

Osprey Income and Growth 2 GP Limited
Unaudited Financial Statements
5 April 2019



THOMPSON TARAZ LLP

Chartered Accountants
47 Park Lane
Mayfair
London
W1K 1PR

Osprey Income and Growth 2 GP Limited

Financial Statements

Year ended 5 April 2019

Contents	Page
Directors' report	1
Statement of income and retained earnings	2
Statement of financial position	3
Notes to the financial statements	4

Osprey Income and Growth 2 GP Limited

Directors' Report

Year ended 5 April 2019

The directors present their report and the unaudited financial statements of the company for the year ended 5 April 2019.

Directors

The directors who served the company during the year were as follows:

A Taraz
MM Heffernan
KD Gray

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of directors on 26 June 2019 and signed on behalf of the board by:



Property Partnership Secretaries Limited
Company Secretary

Registered office:
47 Park Lane
London
W1K 1PR

Osprey Income and Growth 2 GP Limited

Statement of Income and Retained Earnings

Year ended 5 April 2019

	Note	2019 £	2018 £
Administrative expenses		1,000	1,000
Other operating income		1,000	1,000
Profit before taxation		<u>-</u>	<u>-</u>
Taxation on ordinary activities		-	-
Result for the financial year and total comprehensive income		<u>-</u>	<u>-</u>
Retained earnings at the start of the year		-	-

All the activities of the company are from continuing operations.

The notes on pages 4 to 6 form part of these financial statements.

Osprey Income and Growth 2 GP Limited

Statement of Financial Position

5 April 2019

	Note	2019 £	£	2018 £
Fixed assets				
Investments	4		1	1
Current assets				
Cash at bank and in hand		1		1
Creditors: amounts falling due within one year	5	1		1
Total assets less current liabilities			<u>1</u>	<u>1</u>
Net assets			<u>1</u>	<u>1</u>
Capital and reserves				
Called up share capital			1	1
Shareholders funds			<u>1</u>	<u>1</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

For the year ending 5 April 2019 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

These financial statements were approved by the board of directors and authorised for issue on 26 June 2019, and are signed on behalf of the board by:


K GRAY
Director

Company registration number: 08032581

The notes on pages 4 to 6 form part of these financial statements.

Osprey Income and Growth 2 GP Limited

Notes to the Financial Statements

Year ended 5 April 2019

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 47 Park Lane, London, W1K 1PR.

2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Investments in associates

Investments in associates accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses.

Investments in associates accounted for in accordance with the fair value model are initially recorded at the transaction price. At each reporting date, the investments are measured at fair value, with changes in fair value recognised in other comprehensive income/profit or loss. Where it is impracticable to measure fair value reliably without undue cost or effort, the cost model will be adopted.

Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the associate arising before or after the date of acquisition.

Osprey Income and Growth 2 GP Limited

Notes to the Financial Statements *(continued)*

Year ended 5 April 2019

3. Accounting policies *(continued)*

Investments in joint ventures

Investments in jointly controlled entities accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses.

Investments in jointly controlled entities accounted for in accordance with the fair value model are initially recorded at the transaction price. At each reporting date, the investments are measured at fair value, with changes in fair value recognised in other comprehensive income/profit or loss. Where it is impracticable to measure fair value reliably without undue cost or effort, the cost model will be adopted.

Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the joint venture arising before or after the date of acquisition.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

4. Investments

	Other investments other than loans £
Cost	
At 6 April 2018 and 5 April 2019	1
Impairment	
At 6 April 2018 and 5 April 2019	-

Osprey Income and Growth 2 GP Limited

Notes to the Financial Statements *(continued)*

Year ended 5 April 2019

4. Investments *(continued)*

	Other investments other than loans £
Carrying amount	
At 5 April 2019	1
At 5 April 2018	1

5. Creditors: amounts falling due within one year

	2019 £	2018 £
Other creditors	1	1

6. Related party transactions

Thompson Taraz Depositary Limited received fees during the year of £1,000. The Directors of Osprey Supermarket Income 1 GP Limited, A Taraz, MM Heffernan and KD Gray, are also Directors of Thompson Taraz Depositary Limited.

There were no further transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

The company is under the control of Mr MM Heffernan.

REGISTRATION NUMBER LP015001

**OSPREY INCOME AND GROWTH 2 LIMITED
PARTNERSHIP**

FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2019

OSPREY INCOME AND GROWTH 2 LIMITED PARTNERSHIP
FINANCIAL STATEMENTS
YEAR ENDED 5 APRIL 2019

CONTENTS	PAGE
Operator and professional advisers	1
General partner's report	2
Independent auditors' report	5
Statement of comprehensive income	8
Statement of financial position	9
Notes to the financial statements	10

OSPREY INCOME AND GROWTH 2 LIMITED PARTNERSHIP
OPERATOR AND PROFESSIONAL ADVISERS

Operator of Partnership

Thompson Taraz Depositary Limited
47 Park Lane
Mayfair
London
W1K 1PR

General Partner

Osprey Income and Growth 2 (GP) Limited
47 Park Lane
Mayfair
London
W1K 1PR

Solicitors to the Partnership

Greenberg Traurig LLP
The Shard
Level 8
32 London Bridge Street
SE1 9SG

Solicitors - Property

Greenberg Traurig LLP
The Shard
Level 8
32 London Bridge Street
SE1 9SG

Valuer

Lambert Smith Hampton
Group Limited
9 Bond Court
Leeds
LS1 2JZ

Independent Auditors

Menzies LLP
Lynton House
7-12 Tavistock Square
London
WC1H 9LT

Bankers

HSBC
196 Oxford Street
London
W1D 1NT

Sponsor and Investment Adviser

Osprey Equity Partners Limited
9 Clifford Street
London
W1S 2FT

OSPREY INCOME AND GROWTH 2 LIMITED PARTNERSHIP

GENERAL PARTNER'S REPORT

YEAR ENDED 5 APRIL 2019

The General Partner has pleasure in presenting its report on the operations of the Partnership for the year ended 5 April 2019 together with the financial statements.

PRINCIPAL ACTIVITIES, REVIEW AND FUTURE DEVELOPMENTS

The principal activity of the Partnership is that of property investment.

The Partnership holds a property, fully pre-let to Tesco Stores Limited, built in Rotherham town centre. The property reached practical completion on the 14 October 2014 and Tesco Stores began to pay rent from 4 February 2015, following expiry of a rent free period.

The intention, as referred to in the information memorandum, is to hold the property for a period of 5 years and thereafter, advice will be taken from the Investment Manager on whether to consider a sale.

The principal risks and uncertainties facing the Partnership are set out in the Information Memorandum. These are not reproduced here, as this report is prepared under the provisions applicable to small entities.

CONSTITUTION AND GOVERNANCE

The Partnership is a limited partnership, initially registered on 19 September 2012, which entered into a Limited Partnership Agreement on 12 November 2012 ("the Partnership Agreement") and is registered under the Limited Partnership Act 1907. The Partnership shall continue indefinitely subject to the occurrence of certain events, as defined in the Partnership Agreement.

The Registered Office of the General Partner and the principal place of business of the Partnership is 47 Park Lane, Mayfair, London, W1K 1PR. The Partnership is registered in England and Wales.

The Operator of the Partnership is Thompson Taraz Depositary Limited.

RESULTS AND DISTRIBUTIONS

The Partnership's profit for the year was £1,226,853.

It is intended that quarterly cash distributions will be made to investors, equivalent to 6.50% annually of the investor's original investment. This is above the target level of 6.00% as a refinancing agreement which reduced the interest margin on the loan and increased the term of the loan with the HSBC was completed in December 2014. The first distribution was made in February 2015.

The distributions will arise from the surplus of rent received less a small cash provision being maintained to cover any administration or management costs and less bank loan interest.

Distributions may be part surplus income and part return of investors' contributions, as stated in the Information Memorandum.

OSPREY INCOME AND GROWTH 2 LIMITED PARTNERSHIP

GENERAL PARTNER'S REPORT

YEAR ENDED 5 APRIL 2019

THE PARTNERS

The General Partner is Osprey Income and Growth 2 (GP) Limited. The Limited Partner's contributions are as set out in the Limited Partners Contributions and Income Accounts note. Each limited partner's contribution in the Partnership is made up of a Capital Contribution and a Loan Contribution.

STATEMENT OF GENERAL PARTNER'S RESPONSIBILITIES

The General Partner is responsible for preparing the General Partners Report and the financial statements in accordance with applicable law and regulations.

The Partnership Agreement requires the General Partner to prepare financial statements for each financial year. Under that agreement the General Partner has elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law. The General Partner 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 Partnership and the profit and loss of the Partnership for that period.

In preparing these financial statements, the General Partner is 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Limited Partnership will continue in business.

The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the Partnerships transactions and disclose with reasonable accuracy at any time the financial position of the Partnership and enable them to ensure that the financial statements comply with the Partnerships (Accounts) Regulation 2008. They are also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

OSPREY INCOME AND GROWTH 2 LIMITED PARTNERSHIP

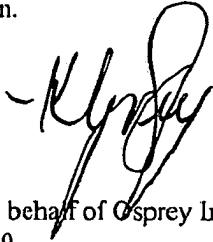
GENERAL PARTNER'S REPORT

YEAR ENDED 5 APRIL 2019

STATEMENT OF DISCLOSURE TO AUDITORS

a) So far as the General Partner is aware, there is no relevant audit information of which the partnership's auditors are unaware; and

b) It has taken all steps that it ought to have taken as a General Partner in order to make itself aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information.



Director

For and on behalf of Osprey Income and Growth 2 (GP) Limited
5 June 2019

OSPREY INCOME AND GROWTH 2 LIMITED PARTNERSHIP
INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF OSPREY
INCOME AND GROWTH 2 LIMITED PARTNERSHIP
YEAR ENDED 5 APRIL 2019

Opinion

We have audited the financial statements of Osprey Income and Growth 2 Limited Partnership (the 'partnership') for the year ended 5 April 2019 which comprise the Statement of comprehensive income, Statement of financial position, Partnership Statement of financial position and notes to the financial statements, including a summary of significant accounting policies. 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).

In our opinion the financial statements:

- give a true and fair view of the state of the qualifying partnership's affairs as at 5 April 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006 as applied to qualifying partnerships.

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 qualifying partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the partners' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or - the partners have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the qualifying partnership'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.

OSPREY INCOME AND GROWTH 2 LIMITED PARTNERSHIP
INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF OSPREY
INCOME AND GROWTH 2 LIMITED PARTNERSHIP

YEAR ENDED 5 APRIL 2019

Other information

The other information comprises the information included in the general partner's report, other than the financial statements and our auditor's report thereon. The general partners are responsible for the other information. 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 this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the qualifying partnership and its environment obtained in the course of the audit, we have not identified material misstatements in the General Partners report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to qualifying partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- the general partner was not entitled to prepare the financial statements in accordance with the small entities regime.

Responsibilities of general partner

As explained more fully in the general partner's responsibilities statement, the general partners 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 general partners 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 general partners are responsible for assessing the qualifying partnership'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 general partners either intend to liquidate the partnership or to cease operations, or have no realistic alternative but to do so.

OSPREY INCOME AND GROWTH 2 LIMITED PARTNERSHIP
INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF OSPREY
INCOME AND GROWTH 2 LIMITED PARTNERSHIP

YEAR ENDED 5 APRIL 2019

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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Partners, as a body, in accordance with the Companies Act 2006 as applied to qualifying partnerships. Our audit work has been undertaken so that we might state to the qualifying partnership's Partners 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 Partnership and the Partners as a body, for our audit work, for this report, or for the opinions we have formed.



PHILIP KING FCA (Senior Statutory Auditor)
For and on behalf of
MENZIES LLP
Chartered Accountants & Statutory Auditor

Lynton House
7-12 Tavistock Square
London
WC1H 9LT

5 June 2019

OSPREY INCOME AND GROWTH 2 LIMITED PARTNERSHIP
STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 5 APRIL 2019

	Note	2019 £	2018 £
PROFIT AND LOSS ACCOUNT			
INCOME	2	1,840,147	1,840,147
OPERATING COSTS			
OTHER OPERATING CHARGES		(48,284)	(49,753)
OPERATING PROFIT	3	1,791,863	1,790,394
Unrealised revaluation gain/(loss) on investment property	5	130,000	–
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		1,921,863	1,790,394
INTEREST RECEIVABLE	6	230	30
INTEREST PAYABLE AND SIMILAR CHARGES	7	(695,240)	(737,928)
PROFIT ON ORDINARY ACTIVITIES FOR THE FINANCIAL YEAR BEFORE AND AFTER TAXATION		1,226,853	1,052,496
PROFIT FOR THE FINANCIAL YEAR		1,226,853	1,052,496
Balance brought forward		4,823,677	4,823,677
Distributions to partners		(1,096,853)	(1,052,496)
Balance carried forward		<u>4,953,677</u>	<u>4,823,677</u>

All of the activities of the Partnership are classed as continuing.

There is no difference between the income on ordinary activities and net income for the period stated above and their historical cost equivalent.

The notes on pages 10 - 16 form part of these financial statements.

OSPREY INCOME AND GROWTH 2 LIMITED PARTNERSHIP

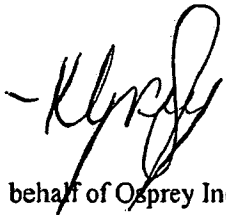
STATEMENT OF FINANCIAL POSITION

5 APRIL 2019

	Note	2019 £	2018 £
FIXED ASSETS			
Tangible Fixed Assets	8	<u>42,580,000</u>	<u>42,450,000</u>
CURRENT ASSETS			
Debtors	9	169,605	264,305
Debtors due after more than one year	9	–	96,513
Cash at bank		<u>800,791</u>	<u>614,286</u>
		970,396	975,104
CREDITORS: Amounts falling due within one year	10	<u>(24,295,714)</u>	<u>(548,300)</u>
NET CURRENT LIABILITIES		<u>(23,325,318)</u>	<u>426,804</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>19,254,682</u>	<u>42,876,804</u>
CREDITORS: Amounts falling due after more than one year	11	–	<u>(23,749,605)</u>
NET ASSETS		<u>19,254,682</u>	<u>19,127,199</u>
FUNDED BY:			
Partners' capital contribution account	14	16,899	16,899
Partners' loan contribution account	14	14,284,106	14,286,623
Partners' income account	14	<u>4,953,677</u>	<u>4,823,677</u>
		<u>19,254,682</u>	<u>19,127,199</u>

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved by the General Partner and authorised for issue on 5 June 2019.


 Director
 For and on behalf of Osprey Income and Growth 2 (GP) Limited
 5 June 2019

Registration Number LP015001

The notes on pages 10 - 16 form part of these financial statements.

OSPREY INCOME AND GROWTH 2 LIMITED PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 5 APRIL 2019

1. ACCOUNTING POLICIES

Statement of compliance

These financial statements have been prepared in compliance with the provisions of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'. The Partnership has elected to adopt the presentation and disclosure requirements for small entities set out in Section 1A of FRS102. The Partnership's functional and presentational currency is GBP.

Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment property. The financial statements have been prepared on a going concern basis in accordance with Generally Accepted Accounting Practices in the United Kingdom, The Partnerships (Accounts) Regulations 2008 and with the terms of the Partnership Agreement, which have been applied consistently.

Going Concern

The bank loans are repayable within 12 months from the date of the balance sheet. The investment advisor has held discussions with the bank in the event the property is not sold before the bank loan expires. The investment advisor is confident the bank would be willing to extend the term of the loan and accordingly the accounts have been prepared on a going concern basis.

Cash flow statement

The partnership has taken advantage of the exemption in Financial Reporting Standard No 102 Section 1A from the requirement to produce a cash flow statement on the grounds that it is a small entity.

Turnover

Rental income arising from the investment property is accounted for on an accruals basis and stated net of VAT.

Investment properties

Investment properties are subject to revaluation to fair value, disregarding disposal costs, at the end of each accounting period.

Revaluation gains and losses are recognised in the profit and loss account in accordance with FRS 102. No depreciation is provided in respect of investment property.

On realisation, any gain or loss is calculated by reference to the carrying value at the last balance sheet date and is included in the statement of comprehensive income.

Acquisitions and disposals

Acquisitions and disposals of investment properties are considered to have taken place on exchange provided completion has occurred shortly after the year end and prior to the date of the financial statements.

OSPREY INCOME AND GROWTH 2 LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2019

1. ACCOUNTING POLICIES *(continued)*

Issue costs

Issue costs with respect to partner's loans received are set off against the Partner's Loan Contribution balance.

Finance costs

Finance costs are charged to the profit and loss account over the term of the debt so that the amount charged is at a constant rate on the carrying amount. Finance costs include issue costs, which are initially recognised as a reduction in the proceeds of the associated debt instrument.

Taxation

The Partnership is carrying on the business of property investment and should have no tax liability in respect of income and gains distinct from that incurred by the partners. Income and gains generated by the Partnership are attributed to the partners for tax purposes pro rata to their investment as set out in the Partnership Agreement.

The taxable income is reduced by the deduction of the interest cost incurred on the loan used to purchase the property and by utilising capital allowances.

Distributions

The intended annual cash distribution policy is set out in the General Partner report. In accordance with the Limited Partner & Operating Agreement, distributions to Partners are made at the reasonable discretion of the General Partner. The first distribution payment was made following the completion of the development works at a rate of 6.50% pa.

Derivative instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in interest payable and similar charges.

OSPREY INCOME AND GROWTH 2 LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2019

2. INCOME

The income and profit before tax are attributable to the one principal activity of the Partnership.

An analysis of income is given below:

	2019	2018
	£	£
United Kingdom	<u>1,840,147</u>	<u>1,840,147</u>

3. OPERATING SURPLUS

Operating surplus is stated after charging:

	2019	2018
	£	£
Auditors' remuneration	<u>3,675</u>	<u>3,550</u>

4. PARTNER REMUNERATION AND EMPLOYEE INFORMATION

The partners received no remuneration from the Partnership. The Partnership does not have any employees.

5. UNREALISED REVALUATION GAIN/(LOSS)

The investment property was revalued at 5 April 2019 and an unrealised surplus of £130,000 (2018: £nil) is recognised in the profit and loss account in accordance with FRS 102.

OSPREY INCOME AND GROWTH 2 LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2019

6. INTEREST RECEIVABLE

	2019	2018
	£	£
Interest receivable	<u>230</u>	<u>30</u>
Bank interest	<u>230</u>	<u>30</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2019	2018
	£	£
Interest payable on bank borrowings	694,346	796,113
SWAP Breakage Costs	395	(188,087)
Finance charges	<u>499</u>	<u>129,902</u>
	<u>695,240</u>	<u>737,928</u>

SWAP Breakage Costs represents the movement in the year between the market value of the swap contract used to fix the interest on the loan at 5 April 2019 compared to 5 April 2018.

8. TANGIBLE FIXED ASSETS

	Investment Property £
COST OR VALUATION	
At 6 April 2018	42,450,000
Revaluations	<u>130,000</u>
At 5 April 2019	<u>42,580,000</u>
NET BOOK VALUE	
At 5 April 2019	<u>42,580,000</u>

The historical cost of the property at 5 April 2019 is £37,626,323 (2018: £37,626,323).

The valuation of the investment property is based on a fair value desktop valuation provided by the valuer, Lambert Smith Hampton, as at 5 April 2019.

OSPREY INCOME AND GROWTH 2 LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2019

9. DEBTORS

	2019	2018
	£	£
Other Debtors due after more than one year	–	96,513
Trust debtor	64,022	55,082
Other debtors	105,583	209,223
	<u>169,605</u>	<u>360,818</u>

Included in other debtors is a lease incentive of £96,513 which is due within one year.

10. CREDITORS: AMOUNTS DUE WITHIN ONE YEAR

	2019	2018
	£	£
Trade creditors	64	–
Bank loans and overdrafts (secured see note 11)	23,750,000	–
Taxation and social security	98,467	100,850
Income received in advance	442,675	442,700
Accruals	4,508	4,750
	<u>24,295,714</u>	<u>548,300</u>

OSPREY INCOME AND GROWTH 2 LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2019

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

	2019 £	2018 £
Bank Loans	–	23,749,605
Bank loan		
Due between 1-2 years	–	23,750,000
Due between 2-5 years	–	–
Due after more than 5 years	–	–
SWAP breakage costs	–	(395)
Less: deferred borrowing costs to be amortised	–	–
	–	23,749,605

The bank loan is secured against the investment property of the Partnership and is an interest only loan.

The Partnership entered into an interest rate swap on the 31st December 2014 until the 31 December 2017. Following the expiry of the previous SWAP, a further interest rate cap transaction was entered into, effective from 19 January 2018 until the 31 December 2018.

A refinancing agreement for the loan was completed in December 2014 which had the effect of reducing the interest margin and extending the expiry of the loan until December 2019.

The anticipated holding period for the property is a total of 5 years, a 1.5 year construction phase followed by a 3.5 year investment period and thereafter advice will be taken from the Investment Manager on whether to consider a sale.

12. RELATED PARTY TRANSACTIONS

Link Corporate Trustees (UK) Limited (name changed from Capita Trust Company Limited on 6 November 2017) acts as Trustee for Osprey Income and Growth 2 Unit Trust and is a Limited Partner in the Partnership.

There is no controlling entity. The General Partner manages the Limited Partnership in accordance with the Limited Partnership Agreement.

13. DISTRIBUTION TO PARTNERS

As noted in the General Partner's report, distributions are made quarterly following loan interest payments dates.

OSPREY INCOME AND GROWTH 2 LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2019

14. LIMITED PARTNERS CONTRIBUTIONS AND INCOME ACCOUNTS

	Loan Contribution £	Capital Contribution £	Net Income £
Balance brought forward	14,286,623	16,899	4,823,677
Distributions during the year	-	-	(1,096,853)
Loan repayments during the year	(2,517)	-	-
Profit for the year	-	-	1,226,853
	<u>14,284,106</u>	<u>16,899</u>	<u>4,953,677</u>