000
Historic cost	<u>782,697</u>	<u>782,697</u>

R.B. BISHOPSGATE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

12. DEBTORS

	2016 £000	2015 £000
DUE AFTER MORE THAN ONE YEAR		
Deferred tax asset	8,421	5,497

13. CASH AND CASH EQUIVALENTS

	2016 £000	2015 £000
Cash at bank and in hand	16,825	17,828

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £000	2015 £000
Amounts owed to group undertakings	1	-
Derivative financial instruments	11,110	6,221
Accruals and deferred income	20,842	21,868
	<u>31,953</u>	<u>28,089</u>

During the current and prior years the company used an interest rate swap to fix the interest on 100% of the bank loan outstanding. As at the balance sheet date, the fair value of the interest rate swap was a liability of £11,110,000 (2015 - liability of £6,221,000).

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

	2016 £000	2015 £000
Bank loans	661,000	661,000

Secured loans

The loan facility carries an interest rate of LIBOR plus 1.2%, is secured by way of a fixed and floating charge over the property at 25 Canada Square, Canary Wharf, London and Units 50-53 and walkway, Canada Place, Canary Wharf, London and is repayable on 7 July 2018. The company has used an interest rate swap to fix 100.0% (2015 - 100.0%) of the interest on the loan.

The aggregate liabilities above disclosed under creditors falling due after more than one year are secured by the company.

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16. LOANS

Analysis of the maturity of loans is given below:

	2016	2015
	£000	£000
AMOUNTS FALLING DUE 2-5 YEARS		
Bank loans	661,000	661,000

17. FINANCIAL INSTRUMENTS

	2016	2015
	£000	£000
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	681,843	665,040
Financial liability measured at fair value through profit or loss	11,110	6,221
	<u>692,953</u>	<u>671,261</u>

Financial liabilities measured at fair value through profit or loss comprise derivative financial instruments.

Financial liabilities measured at amortised cost comprise amounts owed to group undertakings, accruals and banks loans.

The fair value of derivative financial instruments is determined by their market value at the reporting date.

18. DEFERRED TAXATION

	2016	2015
	£000	£000
At beginning of year	5,497	(2,581)
Charged to profit or loss	2,924	8,078
AT END OF YEAR	<u>8,421</u>	<u>5,497</u>

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18. DEFERRED TAXATION (CONTINUED)

The deferred tax asset is made up as follows:

	2016	2015
	£000	£000
Tax losses carried forward	23,381	26,057
Deferred tax on property revaluation	(14,960)	(20,560)
	<u>8,421</u>	<u>5,497</u>

19. SHARE CAPITAL

	2016	2015
	£000	£000
SHARES CLASSIFIED AS EQUITY		
ALLOTTED, CALLED UP AND FULLY PAID		
106,244,328 Ordinary shares of £0.01 each	<u>1,062</u>	<u>1,062</u>

20. RESERVES

Revaluation reserve

Includes all prior periods revaluation reserves.

Profit and loss account

Includes all current and prior periods retained profits and losses, less dividends paid.

21. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking and the parent undertaking of the smallest group to consolidate the accounts of the company is Canada Square Investments Limited. A copy of the group accounts can be obtained from Companies House.

The company's ultimate parent undertaking is Jermyn Street Commercial Real Estate Fund III Limited, a company incorporated in the Cayman Islands.

22. CONTROLLING PARTY

The directors consider that there is no single controlling party.