

BRUNTWOOD 2000 (NW REGEN) LIMITED
STRATEGIC REPORT, DIRECTORS' REPORT AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020



CONTENTS OF THE FINANCIAL STATEMENTS
For The Year Ended 30 September 2020

	Page
Company Information	1
Strategic Report	2
Directors' Report	4
Directors' Responsibilities Statement	6
Independent Auditor's Report	7
Statement of Income and Retained Earnings	9
Statement of Financial Position	10
Notes to the Financial Statements	11

BRUNTWOOD 2000 (NW REGEN) LIMITED

COMPANY INFORMATION

For The Year Ended 30 September 2020

DIRECTORS:

C G Oglesby
K J Crotty
A C Butterworth
C A Roberts
C Keeling
S M McKiernan

REGISTERED OFFICE:

Union
Albert Square
Manchester
M2 6LW

REGISTERED NUMBER:

06084210 (England and Wales)

AUDITOR:

Deloitte LLP
Statutory Auditor
Hill House
1 Little New Street
London
EC4A 3TR

BRUNTWOOD 2000 (NW REGEN) LIMITED

STRATEGIC REPORT

For The Year Ended 30 September 2020

The directors of Bruntwood 2000 (NW Regen) Limited (the 'company') present their annual report and audited financial statements of the company for the year ended 30 September 2020.

BUSINESS MODEL

The principal activity of the company in the year under review was that of service led provision of office and meeting rooms on a wide range of terms, to customers in both the private and public sector. The company, via a fellow subsidiary of the Bruntwood Group Limited group also provides an increasing range of related services including facilities management, energy supply and insurance.

The company is a wholly owned subsidiary of Bruntwood Estates Holdings Limited, which is itself a wholly owned subsidiary of Bruntwood Limited, and its ultimate parent is Bruntwood Group Limited. Both the intermediate parent company, Bruntwood Limited and the ultimate parent company produce consolidated accounts.

All Bruntwood companies are managed and controlled on a unified basis and trade under the single brand of Bruntwood. Whilst the directors take a responsible approach to the performance of each group and individual holding and subsidiary company, the results of these subsidiary companies can vary from time to time.

Details of the Group Business Model, and that of the subsidiaries are explained in more detail in the accounts of the intermediate parent Bruntwood Limited (co. reg. 06017744). A copy of its financial statements can be obtained from the Registered Office, Union, Albert Square, Manchester, Greater Manchester, M2 6LW.

STRATEGY, OBJECTIVES AND BUSINESS RISKS

The immediate strategic objectives of the company in support of those of the group as a whole are:

- Considering a city's eco-system and how our buildings fit into that landscape. We aim to reduce our environmental impact by designing, building and improving our district's buildings with sustainability at their core;
- Partnering with our customers and suppliers to provide brilliant spaces and communities that work well - always performing like part of their business and caring like part of their family;
- Contributing to our cities and communities through creating connections and using our finest assets - our spaces.

The key performance indicators of the company are:

- Delivering 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 2020, we returned a net worth decrease of 19.0% from -£1.8m to -£2.1m. Whilst measures have worsened on the prior year, these are indicative of the environment we are operating in, and our commitment to continue investing in our portfolio over the longer term;
- Maintain appropriate levels of gearing and net debt, whilst delivering growth. During the year £0.4m of the group retail bond issue was allocated to the company, no debt was associated with the company in 2019. At the reporting date net debt was 5.3%. The group retail bond issue will enable us to better diversify our funding base and create further headroom in our secured facilities; and
- Improve relationships with customers and strive for increases in net promoter scores. This is assessed at Bruntwood Group level. The net promoter score was 38 in October 2019. Net promoter scores range from -100 to 100, with a positive score being a good result. Our target going forward is to increase this, our next survey will be in 2021.

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 company and the group has maintained a track record of meeting all such requirements set by its lenders, throughout its history.

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, Bruntwood 2000 (NW Regen) Limited and Bruntwood MBS Retail 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. Of the available facility £190m was drawn at 30 September 2020 (2019: £200.5m)

The primary operating risks for the company centre around the macro level factors of the markets in which it operates, in particular the level of customer demand for commercial property, fluctuations in pricing, discount and lease term, and UK interest rate fluctuations.

BRUNTWOOD 2000 (NW REGEN) LIMITED

STRATEGIC REPORT

For The Year Ended 30 September 2020

The directors consider the concentrated ownership of offices in strategic city regions to be one of its key strengths. The company has over 40 years of focused experience within this market that allows it to react quickly to changing market conditions and customer needs. The company is customer focused and adopts a flexible approach that results in retention ratios envied within the industry.

FINANCIAL RISK MANAGEMENT OBJECTIVES & POLICIES

The company, by nature of its business, is exposed to financial risks. The financial risks of all Bruntwood companies are managed and controlled on a unified basis. Details of the Group's financial risk management objectives and policies are explained in more detail in the accounts of the ultimate parent Bruntwood Group Limited (company number: 02825044). A copy of its financial statements can be obtained from the Registered Office, Union, Albert Square, Manchester, Greater Manchester, M2 6LW.

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. For more information on the group's use of derivative financial instruments please see the financial statements of the ultimate parent company, Bruntwood Group Limited.

REVIEW OF THE YEAR

The sole property owned by the company has seen an increase in the occupancy rate to 87.4% as at 30 September 2020 (2019: 68%).

As shown in the company's statement of income and retained earnings, turnover for the year was £0.8m (2019: £0.8m). Loss before taxation was £0.3m (2019: profit of £0.1m) and profit after taxation was £0.33m (2019: profit of £0.01m).

The balance sheet of the financial statements shows that the company's net liabilities were £2.1m at 30 September 2020 (2019: £1.8m).

Details of amounts owed to the parent company are contained within the notes to the financial statements. There have been no significant events since the balance sheet date.

FUTURE DEVELOPMENTS

The directors continue to assess the impact of the Covid-19 pandemic on the company and its customers, for further information please see the accounts of the ultimate parent company, Bruntwood Group Limited (Company Number: 02825044). A copy of its financial statements can be obtained from the Registered Office, Union, Albert Square, Manchester, M2 6LW.

EMPLOYEES

The company has no employees other than the directors (2019: nil).

ENVIRONMENT & SUSTAINABILITY

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 1,299 hours (2019: 2,800) 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 BY:



K J Crotty - Director

25 March 2021

BRUNTWOOD 2000 (NW REGEN) LIMITED

DIRECTORS' REPORT

For The Year Ended 30 September 2020

The directors of Bruntwood 2000 (NW Regen) Limited (the 'company') present their annual report with the audited financial statements of the company for the year ended 30 September 2020.

In accordance with section 414C(11) of the Companies Act 2006, included in the strategic report is information relating to the future development of the business, financial risk management and events since the balance sheet date which would otherwise be required to be contained in the Directors' Report.

DIVIDENDS

No dividends are available for distribution for the year ended 30 September 2020 (2019: same).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 October 2019 to the date of this report.

C G Oglesby
K J Crotty
A C Butterworth
C A Roberts
C Keeling

Other changes in directors holding office are as follows:

R P Burgess - resigned 30 September 2020
S M McKiernan - appointed 30 September 2020

DIRECTORS' INDEMNITIES

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

GOING CONCERN

The directors continue to assess the impact of Brexit on the company, for further information please see the financial statements of the intermediate parent company, Bruntwood Limited (Company Number: 06017744). A copy of its financial statements can be obtained from the Registered Office, Union, Albert Square, Manchester, M2 6LW.

The directors have assessed the impact of the current uncertainty around Covid-19 on all aspects of the business, focussing specifically on operations and cashflows of the company and group. The company benefits from shared banking and treasury facilities with the group and has received a letter of support from the group and hence assessment of the ability of the entity to continue as a going concern has been performed at a group level (including stress-testing of forecasts). This stress-testing included assessing the levels of cash and available finance within the group assuming a very significant reduction in turnover on the basis of customer default or payment plans, reduced lettings and increased vacancies at break and expiry. This has been offset by factoring in identified and actioned savings in operational expenditure, and a review and cut of uncommitted capital expenditure where necessary.

The directors have also considered the ongoing availability of finance by modelling the impact on loan covenants of reduced income and significant decreases in valuations of properties. Even considering reasonably likely downside scenarios there are no covenant breaches forecast.

Based on reviewing these forecasts and sensitivities and having considered the support of the group the directors have concluded that the company is a going concern and accordingly have prepared the financial statements on this basis. Further details regarding the adoption of the going concern basis can be found in note 1 of the financial statements.

BRUNTWOOD 2000 (NW REGEN) LIMITED

DIRECTORS' REPORT

For The Year Ended 30 September 2020

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 director has 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 Statutory Auditor 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 BY:



K J Crotty - Director

25 March 2021

BRUNTWOOD 2000 (NW REGEN) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT For The Year Ended 30 September 2020

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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRUNTWOOD 2000 (NW REGEN) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Bruntwood 2000 (NW Regen) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 September 2020 and of its loss 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 statement of income and retained earnings;
- the statement of financial position; and
- the related notes 1 to 15.

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 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 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.

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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BRUNTWOOD 2000 (NW REGEN) LIMITED**

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

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

Matters on which we are required to report by exception

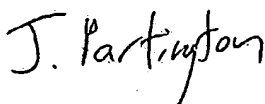
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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 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.



Jason Partington FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Hill House
1 Little New Street
London
EC4A 3TR

25 March 2021

BRUNTWOOD 2000 (NW REGEN) LIMITED**STATEMENT OF INCOME AND RETAINED EARNINGS**
For The Year Ended 30 September 2020

	Notes	2020 £'000	2019 £'000
TURNOVER	2	816	758
Cost of sales		<u>(845)</u>	<u>(528)</u>
GROSS (LOSS)/PROFIT		(29)	230
Administrative expenses		<u>(210)</u>	<u>(208)</u>
OPERATING (LOSS)/PROFIT	3	(239)	22
Loss/ (gain) on revaluation of investment properties		(46)	40
Interest payable and similar expenses	4	<u>(16)</u>	<u>-</u>
(LOSS)/PROFIT BEFORE TAXATION		(301)	62
Tax on (loss)/profit	5	<u>(33)</u>	<u>(57)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(334)	5
Retained earnings at beginning of year		<u>(1,758)</u>	<u>(1,763)</u>
RETAINED EARNINGS AT END OF YEAR		<u><u>(2,092)</u></u>	<u><u>(1,758)</u></u>

The notes form part of these financial statements

BRUNTWOOD 2000 (NW REGEN) LIMITED (REGISTERED NUMBER: 06084210)**STATEMENT OF FINANCIAL POSITION****30 September 2020**

	Notes	2020 £'000	2019 £'000
FIXED ASSETS			
Tangible assets	6	6,350	6,396
CURRENT ASSETS			
Debtors: amounts falling due within one year	7	170	225
Debtors: amounts falling due after more than one year	7	214	106
Cash at bank		65	114
		<u>449</u>	<u>445</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	8	<u>(8,123)</u>	<u>(8,268)</u>
NET CURRENT LIABILITIES		<u>(7,674)</u>	<u>(7,823)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(1,324)</u>	<u>(1,427)</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	9	(404)	-
PROVISIONS FOR LIABILITIES	11	<u>(364)</u>	<u>(331)</u>
NET LIABILITIES		<u>(2,092)</u>	<u>(1,758)</u>
CAPITAL AND RESERVES			
Called up share capital	12	-	-
Retained earnings		<u>(2,092)</u>	<u>(1,758)</u>
SHAREHOLDERS' FUNDS		<u>(2,092)</u>	<u>(1,758)</u>

The financial statements of company number 06084210 were approved by the Board of Directors and authorised for issue on 25 March 2021 and were signed on its behalf by:



K J Crotty - Director

The notes form part of these financial statements

BRUNTWOOD 2000 (NW REGEN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 30 September 2020

1. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standards 102 "The Financial Reporting Standards applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain land and buildings and in accordance with United Kingdom accounting standards.

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

Bruntwood 2000 (NW Regen) Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Directors' Report on pages 2 to 3.

The functional currency of the company is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

Going concern

After making enquiries, the directors believe that the company has adequate resources to continue in operational existence for at least 12 months from the approval date of these financial statements. The company participates in the group's centralised treasury function and so shares banking arrangements with its parent and fellow subsidiaries.

The directors have received confirmation that Bruntwood Limited ("Bruntwood"), the company's intermediate holding company, will continue to provide the necessary level of support to enable it to continue to operate for at least 12 months from the approval date of these financial statements. The net current liabilities position has been considered in the going concern assessment and it is mitigated by the letter of support from Bruntwood.

As referenced in the directors' report the directors have assessed the impact of the current uncertainty around Covid-19 on all aspects of the business, focussing specifically on the operations and cashflows of the company and group. In considering the ability of Bruntwood to provide any necessary support in the context of the uncertainties all property companies face as a result of the current economic climate, the directors have obtained an understanding of Bruntwood's forecasts, the continuing availability of its facilities and its strategic and contingent plans. The directors have stress-tested these forecasts assuming a significant reduction in turnover, offset by identified and actioned operational and capital expenditure savings. The availability of on-going finance has also been considered, modelling the impact on covenants of reduced income and decreases in property valuations. Even considering reasonably likely downside scenarios there are no covenant breaches forecast.

Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company, as a qualifying entity, has taken advantage of the following disclosure exemptions in preparing these financial statements, as the relevant disclosures are made in Bruntwood Group Limited's financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- o the requirements of Section 7 Statement of Cash Flows; and
- o the requirement of Section 33 Related Party Disclosures paragraph 33.7.

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 statement of financial position. Trading property sales are accounted for on a legal completion basis.

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 30 September 2020

1. ACCOUNTING POLICIES - continued

Financial instruments

Financial assets and financial liabilities are recognised when the Company 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 Company 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 Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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. 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 FINANCIAL STATEMENTS - continued
For The Year Ended 30 September 2020

1. ACCOUNTING POLICIES - continued

Taxation

Current UK corporation tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position 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 statement of financial position date. Timing differences are differences between the Company'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 statement of financial position 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 Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off 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 FRS 4, 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.

Critical accounting judgements

The Directors do not consider there to be any critical accounting judgements.

Key sources of estimation uncertainty

In the application of the company's accounting policies the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. This includes valuations of investment properties and fixed asset investments. 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 effects only that period, or in the period of revision and future period if the revision affects both current and future periods.

BRUNTWOOD 2000 (NW REGEN) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued**
For The Year Ended 30 September 2020**1. ACCOUNTING POLICIES - continued****Investment property**

A key source of estimation and uncertainty relates to the valuation of investment properties, where a valuation is obtained annually, either by professionally qualified external valuers, or by the company'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. However, the assumptions applied are inherently subject and so are subject to a degree of uncertainty. Property valuations are one of the principle uncertainties of the company when compared to carrying value. The value of investment property as at 30 September 2020 is £6.4m (2019: £6.4m). Further information can be found in note 6.

2. TURNOVER

	2020 £'000	2019 £'000
Rental and related income	660	518
Service charge income	156	240
	<u>816</u>	<u>758</u>

All turnover arises from the company's principal activity in the United Kingdom and excludes Value Added Tax.

3. OPERATING (LOSS)/PROFIT

The company has no employees other than the directors (2019: nil).

The directors received no remuneration from the company during the year, having been remunerated by another Group company. The amounts have not been recharged as apportionment between companies is not deemed practical (2019: nil).

The audit fee of £3,500 (2019: £3,500) was borne by another Bruntwood Group company and not recharged.

There were no non audit fees paid during the year (2019: nil).

4. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020 £'000	2019 £'000
Intercompany loan interest payable	15	-
Amortisation of finance costs	1	-
	<u>16</u>	<u>-</u>

5. TAXATION**Analysis of the tax charge**

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

	2020 £'000	2019 £'000
Deferred tax:		
Timing differences, origination and reversal	(13)	4
Adjustments in respect of prior years	8	53
Effect of change in tax rate	38	-
Total deferred tax	<u>33</u>	<u>57</u>
Tax on (loss)/profit	<u>33</u>	<u>57</u>

UK corporation tax has been charged at 19%.

BRUNTWOOD 2000 (NW REGEN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued For The Year Ended 30 September 2020

5. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £'000	2019 £'000
(Loss)/profit before tax	(301)	62
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	(57)	12
Effects of:		
Expenses not deductible for tax purposes	45	4
Differences on chargeable gain calculations not recognised in deferred tax	9	(8)
Adjustment in respect of prior years - deferred tax	8	53
Interest payable in tax computation not in accounts	(35)	(37)
Group relief surrendered for nil payment	23	33
Difference in tax rate	40	-
Total tax charge	33	57

On 11 March 2020 the UK Chancellor announced that the main rate of UK corporation tax would remain at 19% with effect from 1 April 2020 (instead of 17% as previously announced). This change became substantively enacted on 17 March 2020. Accordingly, all deferred tax assets and liabilities have been calculated on the basis that they reverse in future at the 19% tax rate (2019: calculated at the 17% tax rate).

However, in the March 2021 Budget it was announced that the main UK rate will increase to 25% after 1 April 2023. As substantive enactment is after the statement of financial position date, deferred tax balances as at 30 September 2020 continue to be measured at a rate of 19%. If the amended tax rate had been used, the deferred tax liability would have increased by £115k.

6. TANGIBLE FIXED ASSETS

	Investment Property £'000
COST OR VALUATION	
At 1 October 2019	6,396
Revaluations	(46)
At 30 September 2020	6,350
NET BOOK VALUE	
At 30 September 2020	6,350
At 30 September 2019	6,396

BRUNTWOOD 2000 (NW REGEN) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued**
For The Year Ended 30 September 2020**6. TANGIBLE FIXED ASSETS - continued**

The historical cost of investment property at the year end is £7.4m (2019: £7.4m) for freehold properties.

The freehold and leasehold investment properties held by the group at 30 September 2020 were valued as at 30 September 2020. The portfolio was valued internally by the Directors' Valuation Panel, valuations were undertaken in accordance with 'Red Book Principles' and were conducted on the basis of Market Value.

The Directors' Valuation Panel of the company undertook a detailed valuation appraisal of all of the company's properties on a customer by customer basis. The Directors' Valuation Panel comprises of the following:

C G Oglesby, Chief Executive, Bruntwood Limited, qualified as a Chartered Surveyor in 1993 and has 31 years' experience in the property investment industry.

K J Crotty, Chief Financial Officer, Chartered Accountant, has 18 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.

7. DEBTORS

	2020 £'000	2019 £'000
Amounts falling due within one year:		
Trade debtors	105	177
Other debtors and prepayments	65	48
	<u>170</u>	<u>225</u>
Amounts falling due after more than one year:		
Other debtors	<u>214</u>	<u>106</u>
Aggregate amounts	<u>384</u>	<u>331</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Trade creditors	28	119
Amounts owed to group undertakings	7,343	7,389
VAT creditor	169	70
Other creditors	296	282
Accruals and deferred income	287	408
	<u>8,123</u>	<u>8,268</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

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

	2020 £'000	2019 £'000
Loans (see note 10)	<u>404</u>	<u>-</u>

BRUNTWOOD 2000 (NW REGEN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued For The Year Ended 30 September 2020

10. LOANS

An analysis of the maturity of loans is given below:

	2020 £'000	2019 £'000
Amounts falling due between two and five years:		
Intercompany loan maturing February 2025	414	-
Loan facility fees	(10)	-
	<u>404</u>	<u>-</u>

On 25 February 2020 Bruntwood Bond 2 plc issued £90.9m of unsecured retail bonds on the London Stock Exchange. The proceeds of which have been on-lent to Bruntwood Group subsidiaries with £0.4m allocated to this company (2019: £nil). Interest is payable at 6%

11. PROVISIONS FOR LIABILITIES

	2020 £'000	2019 £'000
Deferred tax		
Capital allowances in excess of depreciation	368	331
Capital losses	(4)	-
	<u>364</u>	<u>331</u>

	Deferred tax £'000
Balance at 1 October 2019	331
Adjustment in respect of prior years	8
Current year charge/(credit)	(13)
Effect of change in tax rate	38
Balance at 30 September 2020	<u>364</u>

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020 £	2019 £
1	Ordinary	£1	<u>1</u>	<u>1</u>

The entity has one class of ordinary share with no right to fixed income.

BRUNTWOOD 2000 (NW REGEN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued For The Year Ended 30 September 2020

13. OTHER FINANCIAL COMMITMENTS

At 30 September 2020 the future minimum lease payments receivable under non-cancellable operating leases are as follows;

	2020 £'000	2019 £'000
Leases which expire:		
Within 1 year	336	143
Between 1-5 years	526	84
After 5 years	461	6
	<hr/>	<hr/>
	1,323	233
	<hr/>	<hr/>

14. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

There were no other related party transactions during the year (2019: none).

15. ULTIMATE CONTROLLING PARTY

Bruntwood Limited is the intermediate parent company of the smallest group of which the company is a member and for which group financial statements are drawn up. 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. Copies of the financial statements are available from the Registered Office, Union, Albert Square, Manchester, England, M2 6LW.

The ultimate controlling party is considered by the directors to be C G Oglesby, close members of his family and Oglesby family trusts.