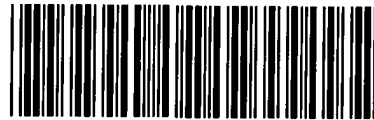


BRUNTWOOD GROUP LIMITED
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

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COMPANY INFORMATION

For the Year Ended 30 September 2019

DIRECTORS

C G Oglesby
K J Vokes

REGISTERED OFFICE

Union
Albert Square
Manchester
M2 6LW

COMPANY REGISTRATION NUMBER

02825044 (England and Wales)

AUDITOR

Deloitte LLP
2 Hardman Street
Manchester
M3 3HF

BANKERS

The Royal Bank of Scotland plc
HSBC plc
Barclays plc
Santander UK plc
Lloyds Banking Group plc
US Bank Inc

SOLICITORS

Addleshaw Goddard LLP, Manchester
Weightmans LLP, Liverpool

CHIEF EXECUTIVE'S REPORT

For the Year Ended 30 September 2019

In September 2018 we created Bruntwood SciTech, a 50/50 JV with Legal and General Capital (LGC), and Bruntwood Works. These two complementary business divisions, each with clear growth plans and their own leadership teams help us clearly communicate our increasingly complex offering, while remaining one unified business operating under the Bruntwood brand.

This year, Bruntwood Works and Bruntwood SciTech have flourished side by side. Collaborating on new projects, driving loyalty and growth, and supporting communities. Despite their individual targets and differing sectors, our two business areas continue to operate seamlessly together on a common platform, all while working towards our purpose of Creating Thriving Cities.

This is evidenced by another strong set of results for the Bruntwood Group, with pre-tax profit of £51.8m and Shareholders' Funds increasing 7.7% to £614.1m. The results this year, once again, demonstrate the power of our customer focused culture and business model and our Group's strong asset management and development skills. Our 100% owned property portfolio increased in value from £942m to £985m, via a combination of capital additions and revaluation movement with additional assets in our 50% JVs taking the gross total up from £1.3bn to £1.4bn.

The record profits recognised in 2018 were largely driven by revaluation growth as a result of the value added through our development activity and our business operating higher up the risk curve than we had traditionally operated. Following the de-leveraging of the business, and sharing of some of our development pipeline with LGC, whilst our results are not quite as spectacular this year, our operating profit less net interest costs, has increased from a £4.8m loss to £16.4m profit.

Our financial results are, and will continue to be, impacted by the dynamics of both the markets in which we operate and of the relative performance of our business in those markets. I am as confident as ever of the latter as our experienced and committed team of people continue to improve our customer proposition and the efficiency of our operations.

UK 10-year gilt rates are hovering around 0.6%, and equity yields 4.0%. In a world where the risk-free interest rate is now close to zero, there is little upward pressure on property yields which continue to offer relatively good value. Prime yields are 5.5% and the average yield of our wholly owned Bruntwood Group property portfolio is 7.3%. We are however very mindful of the uncertain political and economic environment, especially with the current uncertainty around Brexit and the uncertainty in the run up to the general election.

Despite the macro challenges, the headlines are that the property markets in our cities are very strong, as a result of the economic momentum generated through their repositioning over the last 30 years. Supply and demand are in good shape, and supply is changing at an unprecedented rate as demand is driving this change. We are seeing businesses demanding far more, in large part because they want to attract and then keep the most talented people. Our overarching purpose Creating Thriving Cities sees us doing more than just developing individual buildings but contributing fully to making cities that work for people and businesses.

The ability to attract, retain and expand customers is due in part to our constant investment in both product and service. In 2019 the group invested £9.1m in refurbishment and capital improvement projects across the existing portfolio and a further £3.2m in development schemes. The Group also invested £21.0m into Bruntwood SciTech to fund ambitious growth within this portfolio, with the SciTech group investing £4.8m in refurbishment and capital improvement projects across the existing portfolio and £84.2m in development schemes.

The strategic sale of non-core assets continues to form a part of our business plan, allowing us to optimise our portfolio as we grow by recycling capital to fund our development pipeline. We do, however, remain long term holders of our core investment portfolio.

In February 2019, Bruntwood Works announced the £50 million transformational refurbishment programme across selected Pioneer buildings in Manchester, offering the full product stack of meeting rooms, co-working, serviced space and leased space as well as market leading innovations and amenity.

The development of Hatch, our award-winning food, drink and retail destination over the last twelve months has seen the offering expand from 8 to 35 repurposed shipping containers, occupying space which was previously a derelict car park. Hatch is home to over 35 exciting and creative independent businesses and supports brand new ideas, with an incubation model designed to help 'hatch', grow and scale entrepreneurial start-ups. It is run by our award-winning management team from Afflecks - Manchester's leading independent market.

CHIEF EXECUTIVE'S REPORT (CONTINUED)

For the Year Ended 30 September 2019

Last year we announced the acquisition in April 2018 of the former Kellogg's Building in a joint venture with Trafford Borough Council, and our exciting plans to redevelop this iconic building into an education facility. University Academy 92 (UA92) officially opened its doors on the 19 September 2019. The plans for the site continue to evolve, with a large-scale residential proposal of mixed use, including housing, primary school, offices and public realm space recently announced.

In October 2019, we extended the existing joint venture partnership with Trafford Council to acquire Stretford Mall and Stamford Quarter in Altrincham for £50m, with a focus on town centre development to evolve the communities in town centres and the contribution they play in supporting cities to thrive.

In March 2018 we agreed a £45m forward funding deal with Aviva Investors for a prominent site within the Circle Square development on the former BBC site. Covering a total area of 432k sq ft, the development at Plot 14 will feature a 158-bed hotel and multi-storey car park, offering parking for 1,014 vehicles. The multi-storey car park and hotel topped out in October 2019, and is due for completion in August 2020.

Development has continued at pace within the Bruntwood SciTech portfolio, with work on the commercial offering at Circle Square on Manchester's Oxford Road progressing through the year and significant lettings progress also seen. Hewlett Packard Enterprises completed a 20,000 pre-let at No1 Circle Square while KPMG's solutions and digital team established a new innovation hub at the Manchester Technology Centre. Bruntwood SciTech announced in May that No.3 Circle Square, a 220,000 sq ft 15-storey commercial building, will be brought forward with plans to commence on site in March 2020.

Citylabs 2.0 topped out in September 2019. Set for completion in 2021, the building will be home to global molecular diagnostics company QIAGEN, creating a new globally-leading precision medicine campus. Following the success of Citylabs 1.0 and 2.0, we're bringing forward the development of Citylabs 4.0 to create further capacity for the campus.

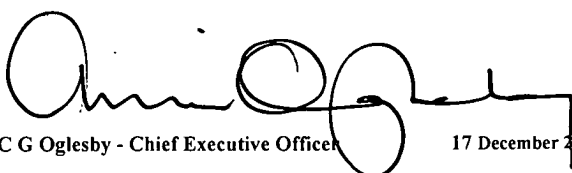
At Alderley Park, a £10m investment into new biology and chemistry labs was announced, a new coworking space - No1 Mereside - opened and the new gym and sports complex launched at the end of October 2019. The 150,000 sq ft re-development of Glasshouse at Alderley Park completed in November 2019; offering coworking, serviced, managed and leased space for forward-thinking, innovative businesses it will provide a new tech hub for the campus when it officially launches in February 2020.

In July, Bruntwood SciTech was appointed preferred bidder to acquire a 25% shareholding in Sciointec Liverpool, alongside existing partners - Liverpool City Council, the University of Liverpool and Liverpool John Moores University. This partnership will see Bruntwood SciTech support the exponential growth of the city region including the refurbishment and expansion of Liverpool Science Park and the planned development of 160,000 sq ft No5 Paddington Village.

Our plans to build on the existing Innovation Birmingham campus acquired in April 2018 continued with the announcement in September of a new 120,000 sq ft commercial building on the campus. The 11-storey 'Enterprise Wharf' will provide much needed expansion and grow on space for the campus' digital tech scale-ups as well as providing space for larger companies from the sector.

July saw Bruntwood SciTech secure a landmark £185m green funding deal to fund the next phases of development at Circle Square and 1.7m sq ft of the existing portfolio including Alderley Park, Manchester Science Park, Manchester Technology Centre and Platform. We are very grateful for the continued support of our funders: RBS, Barclays, Santander, HSBC, Lloyds, Aviva, Legal and General, the NW Evergreen Fund, Trafford Borough Council and all the investors in our Retail Bond. The strength, depth and breadth of all of our funders is key to the ongoing performance of our business and our flexible customer proposition is only possible due to it being reflected in their approach to lending. Our ability to recycle capital raised from asset disposals and the value added to our investment and development portfolios enabled us to continue to invest in our core product and thrive.

Finally, being commercially successful means we can continue to contribute more through the Oglesby Charitable Trust, putting back into our cities and communities and building stronger, more vibrant places. This in turn stimulates and attracts better businesses creating a virtuous circle, that we believe will help Create Thriving Cities across the North and Midlands.



C G Oglesby - Chief Executive Officer

17 December 2019

STRATEGIC REPORT**For the Year Ended 30 September 2019****BUSINESS OVERVIEW**

Bruntwood was set up 43 years ago and is now a leading regional property company. The business develops, owns and manages a portfolio of commercial property across Greater Manchester, Leeds, Liverpool and Birmingham. The business has always taken a long-term view of investment and has derived real value in working across the whole property ownership lifecycle. Bruntwood has a deep commitment to the success of the cities in which it operates, playing an important part in their growth - economically and socially. Creating thriving cities has always been at the heart of the business's ambitions. The focus on our customers has been a key part of the Bruntwood offer, innovating and providing services and experiences ahead of the market throughout our 43-year history. The focus on flexible products, the ability to support individual businesses as they grow and create a true sense of business community is central to our proposition. The business's 850 colleagues across Bruntwood Group and Bruntwood SciTech and unique culture are arguably Bruntwood's greatest asset. The approach to insourcing and growing talent provides real competitive advantage, allowing us to get close to customers and deliver what they need when they need it.

In 2012 Bruntwood began to create specialist facilities for science and technology businesses, first as majority shareholder at Manchester Science Park and then through its ownership of Alderley Park. This has become a significant part of the business and opportunity for growth and a new Joint Venture, Bruntwood SciTech, was created with Legal and General Capital in September 2018. The JV has ambitious growth plans and alongside Bruntwood Works, which is rapidly evolving our city centre proposition and creating deep rooted business communities, the Group has plans that would see growth in assets under management from £1.4bn to £2.7bn over the next five years. The business continues to grow new opportunities in new markets and these grow from our experience of creating partnerships, particularly with academic and clinical institutions and local government. These will create further new business models of their own over time.

The Bruntwood Group brings together both Bruntwood SciTech, Bruntwood Works, development and delivery functions and group strategy. The business model - comprised of our purpose, brand and values, products, commercial and operational models and systems and processes - are almost entirely common across the group. This creates the greatest efficiency and allows each area of the business to gain from the expertise and activity of the others. The group has a series of strategic priorities to support the division plans of Bruntwood Works and Bruntwood SciTech plus new business opportunities. These are to:

- Support successful cities where businesses want to start up, grow and move to and people want to live
- Create brilliant spaces and places that deliver services customers can't live without
- Work smarter to deliver on our customer promise and help colleagues to get things done
- Strengthen our unique culture building on a long history of being a purpose led business.

The business has delivery priorities to support these which set ambitious targets and goals, for example delivering:

- Sustainability strategy and meeting our commitment to be net zero carbon by 2030 and related targets on waste, recycling, energy and water use
- Digital strategy that will support customers and colleagues
- An ambitious diversity and inclusion agenda building on the good platform that already exists.

REVIEW OF THE BUSINESS

Financial highlights for the year ended 30 September 2019 are:

- Profit before tax of £51.8m (2018: £116.3m)
- Shareholders' Funds increase of 7.7% to £614.1m (2018: £570.1m)
- Turnover up 16.3% to £160.1m (2018: £137.7m)
- Gearing of 48.7% (2018: 47.1%)

The group has had another very successful year across all of our core markets with over 355,000 sq ft of leasing transactions taking place in the period. The group secured over 70% of customers at lease break or expiry.

The profit before tax figured in 2018 was largely driven by a record revaluation gain of £127.4m as a result of the value added through our development activity and our business operating higher up the risk curve than we had traditionally operated. Following the de-leveraging of the business, and sharing of some of our development pipeline with LGC via the sale of 50% of Bruntwood SciTech, our revaluation gain this year has fallen to less spectacular £32.0m. The 16.3% growth in turnover is as a result of both increased occupancy and headline rents across the portfolio, and an increase in development income, recognised in line with progress on the Circle Square MSCP and Hotel. Shareholders fund's have increased 7.7% on 2018, based on the profit generated in the year, less dividends paid of £4.2m.

STRATEGIC REPORT (CONTINUED)**For the Year Ended 30 September 2019****REVIEW OF BUSINESS (CONTINUED)**

In February 2019, Bruntwood Works announced the £50m transformational refurbishment programme across selected Pioneer buildings in Manchester, offering the full product stack of meeting rooms, co-working, serviced space and leased space as well as market leading innovations and amenity. Investment of over £4.5m was announced at 111 Piccadilly in July 2019, with an external lighting scheme, the first co-working space in Europe to be accredited with the WELL Building Standard by The International WELL Building Institute. The launch of Blackfriars House refurbishment of £5.5m followed in September 2019, with a focus on bringing out the heritage of the building introducing new ground floor coworking and independent coffee shop new serviced space and a rooftop restaurant and terrace. The wider Pioneer refurbishment programme will continue to bring customer focused designs, product and amenity to the portfolio across Manchester, Cheshire, Liverpool, Leeds and Birmingham over the next 24 months.

The development of Hatch over the last twelve months is the first step in providing a major boost to the Oxford Road Corridor community; previously underserved in terms of great independent retail, food and drink. This summer, Hatch expanded from 2,840 sq ft to 11,840 sq ft and from 8 to 35 repurposed shipping containers, occupying space which was previously a derelict car park. Flexible and affordable licenses mean new ventures launch regularly, giving visitors a fresh experience every time. A curated live music and events programme makes Hatch a fixture for the night time economy too.

Over the last two years we've been working in a joint venture partnership with Trafford Council to regenerate the former Kellogs Site, which the new university, UA92 is a part of. UA92 officially opened its doors on the 19 September 2019, the building is just over 100,000 sq ft with just over half of this occupied in the first phase of the development. The opening marks a culmination of two years of hard work since the project was announced in September 2017. Along the way, UA92 has been supported by numerous individuals and organisations, and the event brought many of them together to celebrate this milestone occasion including Gary Neville and the Class of 92. The former Kellogs Site, home to UA92, is continuing to be developed. At 10 acres, these development plans are focused around a large scale residential proposal of mixed use, including housing, primary school, offices and public realm space.

In October 2019, Bruntwood Works extended the existing joint venture partnership with Trafford Council to acquire Stretford Mall and Stamford Quarter in Altrincham for £50m with a focus on town centre development to evolve the communities in town centres and the contribution they play in supporting cities thrive. This was as a direct result of the successful UA92 joint venture with the development of K Site.

In Stretford 300,000 sqft of retail space exists, with the long term vision for Stretford to create a new neighbourhood, with homes and a new "old fashioned" high street at its heart. The commitment is there to engage with the local community throughout this scheme to ensure the space created can be used by all. Altrincham has seen a real resurgence over the last few years, and in partnership with Trafford Council we have acquired the Stamford Quarter to create a strong retail presence over 300,000 sq ft, new homes, and new commercial space by circa 100k sq ft linking nicely with the long term investment in the area at Station House. This now means the retail portfolio has more than doubled in size from 8 to 20%.

The Circle Square multi-storey car park and hotel topped out in October 2019, work began in March 2019 on the 1,900 tonne steelwork. The first ten floors of the 16 storey building, located on Princess Street, will encompass a 1,014 space car park, with a 158bed hotel located on top of the car park. They are due for completion in August 2020.

In the Manchester SciTech portfolio, Manchester Technology Centre is now 90% let and is home to over 26 digital tech businesses working in Cybersecurity, Blockchain, FinTech and AI. Both No1 and No2 Circle Square achieved a Platinum Wired Score rating this year and celebrated topping out in November 2019. The first two commercial buildings are due for completion along with the city's newest and largest urban park for generations, 'Symphony Park' in Summer 2020. In July, a public exhibition and consultation took place, ahead of a formal planning application being submitted to Manchester City Council in November 2019, to bring forward the 220,000 sq ft, 15 storey No3 Circle Square. Due for completion in spring 2022, No3 Circle Square will provide much needed additional Grade A, BREEAM 'Excellent' commercial space in the city.

At Alderley Park demand and lettings interest remains strong. Now home to over 200 companies the focus is on growing and scaling the current customer base to expand the ecosystem as well as attracting larger, more established businesses from the life sciences and biotech sectors. Recent customer expansions include Seda Pharmaceuticals, Phastar (Vivos Technology), Helios Medical Communications and Spirit Medical Communications. There is currently a pipeline of lettings interest of over 240,000 sq ft and work continues to promote Alderley Park on a national and international scale. 45 businesses have been through the Alderley Park Accelerator and the mentor network has now expanded to over 220 mentors. 27 businesses have received investment from the Greater Manchester and Cheshire Life Sciences Fund since its launch at the Park in 2015; along with a further ten companies receiving funding from Alderley Park Ventures Ltd.

STRATEGIC REPORT (CONTINUED)**For the Year Ended 30 September 2019****REVIEW OF BUSINESS (CONTINUED)**

The 150,000 sq ft re-development of Glasshouse at Alderley Park completes in December with an official launch scheduled for the new year. Offering coworking, serviced, managed and leased space for forward-thinking, innovative businesses it will provide a new tech hub for the campus. Software developers Smart Analytics are one of eight businesses to have committed to the building already. A new gym and sports complex also launched in the year, together with a new coworking space at No1 Mereside.

Plans were submitted in September for the next phase of the masterplan for Manchester Science Park, which will see the existing 13,000 sq ft Base building redeveloped into an 80,000 sq ft purpose-built home for materials sciences, energy technology, engineering technology and light manufacturing businesses. Due for completion in 2022, Base will provide a dedicated MakerSpace with workshop space to produce prototypes or modify existing products, along with coworking and serviced space for startups, and larger leased spaces for small and medium-sized businesses, which will also include a roof terrace.

12 months on from launch, the Tech Hub serviced space at Platform is at 96% occupancy and demand for coworking from digital tech businesses in the city remains strong. There are now over 80 companies based in the Tech Hub working in areas such as Digital Health, Software Development, Consultancy, FinTech and Gaming all of which have access to Bruntwood SciTech's programme of business support to help them scale successfully. Platform has also been the temporary home of Channel 4 since May 2019 in advance of their relocation to and expansion in the city.

In July, Bruntwood SciTech was appointed preferred bidder to acquire a 25% shareholding in Sciotech Liverpool, alongside existing partners - Liverpool City Council, the University of Liverpool and Liverpool John Moores University. This partnership will see Bruntwood SciTech support the exponential growth of the city region including the refurbishment and expansion of Liverpool Science Park and the planned development of 160,000 sq ft No5 Paddington Village.

Following a public consultation in July, plans were submitted for the development of a new 120,000 sq ft commercial building at the Innovation Birmingham campus. The 11-storey 'Enterprise Wharf' will provide much needed expansion and grow on space for the campus' digital tech scale-ups as well as providing space for larger companies from the sector. Due for completion in 2022, the building will be the first new build on the campus since Bruntwood's acquisition; offering a range of coworking, serviced and leased space as well as two roof terraces, it will double the size of the campus taking it to over 250,000 sq ft.

KEY PERFORMANCE INDICATORS

The Group measures performance using a number of financial and non-financial performance measures. Key measures are discussed below, the majority of which can be derived directly from the financial statements.

- Deliver a sustainable, low double-digit shareholder return over time, via a combination of both income and capital returns, whilst generating positive cash flows for reinvestment and asset growth. In 2019, we returned 8.4%, being a dividend of £4.2m and net worth growth of 7.7% from £570.1m to £614.1m. Compared to 13.2% in 2018, being a dividend of £40.0m and net worth growth of 5.8% from 539.0m to 570.1m.
- Maintain appropriate levels of gearing and net debt, whilst delivering growth within the Group. Gearing stood at 48.7% in 2019 compared to 47.1% in 2018. Net debt was £474.0m compared to £441.0m.
- Improve relationships with customers and strive for increases in net promoter scores. Our Bruntwood Group net promoter score for 2019 was 38, which was our first year measured under new methodology, hence there are no comparable historic figures. A positive net promoter score is a good result, our target for 2020 is to increase this to greater than 40.

PRINCIPAL RISKS AND UNCERTAINTIES

The primary operating risks for the Group centre around the micro economic supply and demand drivers affecting the markets in which it operates. These are primarily the level of customer demand for commercial property (which in turn is dependent on the economic success of the city regions) which dictates occupancy and rental levels, the investor demand for property which dictates the value put on those rental levels and the supply of property which is a function of the level of development activity. In turn these micro factors are impacted by the macro factors in the wider economy, particularly levels of GDP, inflation and interest rate levels. With demand and supply in a more balanced position than the business has ever seen, headline rents continue to inflate and concessions have reduced in the past year, with encouraging signs that this will continue. The main caveat is the potential impact of the Brexit negotiations and Geopolitical uncertainty on UK GDP and subsequent demand for property, however with low interest rates and the supply and demand in balance, our markets look well set to withstand any future challenges from macro factors.

STRATEGIC REPORT (CONTINUED)**For the Year Ended 30 September 2019****PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)**

The directors consider the Group's concentration of offices in strategic city regions to be one of its key strengths. The Group has 43 years of focused experience within this market that allows it to react quickly to changing market conditions and customer needs. The directors believe that the scale of the business, its flexible approach to customers, and enhanced service offer provides a competitive advantage and enables the Group to pro-actively mitigate these risks. With an ambitious plan to grow the business it remains important that the Group continues with its policy of investing in its people and systems and encouraging innovation and creativity in its approach.

As with any property company that is substantially debt-financed the directors consider one of the key financial risks to be the ability of the group to meet the covenant requirements of all borrowing facilities, and to successfully refinance borrowing facilities at their maturity date. The directors regularly review compliance with the covenants and the group is proud that it has not breached any financial covenant in its 43-year history.

45% of the group's borrowing facilities have three or more years until expiry, and only 11% of the Group's borrowing expires in the next 12 months, where we are well advanced with our plans for refinancing these amounts. The continued success of the group in securing new facilities, its ability to diversify sources and tenure of funding and the close relationships with all of its current lenders give the directors confidence that these financing risks will continue to be mitigated effectively.

ENVIRONMENT AND SUSTAINABILITY

Our purpose of creating thriving cities shapes everything we do as a business at Bruntwood. We are committed to acting as a catalyst for growth in the regions we operate, investing in vibrant, culturally rich experiences and places. Every year, the Bruntwood group and the Oglesby family shareholders donate over 10% of annual distributable profits to meet these aims (assessed by the directors to be gross profit net of administrative expenses). This year that figure is £5,137,000 (2018: £4,604,000). These donations have supported activities across our regions, including projects based around the environment, the arts, medical research, education and tackling social inequality.

As a business, we can only help to create thriving cities if we deliver sustainable and environmentally-conscious spaces that support the wellbeing of our customers, communities and colleagues. That's why we are embedding a culture of sustainability across all our ways of working in order to limit our impact on global warming and mitigate the effects of climate change.

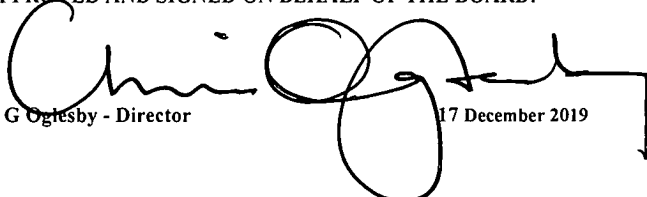
In October 2018, Bruntwood became the first commercial property partner to join the Net Zero Carbon Commitment, dedicating ourselves to operating at net zero carbon by 2030. Along with this commitment, we will also be advocating others to do the same by helping our customers and communities become more aware of their carbon emissions, and supporting them to take action.

Working with the Carbon Trust, we have developed our own science based targets, creating a 'carbon budget' for the business to support the Paris Agreement global target of restricting global warming to 1.5°C above pre-industrial levels. There will be a reduction in our carbon emissions, creating positive benefits for health outcomes and air quality. We'll see a new approach to both construction and office waste, with more circular economy principles, recycling and reduced waste to landfill, and our water usage will be reduced.

The Bruntwood Group partners with ambitious environmental, arts and cultural organisations that make a positive change to our communities. Partnerships include bluedot, Grand Union, Leeds International Festival, InnovateHer and Enterprise Nation.

As well raising money for our nominated charities, Bruntwood colleagues have also donated over 2,800 hours (2018: 2,300) of their time through Cares Days, volunteering in their local communities. By donating their time, skills and talents to the regions and communities we operate in, our colleagues are helping our cities to continue to thrive.

APPROVED AND SIGNED ON BEHALF OF THE BOARD:


C G Oglesby - Director 17 December 2019

REPORT OF DIRECTORS

For the Year Ended 30 September 2019

The directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 30 September 2019.

GOING CONCERN

After making enquiries, the directors believe that the Group 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. Further details regarding the adoption of the going concern basis can be found in note 1 of the financial statements.

EVENTS AFTER THE BALANCE SHEET DATE

Details of significant events since the balance sheet date are contained in note 27 to the financial statements.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The Group does not use derivative financial instruments for speculative purposes.

i. Cash flow risk

The Group's activities expose it primarily to the financial risks of changes in interest rates. Exposure to interest rate risk is managed in two ways, firstly by securing low borrowing margins and secondly by hedging the Group's variable interest rate exposure.

ii. Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

iii. Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses a mixture of long-term and short-term debt finance.

DIVIDENDS

A dividend of £4.2m (2018: £40.0m) was paid during the year.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 October 2018 to the date of this report (except where stated).

M J Oglesby (deceased 21 November 2019)

C G Oglesby

K J Vokes

REPORT OF DIRECTORS (CONTINUED)
For the Year Ended 30 September 2019

DIRECTORS' INDEMNITIES

The company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

EMPLOYEES

The group employed an average of 759 people during the year ended 30 September 2019 (2018: 715). Further details of employment costs can be found in the notes to the financial statements.

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group and the company. Corporate and colleague communications continued to develop throughout the financial year, through the increasing use of Universe. Generally, business-wide updates have also increased in frequency including external activity round-ups, monthly CEO updates and monthly customer activity summaries.

This year the Group has launched a new Diversity & Inclusion strategy which articulates our genuine commitment to becoming a workplace known for being truly diverse, where all colleagues' unique backgrounds, perspectives, voices, experiences and ideas are championed and encouraged. Ambitious yet achievable targets have been set around having a gender balanced workforce, an age balanced workforce and an increase in our BAME and colleagues with disability population. A programme is underway to support the achievement of these targets.

The senior leadership team meet on a quarterly basis, and the use of colleague learning groups (groups of peers who meet regularly and share experiences and expertise, as well as working collaboratively to improve Bruntwood, our ways of working and our culture), have continued to prove successful during the year.

In November 2018 our updated purpose and values were launched at the all-colleague event (Thrive). In November this year Thrive 2019 gathered the business's senior leaders to outline strategy and plans for the year ahead, with a programme of smaller follow up Thrive events especially tailored to parts of the business on-going.

All employees are eligible to join the group's contributory pension scheme. The group's all employee share ownership scheme is open to all employees who have completed one year of employment. Each year the company sets aside reserves out of profits to meet these liabilities, at 30 September 2019 the cumulative value amounted to £4.0m (2019: £3.6m).

HEALTH & SAFETY

Across the Group a program of continuous improvement is implemented to reduce health and safety risks in all buildings on a prioritised basis to ensure cost effective and pragmatic risk management. There is a rolling program of required statutory inspections and risk assessments to ensure safe buildings for our customers, employees, contractors and visitors. All employees receive tailored health and safety training to undertake their role to minimise the risk of adverse health effects or injury. The reporting of all incidents including near-misses and hazard identification is encouraged in order to learn lessons wherever possible. Despite the wide range of refurbishment, development and facilities management activities undertaken by Bruntwood and its contractors there have been no Prohibition or Improvement Notices issued during the year by the Health & Safety Executive.

REPORT OF DIRECTORS (CONTINUED)
For the Year Ended 30 September 2019

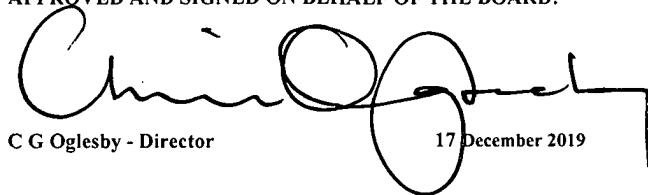
AUDITOR

Each of the directors at the date of approval of this report confirms that:

- (i) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- (ii) the directors have taken all the steps that they ought to have taken as a director to make themselves 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 2006. Deloitte LLP has indicated its 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.

APPROVED AND SIGNED ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'C G Oglesby', is written over a horizontal line. The signature is stylized with large loops and a long horizontal stroke at the end.

C G Oglesby - Director

17 December 2019

DIRECTORS' RESPONSIBILITIES STATEMENT
For the Year Ended 30 September 2019

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 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 group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRUNTWOOD GROUP LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Bruntwood Group Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 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.

We have audited the financial statements which comprise: the consolidated profit and loss account, the consolidated and parent company balance sheets, the consolidated and parent company statements of changes in equity, the consolidated cash flow statement and the related notes 1 to 27.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRUNTWOOD GROUP LIMITED (CONTINUED)

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the report of the directors have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the report of the directors.

Matters on which we are required to report by exception

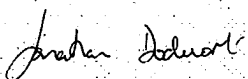
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 respect of these matters.

Use of our report

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



Jonathan Dodworth (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Statutory Auditor

Manchester

United Kingdom

17 December 2019

BRUNTWOOD GROUP LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the Year Ended 30 September 2019

	Note	2019 £000	2018 £000
TURNOVER	3	160,066	137,653
Cost of sales		<u>(98,779)</u>	<u>(77,598)</u>
GROSS PROFIT		61,287	60,055
Administrative expenses		<u>(23,572)</u>	<u>(35,964)</u>
OPERATING PROFIT		37,715	24,317
Share of results of joint ventures		3,777	226
Gain on revaluation of investment property		31,940	127,377
(Loss)/gain on interest rate derivatives		(3,256)	5,986
Loss on revaluation of listed investments		-	(308)
Other exceptional profit/(loss)	6	579	(12,023)
Gain/(loss) on the sale of investment properties	6	2,364	(105)
PROFIT BEFORE INTEREST AND TAX		73,119	145,244
Net interest payable	7	<u>(21,321)</u>	<u>(28,913)</u>
PROFIT BEFORE TAXATION	5	51,798	116,331
Tax on profit	8	(2,695)	(9,443)
PROFIT FOR THE FINANCIAL YEAR		<u>49,103</u>	<u>106,888</u>
Total comprehensive income for the year attributable to			
Non- controlling interest		-	9,208
Equity shareholders of the company		<u>49,103</u>	<u>97,680</u>
		<u>49,103</u>	<u>106,888</u>

CONTINUING OPERATIONS

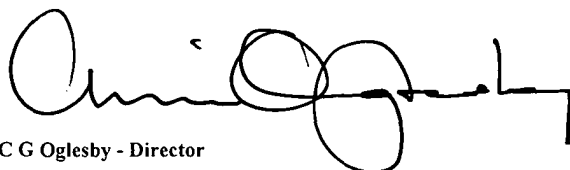
All of the above relate to continuing operations.

There are no items of other comprehensive income in the current or prior year and therefore no separate statement of comprehensive income has been presented.

CONSOLIDATED BALANCE SHEET
As at 30 September 2019

	Note	2019 £000	2018 £000
FIXED ASSETS			
Intangible assets	11	83	118
Tangible assets	12	973,664	935,736
Investments	13		
- Investment in Joint Ventures		112,124	104,280
		1,085,871	1,040,134
CURRENT ASSETS			
Debtors: amounts receivable within one year	15	102,805	64,482
Debtors: amounts receivable after more than one year	15	30,782	39,376
Developments in progress		-	12,217
Cash at bank and in hand		17,142	14,046
		150,729	130,121
CREDITORS: amounts falling due within one year	17	(159,950)	(125,234)
NET CURRENT (LIABILITIES) / ASSETS		(9,221)	4,887
TOTAL ASSETS LESS CURRENT LIABILITIES		1,076,650	1,045,021
CREDITORS: amounts falling due after more than one year	18	(444,586)	(459,559)
PROVISIONS FOR LIABILITIES	20	(17,956)	(15,327)
NET ASSETS		<u>614,108</u>	<u>570,135</u>
CAPITAL AND RESERVES			
Called up share capital	22	50,582	50,645
Share premium	22	1,491	1,491
Capital redemption reserve	22	11,580	11,489
Other reserve	22	(32,841)	(32,841)
Profit and loss account	22	583,296	539,351
SHAREHOLDERS' FUNDS		<u>614,108</u>	<u>570,135</u>

The financial statements of Bruntwood Group Limited, company number 02825044, were approved by the Board of Directors on 17 December 2019 and signed on its behalf by:



C G Oglesby - Director

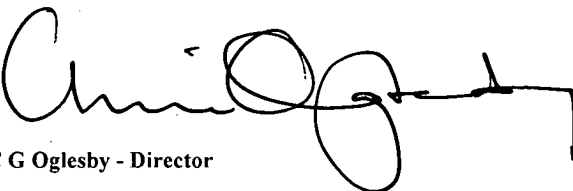
BRUNTWOOD GROUP LIMITED

COMPANY BALANCE SHEET
As at 30 September 2019

	Note	2019 £000	2018 £000
FIXED ASSETS			
Investments	13	55,048	55,048
CURRENT ASSETS			
Debtors	15	5,823	16,296
Cash		1	1
		<hr/>	<hr/>
		5,824	16,297
CREDITORS: amounts falling due within one year	17	(1,172)	(7,503)
		<hr/>	<hr/>
NET CURRENT ASSETS		4,652	8,794
		<hr/>	<hr/>
NET ASSETS		<u>59,700</u>	<u>63,842</u>
CAPITAL AND RESERVES			
Called up share capital	22	50,582	50,645
Share premium	22	1,491	1,491
Capital redemption reserve	22	6,442	6,351
Profit and loss account	22	1,185	5,355
SHAREHOLDERS' FUNDS		<u>59,700</u>	<u>63,842</u>

The profit for the financial year dealt with in the financial statements of the parent company was £988k (2018:£14.0m).

The financial statements of Bruntwood Group Limited, company number 02825044, were approved by the Board of Directors on 17 December 2019 and signed on its behalf by:


C G Oglesby - Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2019

	Called up share capital £000	Share premium £000	Capital redemption reserve £000	Other reserves £000	Profit and loss account £000	Non- controlling interest £000	Total equity £000
At 1 October 2017	50,683	1,304	11,390	(32,841)	482,631	25,812	538,979
Profit for the financial year	-	-	-	-	97,680	9,208	106,888
Total comprehensive income	-	-	-	-	97,680	9,208	106,888
Disposal of non-controlling interest	-	-	-	-	-	(35,020)	(35,020)
Dividends paid	-	-	-	-	(39,960)	-	(39,960)
Share buy back	(99)	-	99	-	(1,000)	-	(1,000)
Share issue	61	187	-	-	-	-	248
At 30 September 2018 and 1 October 2018	<u>50,645</u>	<u>1,491</u>	<u>11,489</u>	<u>(32,841)</u>	<u>539,351</u>	<u>-</u>	<u>570,135</u>
Profit for the financial year	-	-	-	-	49,103	-	49,103
Total comprehensive income	-	-	-	-	49,103	-	49,103
Dividends paid	-	-	-	-	(4,158)	-	(4,158)
Share buy back	(91)	-	91	-	(1,000)	-	(1,000)
Share issue	28	-	-	-	-	-	28
At 30 September 2018	<u>50,582</u>	<u>1,491</u>	<u>11,580</u>	<u>(32,841)</u>	<u>583,296</u>	<u>-</u>	<u>614,108</u>

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2019

	Called up share capital £000	Share premium £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
At 1 October 2017	50,683	1,304	6,252	32,315	90,554
Profit for the financial year	-	-	-	14,000	14,000
Total comprehensive income	-	-	-	14,000	14,000
Dividends paid	-	-	-	(39,960)	39,960
Share buyback	(99)	-	99	(1,000)	(1,000)
Share issue	61	187	-	-	248
At 30 September 2018 and 1 October 2018	<u>50,645</u>	<u>1,491</u>	<u>6,351</u>	<u>5,355</u>	<u>63,842</u>
Profit for the financial year	-	-	-	988	988
Total comprehensive income	-	-	-	988	988
Dividends paid	-	-	-	(4,158)	(4,158)
Share buyback	(91)	-	91	(1,000)	(1,000)
Share issue	28	-	-	-	28
At 30 September 2019	<u>50,582</u>	<u>1,491</u>	<u>6,442</u>	<u>1,185</u>	<u>59,700</u>

CONSOLIDATED CASH FLOW STATEMENT
For the Year Ended 30 September 2019

	Note	2019 £000	2018 £000
Net cash inflow from operating activities	23	19,390	19,640
Taxation paid		(455)	(9,378)
Net cash generated from operating activities		18,935	10,262
Cash flows (used in) / from investing activities			
Purchase of investments		-	(847)
Investment in joint venture		(4,067)	(6,612)
Acquisition of subsidiary		-	(429)
Disposal of subsidiary		718	103,079
Disposal of development land		5,500	23,054
Disposal of tangible fixed assets		12,357	40,836
Purchase of tangible fixed assets		(20,966)	(60,426)
Loan to joint venture		(20,142)	-
Net cash flows (used in) /from investing activities		(26,600)	98,655
Cash flows from financing activities			
Share buyback		-	(751)
Net interest paid		(18,654)	(25,714)
Dividends paid		(4,158)	(39,960)
Repayment of short term loan		-	(24,253)
Repayment of medium term bank loan		(7,806)	(81,153)
Repayment of long term bank loan		(2,967)	(2,847)
Draw down of existing short term borrowings		4,825	3,258
Draw down of existing medium term loan		40,000	50,000
New short term borrowings		-	8,854
Draw down of existing loans		-	2,500
Expenses incurred on loans		(479)	(1,180)
Net cash flows (used in) / from financing activities		10,761	(111,246)
Net increase / (decrease) in cash and cash equivalents		3,096	(2,329)
Cash and cash equivalents at beginning of year		14,046	16,375
Cash and cash equivalents at end of year		17,142	14,046

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 September 2019

1 ACCOUNTING POLICIES

General information and basis of preparation

The principal accounting policies adopted are described below. They have all been applied consistently throughout the current and preceding year.

Bruntwood Group Limited (the company) is a company incorporated in the United Kingdom under the Companies Act. The address of the company's registered office is shown on page 1.

The principal activities of the company and its subsidiaries (together the group) and the nature of the group's operations are set out in the Strategic Report on pages 4 to 7.

The company is a private company limited by shares and is registered in England and Wales.

The financial statements are prepared under the historical cost convention modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

Bruntwood Group Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to presentation of a cash flow statement.

The functional currency of the group is considered to be pounds sterling, because that is the currency of the primary economic environment in which the company operates. The consolidated financial statements are also presented in pounds sterling.

Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 4 to 7. The Strategic Report describes the financial position of the group; its borrowing facilities; its financial risk management objectives and its financial instruments and hedging activities.

As highlighted in note 19 to the financial statements, the group meets its funding requirements through a combination of overdraft facilities, bank loan facilities and a retail bond issue.

The loans within the group's subsidiaries are subject to loan to value and interest cover covenant tests. These covenants have been met in the current financial year and the forecasts do not project any breaches. They show adequate levels of headroom within the interest cover tests and the LTV covenants. At year end the group had £17.1m of cash deposits. The group's forecasts and projections, taking account of a number of possible changes in trading performance and potential future economic uncertainty, show that the group should be able to operate within the level of the current facilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended 30 September 2019

1 ACCOUNTING POLICIES (CONTINUED)

Going concern (continued)

The Group has, at the date of this report, sufficient existing financing available for its estimated requirements for at least the next 12 months. This, together with the proven ability to generate cash from trading activities, the performance of the Group's Strategic Portfolio, and its leading market positions and geographical spread, provides the directors with the confidence that the Group is well placed to manage its business risks successfully in the context of current financial conditions and the general outlook in the global economy. After reviewing the Group's annual budget, plans and financing arrangements for the next three years, the directors consider that the Group has adequate resources to continue operating, and provide the company with the resources to repay borrowing facilities maturing in the next 12 months.

Basis of consolidation

The group financial statements consolidate the financial results of Bruntwood Group Limited and its subsidiary undertakings drawn up to 30 September 2019. The results of subsidiary undertakings acquired or disposed of in the period are consolidated for the periods from or to the date on which control passed. Business combinations are accounted for under the purchase method. All intra-group transactions, balances, expenses and income are eliminated on consolidation.

Joint ventures

Joint ventures are accounted for using the gross equity method. The consolidated profit and loss account includes the group's share of the joint venture's operating profit, interest and tax while the group's net share of the assets and liabilities of the joint venture are shown in the consolidated balance sheet.

Turnover

Turnover represents property rental, service charge, associated income and the appropriate allocation of rental premiums, provided in the normal course of business, net of VAT. Turnover is accounted for on an accruals basis and amounts invoiced in advance relating to the next accounting period are included in deferred income within the balance sheet. Trading property sales are accounted for on a legal completion basis. Development income is recognised in accordance with construction contracts policy below.

Construction Contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is normally measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When costs incurred in securing a contract are recognised as an expense in the period in which they are incurred, they are not included in contract costs if the contract is obtained in a subsequent period.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended 30 September 2019

1 ACCOUNTING POLICIES (CONTINUED)

Intangible fixed assets - Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired is capitalised and written off on a straight line basis over its useful economic life.

Negative goodwill is included in the balance sheet and is credited to the profit and loss account in the periods in which the acquired non-monetary assets are recovered through depreciation or sale. Negative goodwill in excess of the fair value of the non-monetary assets acquired is credited to the profit and loss account in the periods expected to benefit.

Intangible fixed assets - Brands

Brands are included at cost and amortised in equal instalments over a 10-year period which is their estimated useful life. Provision is made for any impairment. No change has been made to the useful life of intangible assets previously amortised under UK GAAP as allowed by FRS 102 section 19, as the useful life assumed is deemed a reliable estimate.

Fixed assets (excluding investment properties)

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties, at rates calculated to write off the cost or valuation of each asset over its expected useful life, as follows:

- Fixtures, fitting & IT equipment 10% - 30% on cost; and
- Motor vehicles 25% - 30% on reducing balance.

Investment properties

Investment properties for which fair value can be measured reliably without undue cost and effort on an ongoing basis are measured at fair value annually with any change recognised in the profit and loss account.

Properties in the course of development are included in the balance sheet at cost subject to provisions if the directors deem relevant. Cost includes interest and directly attributable overheads whilst the property is in the course of development.

Disposal of investment properties

The profit or loss on disposal of investment properties are reported separately within the consolidated profit and loss, in accordance with Section 5 of FRS 102. Profit or loss is calculated as net proceeds less book value at the time of disposal. The profit or loss on disposal is recognised upon legal completion.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants relating to revenue are recognised in income over the period in which the related costs are recognised.

Government grants received in respect of operational fixed assets are credited to a deferred income account and released to the profit and loss account over the useful economic life of the asset to which they relate. Government grants received on the construction of investment properties are credit to a deferred income account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 30 September 2019

1 ACCOUNTING POLICIES (CONTINUED)**Provisions**

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

i. Warranties

Provisions for the expected cost of warranty obligations are recognised at the balance sheet date, at the directors best estimate of the expenditure required to settle the group's obligation.

Investments

Investments are shown in the accounts at cost less any provisions for impairment.

Current asset investments

Current asset investments are initially measured at cost then remeasured to fair value at each year end, with any gain or loss recognised in the profit and loss account.

Financial instruments

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument.

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 group after deducting all of its liabilities.

i. Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
For the Year Ended 30 September 2019

1 ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

ii. Derivative financial instruments

The group uses derivative financial instruments to reduce exposure to interest rate movements. The group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately. Hedge accounting for derivatives is not adopted.

iii. Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended 30 September 2019

1 ACCOUNTING POLICIES (CONTINUED)

Leases

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term. The transitional exemption available in respect of incentives offered for leases entered into before the date of transition to FRS 102 has been applied.

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

Rentals under operating leases are charge on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Pensions

The group makes discretionary contributions to personal pension plans in respect of all employees. The amount charged to the profit and loss account in respect of the pension cost are the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments on the balance sheet.

Taxation

Current UK corporation 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 recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended 30 September 2019

1 ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

Deferred tax assets and liabilities are offset only if: a) the group has a legally enforceable right to offset current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Bank borrowings and finance costs

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. In accordance with Section 11 of FRS 102, finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

Borrowing costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. Capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

Share-based payments

Fair value is measured by reference to the net assets of the group at year end less a discount for a non-controlling interest in a private company. The group has a choice to issue either cash-settled share-based or equity-settled share based payments to certain employees. Given the lack of readily available market for the shares they are accounted for as cash settled and as such a liability equal to the portion of the employment services received is recognised at the current fair value determined at each balance sheet date for cash-settled share-based payments.

Development in progress

Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts received as progress payments on account. Excess progress payments are included in creditors as payment on account. Cumulative costs incurred net of amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts, are included as long-term contract balances in stock.

Service charge

Service charges are collected from customers quarterly in advance to enable the sharing of costs of common services in buildings between more than one occupier. Service charge collections and associated expenditure are held on the balance sheet and reconciled annually. Part of the service charge collected from customers over the duration of their lease is to fund large scale maintenance projects in buildings. This collection to fund service charge major projects is held on the balance sheet, and at any time a building can be in a surplus or deficit position depending on the level of collection or works required.

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended 30 September 2019

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty

Investment Properties

A key source of estimation uncertainty relates to the valuation of investment properties, where a valuation is obtained annually, either by professionally qualified external valuers, or by the group's own internal qualified staff. The evidence to support these valuations is based primarily on recent, comparable market transactions on an arm's length basis. Key assumptions applied to the valuations are inherently subjective and so are subject to a degree of uncertainty, the key assumptions applied are described in further detail below.

A key driver of the property valuations is the terms of the leases in place at the valuation date. These determine the cash flow profile of the property for a number of years. The valuation assumes adjustments from these rental values to current market rent at the time of the next rent review (where a typical lease allows only for upward adjustment) and as leases expire and are replaced by new leases. The current market level of rent is assessed based on evidence provided by the most recent relevant leasing transactions and negotiations.

The nominal equivalent yield is applied as a discount rate to the rental cash flows which, after taking into account other input assumptions such as vacancies and costs, generates the market value of the property. The equivalent yield applied is assessed by reference to market transactions for similar properties and takes into account, amongst other things, any risks associated with the rent uplift assumptions. The net initial yield is calculated as the current net income over the gross market value of the asset and is used as a sense check and to compare against market transactions for similar properties. The valuation outputs, along with inputs and assumptions, are reviewed to ensure these are in line with what a market participant would use when pricing each asset. The reversionary yield is the return received from an asset once the estimated rental value has been captured on today's assessment of market value.

Value of investment property as at 30 September 2019 is £963.6m (2018: £930.0m). Further information can be found in note 12.

Critical Accounting Judgements

The directors do not consider there to be any critical accounting judgements in preparing these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended 30 September 2019

3 TURNOVER

	2019	2018
	£000	£000
Rental and related income	93,416	87,614
Service charge income	22,568	25,166
Property services income	19,753	13,981
Development income	24,329	6,546
Net development land disposal proceeds	-	938
Net Alderley Park investment property disposal	-	3,408
	<u>160,066</u>	<u>137,653</u>

All turnover arises from the group's principal activity in the United Kingdom and excludes Value Added Tax. Items billed in advance/arrears are carried forward/carried back in order that the revenue is recognised in the period in which the service is provided.

4 INFORMATION REGARDING DIRECTORS, KEY MANAGEMENT PERSONNEL AND EMPLOYEES

	2019	2018
	£000	£000
Directors' remuneration		
Emoluments	<u>619</u>	<u>709</u>

Remuneration of the highest paid director:

Emoluments	<u>435</u>	<u>488</u>
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	2019	2018
	£000	£000
Key management personnel remuneration		
Emoluments	<u>2,442</u>	<u>2,624</u>

The number of directors and key management personnel who:

Had awards receivable in the form of shares under a long term incentive scheme	<u>8</u>	<u>8</u>
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	Average	Average
	2019	2018
Average monthly number of persons employed (including directors)		
Administration and management	484	424
Customer service staff	<u>275</u>	<u>291</u>
	<u>759</u>	<u>715</u>

The company itself has no employees, other than the directors.

	2019	2018
	£000	£000
Staff costs during the year (including directors)		
Wages and salaries	24,594	24,736
Social security costs	2,505	2,633
All Employee Share Ownership Plan	1,165	1,592
Executive Share Option Plan	-	3,362
Pension costs	<u>1,078</u>	<u>846</u>
	<u>29,342</u>	<u>33,169</u>

The directors of Bruntwood Limited are considered by the group to be key management personnel. Bruntwood Limited is the direct 100% owed subsidiary of Bruntwood Group Limited.

Share-based payments

The company runs, for all employees after a qualifying period of service, an All Employee Share Ownership Plan (AESOP), which provides for the granting of shares on an annual basis for all eligible members of staff based upon performance targets.

In respect of the above schemes the group has recorded liabilities at the intrinsic values of £2.4m (2018: £8.0m) which are included in creditors due within one year (note 17) and £1.6m (2018: £1.9m) which are included in creditors due after more than one year (note 18).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended 30 September 2019

5 PROFIT BEFORE TAXATION

	2019 £000	2018 £000
Profit before taxation is stated after (charging)/crediting:		
Depreciation	(1,453)	(2,032)
Amortisation of intangible assets	(35)	(35)
Rent paid on operating leases	(745)	(900)
Increase in market value of share options	(1,165)	(5,725)
Loss on disposal of fixed assets	(109)	(176)
Gain on revaluation of investment properties	31,940	127,377
Loss/(gain) on interest rate derivatives	(3,256)	5,986
Loss on revaluation of listed investments	-	(308)
Gain/(loss) on the sale of investment properties	2,364	(105)
Write down of receivables	(1,102)	(171)
 The analysis of auditor's remuneration is as follows:		
Fees payable to the company's auditor for the audit of the company's annual accounts	10	9
Fees payable to the company's auditor and their associates for other services to the group		
- The audit of the company's subsidiaries pursuant to legislation	192	294
Non-audit fees		
- Other non-audit fees	85	448

In 2018 £303k of the non-audit fees related to corporate finance services, the remainder was in relation to real estate services. All non-audit fees in 2019 are in relation to real estate services.

The disclosures above are for the group. The company is not required, in its individual financial statements, to disclose separately information about fees for non-audit services provided to the company because the consolidated financial statements are required to disclose such fees on a consolidated basis.

6 EXCEPTIONAL PROFIT / (LOSS)**Additional consideration of the sale of subsidiary undertakings**

Following the sale of the group's 50% share holding in Bruntwood SciTech Limited on 29 September 2018 on completion of the final balance sheet additional consideration of £0.6m was received.

Gain on sale of investment properties

During the year the group disposed of two properties: St Christopher House and Oriel Chambers for combined gross proceeds of £12.8m. The profit on disposal of £0.4m represents proceeds net of all disposal costs minus the book value on disposal.

Gain on sale of land

During the year the group disposed of land; gross proceeds of £5.5m were received, profit on disposal of £1.9m was recognised representing proceeds net of book value on disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended 30 September 2019

7 FINANCE COSTS (NET)

	2019	2018
	£000	£000
Investment income		
Deposit account interest	227	1,688
Commitment fees	-	32
	<u>227</u>	<u>1,720</u>
Interest payable and similar expenses		
Bank loans and overdraft	5,939	14,709
Amortisation of finance costs	2,618	2,989
Interest payable on retail bonds maturing 2020	3,000	3,000
Interest payable on loans maturing 2021	510	174
Interest payable on loans maturing 2022	5,435	5,530
Interest payable on loans maturing December 2031	3,957	3,954
Other bank/ financing charges	89	277
	<u>21,548</u>	<u>30,633</u>
Finance costs (net)	<u>21,321</u>	<u>28,913</u>

8 TAX ON PROFIT

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2019	2018
	£000	£000
Corporation tax		
Group taxation payable tax based on profit for the year	-	-
Adjustments in respect of prior years - group	66	(72)
Total current tax	66	(72)
Deferred tax		
Timing differences, origination and reversal	1,869	10,192
Adjustments in respect of previous periods	760	(677)
Total deferred tax charge	2,629	9,515
Tax charge on profit	<u>2,695</u>	<u>9,443</u>

Factors affecting the tax charge

The tax assessed for the year is lower (2018: lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2019	2018
	£000	£000
Profit on ordinary activities before tax	<u>51,798</u>	<u>116,331</u>
Tax on profit on ordinary activities at standard rate of 19.0% (2018: 19.0%)	9,842	22,103
Factors affecting the charge:		
Disallowable expenses/(Non-taxable income)	379	707
Recognition of capital losses available to offset unrealised revaluation gains	(5,853)	4,838
Adjustment to tax charge in respect of previous periods - current	66	(72)
Adjustment to tax charge in respect of previous periods - deferred	760	(677)
Difference in tax rate	(219)	(1,199)
Differences on chargeable gain calculations not recognised in deferred tax	(1,556)	(16,251)
Joint venture profits	(743)	-
UK dividend income	-	(6)
Interest receivable / (payable) in tax computation not in accounts	19	(141)
Group relief surrendered for nil payment	-	141
Total tax charge for the year	<u>2,695</u>	<u>9,443</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended 30 September 2019

8 TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

The Government announced that it intends to reduce the rate of corporation tax to 17% with effect from 1 April 2020. This legislation has been given effect by Finance Bill 2016 which was substantively enacted on 6 September 2016. Accordingly, all deferred tax assets and liabilities have been calculated on the basis that they reverse in future at the 17% rate. Bruntwood Group Limited is a 100% UK domiciled group.

9 PROFIT OF THE PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £988k (2018: profit £14m). The audit fee payable has been borne by another group company and not recharged.

10 DIVIDENDS PAID

	2019	2018
	£000	£000
Final dividends paid on ordinary shares at 10p per share (2018: 79p per share)	3,918	39,720
Final dividends paid on equity preference shares	240	240
	<u>4,158</u>	<u>39,960</u>

11 INTANGIBLE FIXED ASSETS

Group	Goodwill	Brands	Negative goodwill	Total
	£000	£000	£000	£000
COST				
At 1 October 2018 and 30 September 2019	<u>308</u>	<u>151</u>	<u>(5,462)</u>	<u>(5,003)</u>
AMORTISATION				
At 1 October 2018	258	83	(5,462)	(5,121)
Amortisation for year	20	15	-	35
At 30 September 2019	<u>278</u>	<u>98</u>	<u>(5,462)</u>	<u>(5,086)</u>
NET BOOK VALUE				
At 30 September 2019	<u>30</u>	<u>53</u>	<u>-</u>	<u>83</u>
At 30 September 2018	<u>50</u>	<u>68</u>	<u>-</u>	<u>118</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended 30 September 2019

12 TANGIBLE FIXED ASSETS

Group	<u>Investment properties</u>		Fixtures, fittings & IT	Motor	Total
	Freehold £000	Long leasehold £000	equipment £000	vehicles £000	
COST OR VALUATION					
At 1 October 2018	714,815	214,735	14,970	819	945,339
Additions	5,357	11,974	5,478	-	22,809
Disposals	(11,732)	(3,527)	(169)	(329)	(15,757)
Revaluation	23,086	8,854	-	-	31,940
At 30 September 2019	<u>731,526</u>	<u>232,036</u>	<u>20,279</u>	<u>490</u>	<u>984,331</u>
DEPRECIATION					
At 1 October 2018	-	-	9,147	456	9,603
Charge for year	-	-	1,378	75	1,453
Disposals	-	-	(137)	(252)	(389)
At 30 September 2019	<u>-</u>	<u>-</u>	<u>10,388</u>	<u>279</u>	<u>10,667</u>
NET BOOK VALUE					
At 30 September 2019	<u>731,526</u>	<u>232,036</u>	<u>9,891</u>	<u>211</u>	<u>973,664</u>
At 30 September 2018	<u>714,815</u>	<u>214,735</u>	<u>5,823</u>	<u>363</u>	<u>935,736</u>

The historical cost of the group properties at the year end is £629.2m (2018: £638.2m) for freehold properties and £183.2m (2018: £174.7m) for leasehold properties. Other fixed assets are stated at cost.

Investment properties includes capitalised interest in aggregate amounting to £23k (2018: £nil)

The freehold and leasehold investment properties held by the group at 30 September 2019 were valued as at 30 September 2019 by our external valuers Knight Frank LLP and Jones Lang LaSalle Limited. The valuations were undertaken in accordance with 'Red Book Principles' and were conducted on the basis of Market Value. The process included an independent senior partner review.

The Directors' Valuation Panel of the company also undertook a detailed valuation appraisal of all of the group's properties on a customer by customer basis using the same methodology as the external valuer and concur with their valuation of the portfolio which has been adopted in these accounts. The Directors' Valuation Panel comprises of the following:

C G Oglesby, Chief Executive Officer, Bruntwood Limited, qualified as a Chartered Surveyor in 1993 and has 30 years' experience in the property investment industry.

K J Crotty, Chief Financial Officer, Chartered Accountant, has 17 years' experience in the property investment industry.

Investment properties are valued by adopting the 'investment method' of valuation. This approach involves applying capitalisation yields to current and future rental streams net of income voids arising from vacancies or rent-free periods and associated running costs. These capitalisation yields and future rental values are based on comparable property and leasing transactions in the market using the valuers' professional judgement and market observation. Other factors taken into account in the valuations include the tenure of the property, tenancy details and ground and structural conditions. For further information please see note 2.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended 30 September 2019

12 TANGIBLE FIXED ASSETS (CONTINUED)

Group

Fixed assets, included in the above, which are held under hire purchase contracts or finance leases are as follows:

	Motor vehicles £000
COST	
At 1 October 2018	747
Disposals	(283)
At 30 September 2019	<u>464</u>
DEPRECIATION	
At 1 October 2018	392
Disposals	74
Charge for year	(209)
At 30 September 2019	<u>257</u>
NET BOOK VALUE	
At 30 September 2019	<u>207</u>
At 30 September 2018	<u>355</u>

13 INVESTMENTS

Group

	AESOP Investment in own shares £000
COST	
At 1 October 2018	1,014
Shares allotted in year	-
At 30 September 2019	<u>1,014</u>
PROVISIONS/ (ACCRETION)	
At 1 October 2018	(1,014)
Shares allotted in year	-
At 30 September 2019	<u>(1,014)</u>
NET BOOK VALUE	
At 30 September 2019 and 30 September 2018	<u>-</u>
	Investment in Joint Ventures £000
Share of net assets as at 1 October 2018	104,280
Investment into joint ventures in the year	4,067
Share of profit for the year	3,777
Share of net assets at 30 September 2019	<u>112,124</u>

A detailed analysis of the Group's share of results of joint ventures is not provided as they are not material to the Group.

Tangible fixed assets held by Bruntwood SciTech Limited Group amount to £445.6m (2018: £335.3m) and Trafford Bruntwood LLP £20.2m (2018: £12.8m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended 30 September 2019

13 INVESTMENTS (CONTINUED)

Company	Shares in subsidiaries 2019 £'000
COST AND NET BOOK VALUE	
At 1 October 2018 and at 30 September 2019	<u>55,048</u>

Subsidiaries	Country of incorporation	Activity	Effective Proportion of ordinary shares held	
Afflecks Ltd	England and Wales	Shopping Emporium Management	100% *	^
Building Sustainability Services Limited	England and Wales	Utility metering company	100% *	^
Bruntwood 2000 Alpha Portfolio Ltd	England and Wales	Property investment	100% *	^
Bruntwood 2000 Beta Portfolio Ltd	England and Wales	Property investment	100% *	^
Bruntwood 2000 Fourth Properties Ltd	England and Wales	Property investment	100% *	^
Bruntwood 2000 Holdings Ltd	England and Wales	Holding company	100% *	^
Bruntwood 2000 (NW Regen) Ltd	England and Wales	Property investment	100% *	^
Bruntwood Albert Square Limited	England and Wales	Property investment	100% *	^
Bruntwood AV Holdings Limited	England and Wales	Holding company	100% *	^
Bruntwood AV Limited	England and Wales	Property investment	100% *	^
Bruntwood Circle Square 14 Limited	England and Wales	Development company	100% *	^
Bruntwood Construction Limited	England and Wales	Construction company	100% *	^
Bruntwood Cornwall Street Limited	England and Wales	Property investment	100% *	^
Bruntwood Development Holdings Ltd	England and Wales	Holding company	100% *	^
Bruntwood (Didsbury TP) Limited	England and Wales	Development company	100% *	^
Bruntwood Energy Services Limited	England and Wales	Utility trading company	100% *	^
Bruntwood Estates Alpha Portfolio Ltd	England and Wales	Property investment	100% *	^
Bruntwood Estates Beta Portfolio Ltd	England and Wales	Property investment	100% *	^
Bruntwood Estates Holdings Ltd	England and Wales	Holding company	100% *	^
Bruntwood Estates Ltd	England and Wales	Holding company	100% *	^
Bruntwood MBS Retail Limited	England and Wales	Property investment	100% *	^
Bruntwood Management Services Ltd	England and Wales	Management company	100% *	^
Bruntwood Paragon A Limited	England and Wales	Dormant	100% *	^
Bruntwood Paragon B Limited	England and Wales	Dormant	100% *	^
Bruntwood RB Limited	England and Wales	Property investment	100% *	^
Bruntwood LG Holding Limited	England and Wales	Holding company	100% *	^
Bruntwood LG Limited	England and Wales	Property investment	100% *	^
Bruntwood MBS Developments Ltd	England and Wales	Property investment	100% *	^
Bruntwood Meeting Rooms Limited	England and Wales	Meeting room management company	100% *	^
Bruntwood Sixth Properties Limited	England and Wales	Property investment	100% *	^
Bruntwood Trafford Holdings Limited	England and Wales	Holding company	100% *	^
Chandlers Point Management Company	England and Wales	Management company	100% *	^
K Site Limited	England and Wales	Property investment	100% *	^
Manchester Gas and Power Limited	England and Wales	Utility trading company	100% *	^
Principal Agent Management Limited	England and Wales	Management company	100% *	^

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended 30 September 2019

13 INVESTMENTS (CONTINUED)

Joint Ventures	Country of incorporation	Activity	Effective Proportion of ordinary shares held	
3 Sovereign Square Holdings 1 LLP	England and Wales	Holding company	50% *	^^
3 Sovereign Square Holdings 2 LLP	England and Wales	Holding company	50% *	^^
3 Sovereign Square LLP	England and Wales	Property development	50% * 1	^^
Alderley Imaging Limited	England and Wales	Dormant	38% * 3	^
Alderley Park Holdings Limited	England and Wales	Holding company	38% * 3	^
Alderley Park Limited	England and Wales	Property investment	38% * 3	^
Birmingham Science Limited	England and Wales	Holding company	50% * 2	^
Birmingham Technology (Property) Limited	England and Wales	Dormant	50% * 2	^
Birmingham Technology (Property One) Ltd	England and Wales	Dormant	50% * 2	^
Birmingham Technology (Venture Capital) Ltd	England and Wales	Dormant	50% * 2	^
Bruntwood Circle Square 1 Limited	England and Wales	Development company	50% * 2	^
Bruntwood Circle Square 2 Limited	England and Wales	Development company	50% * 2	^
Bruntwood Circle Square 4 Limited	England and Wales	Development company	50% * 2	^
Bruntwood Circle Square 12 Limited	England and Wales	Development company	50% * 2	^
Bruntwood Circle Square 13 Limited	England and Wales	Development company	50% * 2	^
Bruntwood Platform Leeds Limited	England and Wales	Development company	50% * 2	^
Bruntwood Science Limited	England and Wales	Holding company	50% * 2	^
Bruntwood Scitech Ltd (formerly 2000 Ltd)	England and Wales	Holding company	50% *	^
Circle Square District Holdings Company Ltd	England and Wales	Holding company	50% * 5	^
Circle Square District Company Ltd	England and Wales	Property development	50% * 5	^^^
Circle Square Green Company Limited	England and Wales	Development company	50% * 2	^
Citylabs Ltd	England and Wales	Property investment	32% * 4	^
Citylabs 2.0 Ltd	England and Wales	Development company	32% * 4	^
Innovation Birmingham Limited	England and Wales	Property investment	32% * 2	^
Manchester Science Partnerships Limited	England and Wales	Property investment	32% * 4	^
Manchester Technopark Limited	England and Wales	Dormant	32% * 4	^
Mi Idea Ltd	England and Wales	Management company	32% * 4	^
Salford Innovation Park Ltd	England and Wales	Management company	32% * 4	^
Trafford Bruntwood LLP	England and Wales	Property development	50% *	^
Trafford Bruntwood (Clarendon House) LLP	England and Wales	Property development	50% *	^
Trafford Bruntwood (Stamford Quarter) LLP	England and Wales	Property investment	50% *	^
Trafford Bruntwood (Stretford Mall) LLP	England and Wales	Property investment	50% *	^
Associates				
AMR Centre Limited	England and Wales	Research and development	21% * 6	^^^

* These companies are held through Bruntwood Limited and its subsidiary companies

1 - Held via 50% investment in both 3 Sovereign Square Holdings 1 LLP and 3 Sovereign Square Holdings 2 LLP

2 - Held via 50% investment in Bruntwood Scitech Ltd (formerly Bruntwood 2000 Limited)

3 - Bruntwood Scitech Ltd holds a 76% investment in Alderley Park Holdings Ltd, and its 100% owned subsidiaries Alderley Park Ltd and Alderley Imaging Ltd

4 - Bruntwood Scitech Ltd holds a 64% investment in Manchester Science Partnerships Ltd, and its 100% owned subsidiaries; Citylabs Ltd, Citylabs 2.0 Ltd, Citylabs 3.0 Ltd, Manchester Technopark Ltd, Mi Idea Ltd and Salford Innovation Park Ltd

5 - Bruntwood Scitech Ltd holds a 50% investment in Circle Square District Holdings Company Ltd. Circle Square District Company Ltd is a 100% owned subsidiary of Circle Square District Holdings Company Ltd

6 - Held via Bruntwood Science Ltd, a 100% owned subsidiary of Bruntwood Scitech Ltd

^ registered address Union, Albert Square, Manchester, England, M2 6LW

^^ registered address: Tempsford Hall, Sandy, Bedfordshire, SG19 2BD

^^^ registered address: The Box, Horseshoe Lane, Alderley Edge, England, SK9 7QP

^^^^ registered address: 19b70 Alderley Park, Macclesfield, Cheshire, SK10 4TG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended 30 September 2019

13 INVESTMENTS (CONTINUED)

Audit exemption

The following subsidiary undertaking also consolidated at 30 September 2019 claimed exemption from audit under section 479A Companies Act 2006:

Subsidiaries	Country of incorporation	Activity	Effective Proportion of ordinary shares held
Bruntwood ORS Limited	England and Wales	Development company	100%

Preparation and Filing Exemption

The following subsidiary undertakings also consolidated at 30 September 2019 claimed exemption from preparation of individual company accounts under section 394A Companies Act 2006:

Subsidiaries	Country of incorporation	Activity	Effective Proportion of ordinary shares held
Bruntwood Paragon A Limited	England and Wales	Dormant	100%
Bruntwood Paragon A Limited	England and Wales	Dormant	100%

During the year the group set up newly incorporated companies Bruntwood MBS Retail Limited and Bruntwood Trafford Holdings Limited.

Bruntwood Trafford Holdings Limited subsequently entered into 3 joint partnerships with Trafford Borough Council, investing jointly in Trafford Bruntwood (Clarendon House) LLP, Trafford Bruntwood (Stamford Quarter) LLP and Trafford Bruntwood (Stretford Mall) LLP. Further information is given in note 14.

3 Sovereign Square Holdings 1 LLP, 3 Sovereign Square Holdings 2 LLP and 3 Sovereign Square LLP are joint venture partnerships with Kier Property Developments Limited. Circle Square District Holdings Company Limited and Circle Square District Company Limited are joint venture partnerships with Affinity Living Limited. Trafford Bruntwood LLP is a joint venture partnership with Trafford Borough Council.

14 ACQUISITION OF SUBSIDIARY UNDERTAKINGS

On 19 July 2019 the Group set up newly incorporated Bruntwood MBS Retail Limited.

On 3 July 2019 the Group set up newly incorporated Bruntwood Trafford Holdings Limited.

Subsequently, on 4 July 2019 Bruntwood Trafford Holdings Limited entered into 3 joint venture partnerships with Trafford Borough Council, investing jointly in Trafford Bruntwood (Clarendon House) LLP, Trafford Bruntwood (Stamford Quarter) LLP and Trafford Bruntwood (Stretford Mall) LLP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended 30 September 2019

15 DEBTORS

	Group		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade debtors	23,497	29,245	-	-
Amounts owed by related parties (note 26)	683	275	275	275
Amounts owed by group undertakings	-	-	5,548	16,021
Amounts owed by joint venture undertaking (note 26)	21,721	32	-	-
Corporation tax debtor	458	67	-	-
Other debtors and prepayments	56,446	34,613	-	-
	<u>102,805</u>	<u>64,482</u>	<u>5,823</u>	<u>16,296</u>
Amounts falling due after more than one year:				
Amounts owed by related parties (note 26)	-	2,433	-	-
Derivative financial instruments (note 21)	-	1,063	-	-
Other debtors	30,782	35,880	-	-
	<u>30,782</u>	<u>39,376</u>	<u>-</u>	<u>-</u>
	<u>133,587</u>	<u>103,858</u>	<u>5,823</u>	<u>16,296</u>

The balance due from group undertakings is unsecured, interest free and repayable on demand.

16 DEVELOPMENTS IN PROGRESS

	Group	
	2019	2018
	£000	£000
Developments in progress	<u>-</u>	<u>12,217</u>

17 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
Trade creditors	8,328	9,659	-	-
Other loans (note 19)	52,972	-	-	-
Amounts owed to related parties (note 26)	1,114	7,450	1,114	7,453
Other creditors including taxation and social security	29,656	32,049	-	-
Accruals and deferred income	67,461	73,625	8	-
Amounts owed to joint venture undertaking	419	2,451	-	-
Amounts owed to group undertakings	-	-	50	50
	<u>159,950</u>	<u>125,234</u>	<u>1,172</u>	<u>7,503</u>

The balance due to group undertakings is unsecured, interest free and repayable on demand.

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

	Group		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
Bank loans (note 19)	198,903	165,293	-	-
Other loans (note 19)	239,315	289,748	-	-
Derivative financial instruments (note 21)	2,194	-	-	-
Other creditors	4,174	4,518	-	-
	<u>444,586</u>	<u>459,559</u>	<u>-</u>	<u>-</u>

Included within other creditors is an amount relating to the share option schemes amounting to £1.6m (2018: £1.9m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended 30 September 2019

19 LOANS

An analysis of the maturity of loans is given below:

	2019	Group
	£000	2018
	£000	£000
Amounts falling due within one year or on demand:		
Bonds maturing July 2020	50,000	-
Loan facility fees	(158)	-
Other loans maturing May 2020	3,130	-
	<u>52,972</u>	<u>-</u>
Amounts falling due between one and two years:		
Other loans maturing May 2020	-	2,260
Bonds maturing July 2020	-	50,000
Loan facility fees	-	(351)
Other loans maturing May 2021	10,679	-
Loan facility fees	(96)	-
	<u>10,583</u>	<u>51,909</u>
Amounts falling due between two and five years:		
Other loans maturing May 2021	-	6,612
Loan facility fees	-	(157)
Bank loans maturing April 2022	200,491	168,297
Loan facility fees	(1,588)	(3,004)
Loans maturing December 2022	117,652	119,752
Loan facility fees	(624)	(817)
	<u>315,931</u>	<u>290,683</u>
Amounts falling due in greater than five years:		
Loans maturing December 2031	113,192	114,059
Loan facility fees	(1,488)	(1,610)
	<u>111,704</u>	<u>112,449</u>

The group's five-year syndicated bank loan is secured via a first fixed charge over the commercial property held by Bruntwood 2000 Beta Portfolio Limited, Bruntwood Estates Beta Portfolio Limited, Bruntwood Estates Alpha Portfolio Limited, Bruntwood 2000 Alpha Portfolio Limited, Bruntwood Cornwall Street Limited, Bruntwood Albert Square Limited and Bruntwood 2000 (NW Regen) Limited. There is also a downstream parental guarantee from Bruntwood Estates Holdings Limited. The margin attached to this facility is 2%.

On 11 November 2019 the group amended its five-year syndicated loan agreement with its banking club. This amendment saw an increase in the facility from £218.3m to £240.0m. As part of the amendment the commercial property held by MBS Retail Limited was added to the fixed charge. Of the available facility £200.5m was drawn at 30 September 2019 (2018: £168.3m).

On 3 May 2018 K Site Limited entered into a new £12.3m three-year facility, with the option to extend by a further two years. Of the available £12.3m facility, £10.7m is drawn at 30 September 2019 (2018: £6.6m). The margin attached to this facility is 4%.

On 16 May 2018 Bruntwood (Didsbury TP) Limited agreed a development facility with the North West Evergreen Fund providing development finance for the Didsbury Technology Park Phase 1 new build. £3m is drawn at September 2019 (2018: £nil). Interest is incurred at 2.8% over the EU reference rate.

The group also has the use of an overdraft facility agreed with The Royal Bank of Scotland with a maximum limit of £7.5m. This is secured by way of a floating charge over the assets of Bruntwood Estates Beta Portfolio Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended 30 September 2019

20 PROVISIONS FOR LIABILITIES

	2019 £000	Group 2018 £000
Deferred tax		
Capital allowances in excess of depreciation	20,558	20,030
Other short-term timing differences	(966)	(1,286)
Tax losses carried forward	(1,263)	(3,598)
Property revaluations	35,082	29,422
Derivative contracts	(373)	181
Capital losses	(35,082)	(29,422)
	<u>17,956</u>	<u>15,327</u>

	Deferred tax £000
At 1 October 2018	15,327
Provided during year	1,869
Adjustment in respect of prior years	760
At 30 September 2019	<u>17,956</u>

The amount of deferred tax not provided on capital losses is £2.4m (2018: £11.0m).

21 DERIVATIVE FINANCIAL INSTRUMENTS

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the reporting date:

	Average contract		Notional principal value		Fair value	
	2019 %	2018 %	2019 £000	2018 £000	2019 £000	2018 £000
Less than 1 year	-	3.44%	-	175,370	-	(222)
1 to 2 years	-	-	-	-	-	-
2 to 5 years	1.06%	1.06%	180,000	180,000	(2,194)	1,285
			<u>180,000</u>	<u>355,370</u>	<u>(2,194)</u>	<u>1,063</u>

Interest rates swaps

On 15 October 2018 £175m of a £200m five-year interest rate swap at a rate of 3.437% expired. As at 30 September 2019 the principal value of the swap is £nil (2018: £175m).

The group continues to hold a forward start swap at a rate of 1.055% maturing on 31 March 2022, to hedge the floating rate funding. In line with the Facility Agreement, the swap has been split at origination such that £45m has been allocated to each bank involved in the facility. As at 30 September 2019 the principal value of such swaps is £180m (2018: £180m).

The group will settle the difference between the fixed and floating interest on a net basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended 30 September 2019

22 CALLED UP SHARE CAPITAL AND RESERVES

Group and company

Allotted, issued and fully paid:

Number:	Class:	Nominal Value:	2019 £	2018 £
20,935,095	Non-voting 'C' Ordinary shares	£1	20,935,095	21,025,944
28,515,632	Non-voting 'D1' Ordinary D1 shares	£0.99	28,230,476	28,230,476
31,316,309	D2' Ordinary Shares	£0.01	313,163	285,156
1,013,501	Non-voting 'A' Ordinary shares	£1	1,013,501	1,013,501
40,000	Non-voting 'A' Preference shares	£1	40,000	40,000
50,000	Non-voting 'B' Preference shares	£1	50,000	50,000
			<u>50,582,235</u>	<u>50,645,077</u>

During the year the company completed a share issue of 2,800,709 ordinary A shares at £0.01.

During the year the company completed a share buy back of 90,849 ordinary C shares at £1, the shares were also cancelled.

The group and company's other reserves are as follows:

The profit and loss reserve represents cumulative profit or losses, including unrealised profit on the remeasurement of investment properties, net of dividends paid and other adjustments.

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The capital redemption reserve represents consolidated profit and loss reserves considered to be non-distributable and therefore capitalised in prior years arising predominantly through group acquisitions and reconstructions.

The group's other reserve is as follows:

The other reserve arose on consolidation following the group reconstruction that took place on in 2012. It represented the difference between the nominal value of the shares issued by the company and the nominal value of the shares issued by its subsidiary in the share for share exchange.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 30 September 2019

23 RECONCILIATION OF PROFIT BEFORE INTEREST AND TAX TO CASH GENERATED BY OPERATIONS

	2019	2018
Group only	£000	£000
Profit before interest and tax	73,119	145,224
Adjustment for:		
Depreciation	1,453	2,032
Amortisation of intangible assets	35	35
Loss on revaluation of investments	-	308
Gain on revaluation of investment properties	(31,940)	(127,377)
Movement in fair value of derivative instruments	3,256	(5,986)
Gain on disposal of investment properties	(391)	(3,304)
Gain on disposal of development land	(1,973)	(938)
Loss on disposal of fixed assets	109	-
Other exceptional (profit) / loss	(579)	12,023
Impairment of goodwill	-	375
Share of results of joint ventures	(3,777)	(226)
Operating cash flow before movement in working capital	39,312	22,186
Decrease / (increase) in developments in progress	12,217	(13,439)
Increase in debtors	(8,189)	(21,592)
(Decrease) / increase in creditors	(23,950)	32,485
Cash generated by operations	19,390	19,640

24 FINANCIAL COMMITMENTS AND OPERATING LEASES

At 30 September 2019, the group had amounts contracted for but not provided for of £16.5m for capital expenditure (2018: £17.3m).

At 30 September 2019, total minimum lease payments under non-cancellable operating leases are as follows:

	2019	2018
Leases which expire:	£000	£000
Within one year	884	759
Within two to five years	3,535	3,036
After five years	81,895	79,153
	86,314	82,948

At 30 September 2019 the future minimum lease payments receivable under non-cancellable operating leases:

	2019	2018
	£000	£000
Within one year	45,218	45,748
Within two to five years	74,877	74,290
After five years	45,891	43,927
	165,986	163,965

25 ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

Bruntwood Group Limited is the ultimate parent company of the largest group of which the company is a member and for which group financial statements are drawn up. The ultimate controlling party is considered by the directors to be C G Oglesby, close members of his family and Oglesby family trusts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended 30 September 2019

26 RELATED PARTY TRANSACTIONS

The group has taken advantage of the exemption, under the terms of Section 33 FRS 102 not to disclose related party transactions with wholly owned subsidiaries within the group.

Following the sale of 50% of the share capital of Bruntwood SciTech Limited on 29 September 2018, the Bruntwood SciTech Limited Group of companies were no longer wholly owned by Bruntwood Group Limited and as such were not covered by the section 33 exemption from this date. There were no transactions with related parties from this date to 30 September 2018.

During the year ended 30 September 2019 the group entered into the following transactions with Bruntwood SciTech Group companies, related parties by nature of the Group holding a 50% share in Bruntwood SciTech Limited and its associated subsidiaries:

Income receivable in respect of service level agreements for the provision of facilities management, utilities supply, fixed recharges in respect of overheads and project and development management;

	2019 £000	2018 £000
Alderley Park Limited	9,093	-
Bruntwood Circle Square 1 Limited	3,311	-
Bruntwood Circle Square 2 Limited	142	-
Bruntwood Circle Square 4 Limited	184	-
Bruntwood Platform Leeds Limited	2,555	-
Bruntwood Science Management Services Limited	3,461	-
Circle Square District Holdings Company Ltd	259	-
Circle Square Green Company Limited	16	-
Citylabs 2.0 Limited	141	-
Citylabs 4.0 Limited	883	-
Citylabs Limited	1,012	-
Innovation Birmingham Limited	1,125	-
Manchester Science Partnerships Limited	5,576	-
MI-IDEA Limited	23	-

Expenses payable in respect of service charge expenditure incurred on behalf of Bruntwood Group companies and internal rent payable;

Alderley Park Limited	2,497	-
Bruntwood Circle Square 1 Limited	80	-
Bruntwood Platform Leeds Limited	44	-
Bruntwood Science Management Services Limited	382	-
Circle Square District Company Ltd	261	-
Citylabs Limited	41	-
Innovation Birmingham Limited	87	-
Manchester Science Partnerships Limited	393	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended 30 September 2019

26 RELATED PARTY TRANSACTIONS (CONTINUED)

During the year the group received income from Trafford Bruntwood LLP of £988k, a related party due to the Group's 50% share in the LLP. Income received was in respect of development and management fees earned.

During the year the group received income from 3 Sovereign Square LLP of £27k, a related party due to the Group's 50% share in the LLP. Income received was in respect of utilities supply.

During the year expenses were payable to 3 Sovereign Square LLP of £77k in respect of the Group's share of empty property costs.

During the year the group received income from Roundthorn Group Pension and Life Assurance Scheme of £37k, a related party due to the schemes trustees Mr M J Oglesby, Mr C G Oglesby and Ms K V Vokes all being directors of this company. Income received was in respect of utilities supply.

The following amounts with joint venture undertakings were outstanding at the reporting dates:

	Debtor 2019 £000	Creditor 2019 £000
3 Sovereign Square LLP	54	-
Alderley Park Limited	673	4
Bruntwood Circle Square 1 Limited	50	14
Bruntwood Circle Square 2 Limited	13	-
Bruntwood Circle Square 4 Limited	17	-
Bruntwood Platform Leeds Limited	26	39
Bruntwood Science Management Services Limited	259	0
Bruntwood SciTech Limited	20,101	-
Circle Square Green Company Limited	4	-
Citylabs 2.0 Limited	35	-
Citylabs 4.0 Limited	78	-
Citylabs Limited	0	41
Innovation Birmingham Limited	241	87
Manchester Science Partnerships Limited	98	233
MI-IDEA Limited	1	-
Trafford Bruntwood LLP	70	1
	2018 £000	2018 £000
Bruntwood Platform Leeds Limited	-	151
Bruntwood SciTech Limited	-	1,901
Trafford Bruntwood LLP	32	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended 30 September 2019

The following amounts with other related parties were outstanding at the reporting dates:

	Debtor 2019 £000	Creditor 2019 £000
Abney 2003 Limited		1,114
Roundthorn Group Pension and Life Assurance Scheme	-	-
The Oglesby Charitable Trust	408	-
Trafford Borough Council	275	10,679
	-	
	2018 £000	2018 £000
Abney 2003 Limited	-	7,450
Bruntwood Outsourced Properties Limited	-	2
Roundthorn Group Pension and Life Assurance Scheme	308	-
Select Property Group	2,125	-
The Oglesby Charitable Trust	275	-
Trafford Borough Council	-	6,612

Abney 2003 Limited is a related party due to its shareholding in this company.

The Oglesby Charitable Trust is a related party as the trustees include Mr M J Oglesby, Mr C G Oglesby and Ms K V Vokes all being directors of this company.

Bruntwood Outsourced Properties Limited is a related party as Mr M J Oglesby and Mr C G Oglesby are both directors and shareholders of the company.

Select Property Group is a related party as they are a shareholder in one of the Group's joint venture partnerships.

Trafford Borough Council is a related party due to being 50/50 joint venture partner in Trafford Bruntwood LLP. Interest of 4% plus EU reference rate was charged on the balance throughout the year and expensed to the profit and loss account.

All other related party balances are unsecured and do not accrue interest.

27 SUBSEQUENT EVENTS

In October 2019 the existing joint venture partnership with Trafford Council was extended to acquire Stretford Mall, Stamford Quarter and Clarendon House. In order to fund the Group's share of the investment a £26.9m loan was entered into with Trafford Borough Council, interest is accrued at 3.25% over the EU reference rate.