



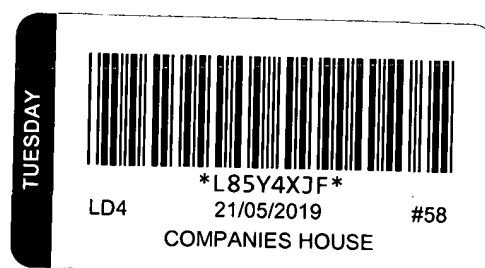
CANARY WHARF  
GROUP PLC

## **BRAEBURN ESTATES B6/7 (GP) LIMITED**

Registered number: 8756826

### **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**



## **BRAEBURN ESTATES B6/7 (GP) LIMITED**

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## **BRAEBURN ESTATES B6/7 (GP) LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their report and the financial statements for the year ended 31 December 2018.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

#### **PRINCIPAL ACTIVITY**

The company acts as the general partner to Braeburn Estates (B6/7) Limited Partnership.

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £83 (2017 - loss £83).

No dividends have been paid or proposed (2017 - £NIL).

#### **DIRECTORS**

The directors who served during the year were:

T K A A Al-Abdulla (appointed 15 November 2018)  
A Al-Ajail (appointed 6 June 2018, resigned 15 November 2018)  
A Al-Attiyah (appointed 18 July 2018)  
N M AlBuenain (resigned 18 July 2018)  
R D S Archer  
M Ashraf (appointed 30 November 2018)  
J M Holmes (resigned 30 November 2018)  
Sir George Iacobescu CBE  
A J S Jordan

The company provides an indemnity to all directors (to the extent permitted by law) in respect of liabilities incurred as a result of their office. The company also has in place liability insurance covering the directors and officers of the company. Both the indemnity and insurance were in force during the year ended 31 December 2018 and at the time of the approval of this Directors' Report. Neither the indemnity nor the insurance provide cover in the event that the director is proven to have acted dishonestly or fraudulently.

#### **DISCLOSURE OF INFORMATION TO AUDITOR**

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

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

This report was approved by the board on 15 May 2019 and signed on its behalf.



**J R Garwood**  
Secretary

## **BRAEBURN ESTATES B6/7 (GP) LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and International Financial Reporting Standards as adopted by the European Union ('IFRS'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

## **BRAEBURN ESTATES B6/7 (GP) LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRAEBURN ESTATES B6/7 (GP) LIMITED**

#### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

##### **OPINION**

In our opinion the financial statements of Braeburn Estates B6/7 (GP) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Braeburn Estates B6/7 (GP) Limited (the 'company') which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 12.

The financial reporting framework that has been applied in their preparation is applicable law and International IFRSs as adopted by the European Union.

##### **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.

## **BRAEBURN ESTATES B6/7 (GP) LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRAEBURN ESTATES B6/7 (GP) LIMITED**

#### **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.

#### **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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **BRAEBURN ESTATES B6/7 (GP) LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRAEBURN ESTATES B6/7 (GP) LIMITED**

#### **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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 directors' report.

##### **Matters on which we are required to report by exception**

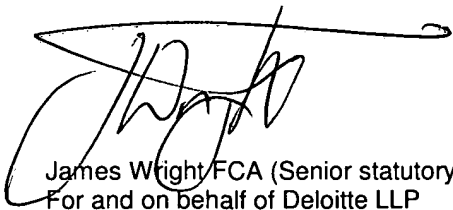
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

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.



James Wright FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
15 May 2019

**BRAEBURN ESTATES B6/7 (GP) LIMITED****STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Share of (loss)/profit in partnership	6	100	(100)
<b>PROFIT/(LOSS) BEFORE TAX</b>		100	(100)
Tax on profit/(loss)	5	(17)	17
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		83	(83)
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>			
Unrealised (deficit)/surplus on revaluation of fixed asset investment		(100)	100
Tax on revaluation of fixed asset investment		17	(17)
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>		(83)	83
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		-	-

The notes on pages 9 to 15 form part of these financial statements.



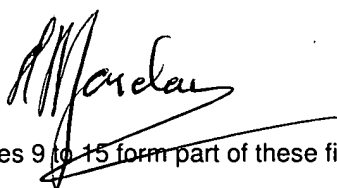
**BRAEBURN ESTATES B6/7 (GP) LIMITED**  
**REGISTERED NUMBER: 8756826**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**

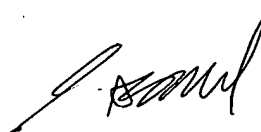
	Note	2018 £	2017 £
<b>FIXED ASSETS</b>			
Investments	6	2	2
		<u>2</u>	<u>2</u>
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	7	1	1
		<u>1</u>	<u>1</u>
Creditors: amounts falling due within one year	8	(2)	(2)
<b>NET CURRENT LIABILITIES</b>		<u>(1)</u>	<u>(1)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1</u>	<u>1</u>
<b>NET ASSETS</b>		<u>1</u>	<u>1</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	1	1
Revaluation reserve		-	83
Retained earnings		-	(83)
		<u>1</u>	<u>1</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 May 2019.

**A J S Jordan**  
 Director



**M Ashraf**  
 Director



The notes on pages 9 to 15 form part of these financial statements.

**BRAEBURN ESTATES B6/7 (GP) LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Revaluation reserve	Retained earnings	Total equity
	£	£	£	£
At 1 January 2018	1	83	(83)	1
Profit for the year	-	-	83	83
Deficit on revaluation of other fixed assets	-	(83)	-	(83)
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>	-	(83)	-	(83)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	(83)	83	-
<b>AT 31 DECEMBER 2018</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>

The notes on pages 9 to 15 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Revaluation reserve	Retained earnings	Total equity
	£	£	£	£
At 1 January 2017	1	-	-	1
Loss for the year	-	-	(83)	(83)
Surplus on revaluation of other fixed assets	-	83	-	83
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>	-	83	-	83
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	83	(83)	-
<b>AT 31 DECEMBER 2017</b>	<b>1</b>	<b>83</b>	<b>(83)</b>	<b>1</b>

The notes on pages 9 to 15 form part of these financial statements.

## **BRAEBURN ESTATES B6/7 (GP) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **1. ACCOUNTING POLICIES**

##### **1.1 General information**

Braeburn Estates B6/7 (GP) Limited is an English Limited Company registered at One Canada Square, Canary Wharf, London, E14 5AB.

The nature of the company's operations and its principal activities are set out in the Directors' Report.

##### **1.2 Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards and International Financial Reporting Interpretations Committee interpretations as adopted by the EU and the Companies Act 2006 applicable to companies reporting under IFRS.

The following new and revised accounting standards and interpretations have been adopted by the company in 2018. Their adoption has not had any significant impact on the amounts reported in these financial statements, but may impact the accounting for future transactions and arrangements:

IFRS 9 'Financial Instruments'

IFRS 15 'Revenue from Contracts with Customers'

At the date of authorisation of these financial statements the following standards and interpretations which have not been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by EU):

IFRS 16 'Leases'

Annual Improvements to IFRS 2015-2017 cycle (various standards):

Amendment to IAS 28 'Investments in Associates'

Amendment to IAS 19 'Employee Benefits'

IFRS 17 'Insurance Contracts'

IFRIC 23 'Uncertainty over Income Tax Treatments'

The directors anticipate that the adoption of these standards in future periods will not have a material impact on the financial statements of the company.

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see Note 2).

The principal accounting policies are summarised below:

##### **1.3 GOING CONCERN**

At the year end, the company is in a net asset position.

Having made the requisite enquiries and assessed the resources at the disposal of the company, the directors have a reasonable expectation that the company will have adequate resources to continue its operation for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

## **BRAEBURN ESTATES B6/7 (GP) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **1. ACCOUNTING POLICIES (CONTINUED)**

##### **1.4 Cash flow statement**

The company had no cash flows during the year or the prior year and accordingly, has not produced a cash flow statement.

##### **1.5 Investments**

Investments in subsidiaries are stated at cost less any provision for impairment.

Investments in partnerships are stated at fair value. The fair value is calculated by reference to the company's share of the net assets of the investment, as adjusted for assets and liabilities which are not carried at fair value. The movement that relates to income earned from partnership is taken to the income statement. The remaining fair value movement is recognised in other comprehensive income unless the carrying amount of the investment falls below its original cost, after which the deficit is recognised in the income statement.

Income from investments is recognised as the company becomes entitled to receive payment. Dividend income from investments in companies is recognised when received or irrevocably declared. Revenue profits and losses in partnerships are recognised on an accruals basis.

##### **1.6 Financial instruments**

###### **Trade and other receivables**

Trade and other receivables are recognised initially at fair value. A provision for impairment is established where there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtor concerned.

###### **Trade and other payables**

Trade and other payables are stated at cost.

##### **1.7 Taxation**

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full using the balance sheet liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary 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 temporary difference. Deferred tax relating to investment property is measured using the tax rates and allowances that apply to the 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 expenses or income.

## **BRAEBURN ESTATES B6/7 (GP) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

##### **Valuation of investments**

Investments in partnerships are carried at fair value. The directors have valued the investment at the company's share of the partnership's net asset value, as adjusted for the fair value of the partnership's property interest.

##### **Valuation of development properties**

The company uses valuations performed by independent valuers as the fair value of properties. The valuations are based upon assumptions including future rental income, anticipated void costs, the appropriate discount rate or yield and the estimated costs to completion. The valuers also make reference to market evidence of transaction prices for similar properties.

#### **3. AUDITOR'S REMUNERATION**

Auditor's remuneration of £540 (2017 - £554) for the audit of the company has been borne by Braeburn Estates Limited Partnership.

#### **4. EMPLOYEES**

The Company has no employees other than the directors, who did not receive any remuneration (2017 - £NIL).

**BRAEBURN ESTATES B6/7 (GP) LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018****5. TAXATION**

	2018 £	2017 £
Current tax on profits for the year	-	-
<b>TOTAL CURRENT TAX</b>	-	-
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	17	(17)
<b>TOTAL DEFERRED TAX</b>	17	(17)
<b>TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES</b>	17	(17)

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is different to the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Profit/(loss) on ordinary activities before tax	100	(100)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	19	(19)
<b>EFFECTS OF:</b>		
Changes in the rates of tax	(2)	2
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	17	(17)

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

At 31 December 2018 there was an unprovided deferred tax asset of £27 (2017 - £Nil) relating to tax losses carrying forward of £157.

Enacted in the Finance Act (No.2) 2015 is a reduction in the corporation tax rate to 19.0% on 1 April 2017 and a further reduction to 17.0% on 1 April 2020. Deferred tax has been provided by reference to this enacted corporation tax rate.

## BRAEBURN ESTATES B6/7 (GP) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

#### 6. INVESTMENTS

	Investments in subsidiary companies £	Investment in partnership £	Total £
<b>COST OR VALUATION</b>			
At 1 January 2018	2	-	2
Revaluations	-	(100)	(100)
Share of profit/(loss)	-	100	100
At 31 December 2018	<u>2</u>	<u>-</u>	<u>2</u>
<b>NET BOOK VALUE</b>			
At 31 December 2018	<u>2</u>	<u>-</u>	<u>2</u>

As a general partner, the company has contributed 1p of the capital of the Braeburn Estates (B6/7) Limited Partnership, an English Limited Partnership, which equates to 0.01% of the Partnership capital. The Partnership was established to develop one of the buildings at Southbank Place in London.

#### SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Braeburn Estates (B6/7) T1 Limited	ordinary £1 shares	100 %	Trustee company
Braeburn Estates (B6/7) T2 Limited	ordinary £1 shares	100 %	Trustee company

The subsidiaries are registered at One Canada Square, Canary Wharf, London, E14 5AB.

#### 7. TRADE AND OTHER RECEIVABLES

	2018 £	2017 £
Amounts owed by group undertakings	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

Amounts owed by group undertakings are interest free and repayable on demand.

**BRAEBURN ESTATES B6/7 (GP) LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018****8. CURRENT LIABILITIES**

	2018 £	2017 £
Amounts owed to group undertakings	2	2
	<u>2</u>	<u>2</u>

Amounts owed to subsidiaries are interest free and repayable on demand.

**9. FINANCIAL INSTRUMENTS**

	2018 £	2017 £
<b>FINANCIAL ASSETS</b>		
Financial assets that are debt instruments measured at amortised cost	1	1
	<u>1</u>	<u>1</u>
<b>FINANCIAL LIABILITIES</b>		
Financial liabilities measured at amortised cost	(2)	(2)
	<u>(2)</u>	<u>(2)</u>

Financial assets measured at amortised cost comprise group receivables.

Financial liabilities measured at amortised cost comprise group payables.

**10. DEFERRED TAXATION**

	2018 £
Charged to profit or loss	(17)
Charged to other comprehensive income	17
<b>AT END OF YEAR</b>	<u>-</u>

**11. SHARE CAPITAL**

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
1 (2017 - 1) ordinary share of £1.00	1	1
	<u>1</u>	<u>1</u>



## **BRAEBURN ESTATES B6/7 (GP) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **12. CONTROLLING PARTY**

The company's immediate parent undertaking is Braeburn Estates (GP) Limited for and on behalf of Braeburn Estates Limited Partnership.

As at 31 December 2018, the smallest and largest group of which the company is a member and for which group financial statements are drawn up is the consolidated financial statements of Braeburn Estates Limited Partnership. Braeburn Estates Limited Partnership is a joint venture between Project Russet Property Unit Trust and Canary Wharf (PB) Unit Trust. Copies of the financial statements may be obtained from the Company Secretary, One Canada Square, Canary Wharf, London, E14 5AB.



CANARY WHARF  
GROUP PLC

## **BRAEBURN ESTATES (B6/7) LIMITED PARTNERSHIP**

Registered number: LP15869

### **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

# **BRAEBURN ESTATES (B6/7) LIMITED PARTNERSHIP**

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## **BRAEBURN ESTATES (B6/7) LIMITED PARTNERSHIP**

### **GENERAL PARTNERS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018**

The Braeburn Estates (B6/7) Limited Partnership was registered as an English limited partnership on 7 January 2014 and comprises one General Partner and one Limited Partner. The Partners are incorporated in England and Wales.

The Limited Partnership Deed dated 3 January 2014 requires that the General Partner prepares financial statements for each financial period. In preparing these financial statements, the General Partner is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume the Partnership will continue in existence.

The General Partner is also responsible for ensuring that proper accounting records are maintained which disclose with reasonable accuracy at any time the financial position of the Partnership.

The General Partner is responsible for ensuring that the Partnership has complied at all times with its obligations under the Agreement and has a general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Partnership and to prevent and detect fraud, errors and other irregularities.

These financial statements have been prepared under Regulation 7 of the Partnerships (Accounts) Regulations 2008.

## **BRAEBURN ESTATES (B6/7) LIMITED PARTNERSHIP**

### **INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF BRAEBURN ESTATES (B6/7) LIMITED PARTNERSHIP**

#### **REPORT ON THE AUDIT OF THE NON-STATUTORY FINANCIAL STATEMENTS**

##### **OPINION**

In our opinion the non-statutory financial statements:

- give a true and fair view of the state of the Partnership's affairs as at 31 December 2018 and its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union; and
- have been prepared in accordance with the Limited Partnership Agreement.

We have audited the non-statutory financial statements of Braeburn Estates (B6/7) Limited Partnership (the 'Partnership') which comprise:

- the income statement;
- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the cash flow statement;
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is the relevant IFRS's as adopted by the European Union and the Limited Partnership Agreement.

##### **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 of the parent limited partnership 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 partners use of the going concern basis of accounting in preparation of the non-statutory financial statements is not appropriate; or
- the partners have not disclosed in the non-statutory financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent limited liability 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 non-statutory financial statements are authorised for issue.

We have nothing to report in respect of these matters.

## **BRAEBURN ESTATES (B6/7) LIMITED PARTNERSHIP**

### **INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF BRAEBURN ESTATES (B6/7) LIMITED PARTNERSHIP**

#### **OTHER INFORMATION**

The general partners are responsible for the other information. The other information comprises the information included in the financial statements, 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 GENERAL PARTNERS**

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

In preparing the non-statutory financial statements, the general partner is responsible for assessing the group's and the parent limited 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 partners either intend to liquidate the group or the parent limited partnership or to cease operations, or have no realistic alternative but to do so.

#### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE NON-STATUTORY FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the non-statutory 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 non-statutory financial statements.

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

**BRAEBURN ESTATES (B6/7) LIMITED PARTNERSHIP**

**INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF BRAEBURN ESTATES (B6/7) LIMITED PARTNERSHIP**

**USE OF OUR REPORT**

This report is made solely to the partners and solely for the purpose set out in our engagement letter. Our report is not to be used for any other purpose, recited or referred to in any document, copied or made available (in whole or in part) to any other person without prior written express consent.

Our audit work has been undertaken so that we might state to the group'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 group and the group's members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'Deloitte LLP', with a stylized flourish at the end.

Deloitte LLP  
London, United Kingdom  
15 May 2019

**BRAEBURN ESTATES (B6/7) LIMITED PARTNERSHIP**

**INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Cost of sales		(37,012)	-
<b>GROSS (LOSS)/PROFIT</b>		<u>(37,012)</u>	<u>-</u>
Administrative expenses		(451,471)	(2,234,806)
Other operating income		34	-
<b>OPERATING LOSS</b>	4	<u>(488,449)</u>	<u>(2,234,806)</u>
Interest receivable and similar income	5	2,846	126
<b>LOSS BEFORE TAX</b>		<u>(485,603)</u>	<u>(2,234,680)</u>
Tax on loss	6	-	-
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u><u>(485,603)</u></u>	<u><u>(2,234,680)</u></u>

All amounts relate to continuing activities in the United Kingdom.

The Notes on pages 10 to 19 form an integral part of these financial statements.



**BRAEBURN ESTATES (B6/7) LIMITED PARTNERSHIP**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Loss for the financial year		(485,603)	(2,234,680)
<b>OTHER COMPREHENSIVE INCOME</b>			
Fair value movement of effective hedging instrument	14	283,475	256,092
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>		283,475	256,092
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		(202,128)	(1,978,588)

The notes on pages 10 to 19 form part of these financial statements.

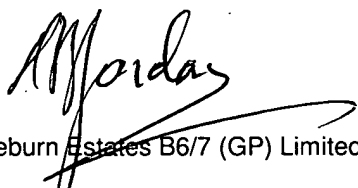
**BRAEBURN ESTATES (B6/7) LIMITED PARTNERSHIP**  
**REGISTERED NUMBER:LP15869**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**

	Note	2018 £	2017 £
<b>FIXED ASSETS</b>			
Investments	7	1	1
		<u>1</u>	<u>1</u>
<b>CURRENT ASSETS</b>			
Work in progress	8	211,001,584	161,090,578
Trade and other receivables	9	20,896,175	13,662,810
Cash at bank and in hand	10	3,391,046	6,621,644
		<u>235,288,805</u>	<u>181,375,032</u>
Current liabilities	11	(129,422,035)	(122,387,210)
<b>NET CURRENT ASSETS</b>		<u>105,866,770</u>	<u>58,987,822</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>105,866,771</u>	<u>58,987,823</u>
Non current liabilities	12	(108,656,114)	(61,575,038)
<b>NET LIABILITIES</b>		<u>(2,789,343)</u>	<u>(2,587,215)</u>
<b>Equity</b>			
Capital accounts		100	100
Hedging reserve	16	(7,529)	(291,004)
Current accounts	16	(2,781,914)	(2,296,311)
		<u>(2,789,343)</u>	<u>(2,587,215)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 May 2019.

**A J S Jordan**  
Director



**M Ashraf**  
Director



On behalf of Braeburn Estates B6/7 (GP) Limited

The notes on pages 10 to 19 form part of these financial statements.

**BRAEBURN ESTATES (B6/7) LIMITED PARTNERSHIP**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Capital accounts £	Hedging reserve £	Current accounts £	Total equity £
At 1 January 2018	100	(291,004)	(2,296,311)	(2,587,215)
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>				
Loss for the year	-	-	(485,603)	(485,603)
Fair value movement of effective hedging instrument	-	283,475	-	283,475
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	283,475	(485,603)	(202,128)
<b>AT 31 DECEMBER 2018</b>	100	(7,529)	(2,781,914)	(2,789,343)

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Capital accounts £	Hedging reserve £	Current accounts £	Total equity £
At 1 January 2017	100	(547,096)	(61,631)	(608,627)
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>				
Loss for the year	-	-	(2,234,680)	(2,234,680)
Fair value movement of effective hedging instrument	-	256,092	-	256,092
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	256,092	(2,234,680)	(1,978,588)
<b>AT 31 DECEMBER 2017</b>	100	(291,004)	(2,296,311)	(2,587,215)

The notes on pages 10 to 19 form part of these financial statements.

**BRAEBURN ESTATES (B6/7) LIMITED PARTNERSHIP****STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £	2017 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the financial year	(485,603)	(2,234,680)
<b>ADJUSTMENTS FOR:</b>		
Increase in work in progress	(49,911,006)	(38,785,407)
Increase in receivables	(7,233,365)	(2,845,799)
Increase/(decrease) in payables	9,895,277	(17,627,837)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<u>(47,934,697)</u>	<u>(61,493,723)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bank loans	44,704,099	42,480,556
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>44,704,099</u>	<u>42,480,556</u>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(3,230,598)</u>	<u>(19,013,167)</u>
Cash and cash equivalents at beginning of year	6,621,644	25,634,811
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	<u>3,391,046</u>	<u>6,621,644</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:</b>		
Cash at bank and in hand	3,391,046	6,621,644
	<u>3,391,046</u>	<u>6,621,644</u>

The notes on pages 10 to 19 form part of these financial statements.

## **BRAEBURN ESTATES (B6/7) LIMITED PARTNERSHIP**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **1. GENERAL INFORMATION**

Braeburn Estates (B6/7) Limited Partnership is an English Limited Partnership registered at One Canada Square, Canary Wharf, London E14 5AB.

The Partnership is the developer for a residential development at Southbank Place, London.

#### **2. ACCOUNTING POLICIES**

##### **2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared in accordance with International Financial Reporting Standards and International Financial Reporting Interpretations Committee interpretations as adopted by the EU applicable to entities reporting under IFRS.

The following new and revised accounting standards and interpretations have been adopted by the Partnership in 2018. Their adoption has not had any significant impact on the amounts reported in these financial statements, but may impact the accounting for future transactions and arrangements:

IFRS 9 'Financial Instruments'

IFRS 15 'Revenue from Contracts with Customers'

At the date of authorisation of these financial statements the following standards and interpretations which have not been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by EU):

IFRS 16 'Leases'

Annual Improvements to IFRS 2015-2017 cycle (various standards):

Amendment to IAS 28 'Investments in Associates'

Amendment to IAS 19 'Employee Benefits'

IFRS 17 'Insurance Contracts'

IFRIC 23 'Uncertainty over Income Tax Treatments'

The management anticipate that the adoption of these standards in future periods will not have a material impact on the financial statements of the Partnership.

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Partnership's accounting policies (see Note 3).

The principal accounting policies are summarised below:

##### **2.2 GOING CONCERN**

The Partnership is in a net liability position at the year end.

Braeburn Estates Limited Partnership has expressed its intention to provide or procure adequate financial resources to allow the Partnership to continue its operations and to make available any funds that may be required for the Partnership to enable it to meet its obligations as they fall due for a period of not less than 12 months from the signing date of the financial statements.

Having made the requisite enquiries and assessed the resources at the disposal of the Partnership, the Partners have a reasonable expectation that the Partnership will have adequate resources to continue its operation for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

## **BRAEBURN ESTATES (B6/7) LIMITED PARTNERSHIP**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **2. ACCOUNTING POLICIES (continued)**

##### **2.3 REVENUE**

Revenue from property sales is recognised, net of VAT, on completion, when the significant risks and returns pass to the acquirer.

##### **2.4 Investments**

Loans to investments which only entitle the Partnership to an interest in residual assets once the investment has completed its principal activity are treated as additional investments.

Investments are stated at cost less any provision for impairment.

Income from investments is recognised as the Partnership becomes entitled to receive payment.

##### **2.5 Work in progress**

Work in progress is stated at the lower of cost and net realisable value. Cost includes construction costs and development expenditure directly related to the development, including attributable employee and related costs.

Net realisable value is calculated as the amount estimated to be recovered from the development once development work has been completed and the development leased, less costs to complete.

##### **2.6 FINANCIAL INSTRUMENTS**

###### **Trade and other receivables**

Debtors are recognised initially at fair value. A provision for impairment is established where there is objective evidence that the Partnership will not be able to collect all amounts due according to the original terms of the debtor concerned.

###### **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances, deposits held with banks and other short term highly liquid investments with original maturities of 3 months or less, which are held for the purpose of meeting short term cash commitments.

###### **Trade and other payables**

Trade and other creditors are stated at cost.

###### **Borrowings**

Loans payable are recognised initially at fair value less attributable transaction costs.

Subsequent to initial recognition, loans payable are stated at amortised cost with any difference between the amount initially recognised and the redemption value being recognised in the Income Statement over the period of the loan, using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including all fees that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability.

## **BRAEBURN ESTATES (B6/7) LIMITED PARTNERSHIP**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **2. ACCOUNTING POLICIES (continued)**

##### **2.7 Derivative financial instruments**

The Partnership uses interest rate derivatives to help manage its risks of changes in interest rates. The Partnership does not hold or issue derivatives for trading purposes.

In order for a derivative to qualify for hedge accounting, the Partnership is required to document the relationship between the item being hedged and the hedging instrument. The Partnership is also required to demonstrate an assessment of the relationship between the hedged item and the hedging instrument for its economic relationship, effects of credit risk and hedge ratio. This shows that the hedge will be effective on an on-going basis. The effectiveness testing is re-performed at each balance sheet date to ensure that the hedge remains effective.

The changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in other comprehensive income. The changes in the fair value of derivative financial instruments that are designated and effective as fair value hedges are recognised against the item being hedged. The changes in the fair value of any ineffective portions of hedges or undesignated financial instruments are recognised in the profit and loss account.

Hedge accounting is discontinued when the Partnership revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained until the forecast transaction occurs. If the hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the period.

#### **3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION**

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

##### **Work in progress**

The Partnership uses valuations performed by independent valuers in determining the net realisable value of the Partnership's work in progress. At the year end the net realisable value exceeded the historical cost.

##### **Derivative financial instruments**

The fair values of derivative financial instruments are provided by counter party financial institutions, which is level 2 of the fair value hierarchy.

#### **4. OPERATING LOSS**

No staff were employed by the Partnership during the year or the prior year.

The auditor's remuneration of £4,923 (2017: £3,838) for the audit of the Partnership has been borne by Braeburn Estates Limited Partnership.

# BRAEBURN ESTATES (B6/7) LIMITED PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 5. Interest receivable and similar income

	2018 £	2017 £
Bank interest receivable	2,846	126
	<u>2,846</u>	<u>126</u>

### 6. TAXATION

No provision for tax has been made as the income earned by the Partnership is taxable in the accounts of the partners.

### 7. INVESTMENTS

	Other investments £
<b>COST OR VALUATION</b>	
At 1 January 2018	1
At 31 December 2018	<u>1</u>
<b>NET BOOK VALUE</b>	
At 31 December 2018	<u>1</u>
At 31 December 2017	<u>1</u>

On 12 September 2014, the Partnership subscribed for 1 A Share in Braeburn Estates Management Company Limited, a company registered in England and Wales. Braeburn Estates Management Company Limited is jointly owned by members of the Braeburn Estates Partnership group.



# **BRAEBURN ESTATES (B6/7) LIMITED PARTNERSHIP**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

### **8. WORK IN PROGRESS AT COST**

	2018 £	2017 £
Work in progress at cost	211,001,584	161,090,578
	<u>211,001,584</u>	<u>161,090,578</u>

The Partnership and its partners are wholly owned subsidiaries of Braeburn Estates Limited Partnership. In July 2015, Braeburn Estates Limited Partnership acquired a 5.25 acre site at Southbank Place on a 999 year lease. The Partnership then acquired from Braeburn Estates Limited Partnership a 999 year lease over a residential development site for a consideration of £71,860,986. The building will comprise 97 apartments for private sale. Sales of apartments commenced in September 2015 and the building is forecast to complete in mid 2019.

Included in additions in the period is £7,517,958 (2017: £5,650,272) of capitalised finance costs.

### **9. TRADE AND OTHER RECEIVABLES**

	2018 £	2017 £
Trade receivables	19,600,805	13,488,281
Amounts owed by associated entities	99,000	99,000
Other receivables	1,196,370	74,173
Derivative financial instruments	14 -	1,356
	<u>20,896,175</u>	<u>13,662,810</u>

Amounts owed by associated entities comprise:

	2018 £	2017 £
Braeburn Estates (B4A) Limited Partnership	99,000	99,000
	<u>99,000</u>	<u>99,000</u>

Amounts owed by associated entities are interest free and repayable on demand.

## BRAEBURN ESTATES (B6/7) LIMITED PARTNERSHIP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

#### 10. CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash at bank	3,385,931	6,554,962
Deposits received	5,115	66,682
	<u>3,391,046</u>	<u>6,621,644</u>

Deposits received from purchasers are initially credited to a separate charged bank account. Withdrawals from this account are subsequently permitted, in accordance with the Partnership's construction loan facility, to be applied towards the payment of construction costs.

#### 11. CURRENT LIABILITIES

	2018 £	2017 £
Trade payables	2,098,511	1,920,654
Amounts owed to associated entities	91,110,328	91,887,709
Deposits for residential sales	32,021,423	24,650,130
Accruals and deferred income	4,191,773	3,928,717
	<u>129,422,035</u>	<u>122,387,210</u>

Amounts owed to associated entities comprise:

	2018 £	2017 £
Braeburn Estates Limited Partnership	55,518,138	70,141,254
Braeburn Estates Development Management Limited	1,852,435	1,647,539
Braeburn Estates Developments (Infrastructure) Limited	28,228,368	19,994,415
Braeburn Estates Management Company Limited	1	1
Braeburn Estates (B4B) Limited Partnership	102,300	104,500
Braeburn Estates (B5) Limited Partnership	2,296,100	-
Braeburn Estates (Hungerford) Limited	1,855,049	-
Canary Wharf Limited	713,050	-
Canary Wharf Contractors Limited	544,887	-
	<u>91,110,328</u>	<u>91,887,709</u>

All amounts owed to associated entities are interest free and repayable on demand.

Deposits for residential sales comprise reservation fees and deposits for the purchase of apartments, net of related agents' fees.

# **BRAEBURN ESTATES (B6/7) LIMITED PARTNERSHIP**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

### **12. NON CURRENT LIABILITIES**

		2018 £	2017 £
Bank loans	13	108,648,585	61,284,034
Derivative financial instruments	14	7,529	291,004
		<u>108,656,114</u>	<u>61,575,038</u>

### **13. BANK LOAN**

	2018 £	2017 £
Bank loans	108,648,585	61,284,034
	<u>108,648,585</u>	<u>61,284,034</u>

The Partnership's £163.4 million construction loan facility bears interest at LIBOR plus 2.75% and is repayable on 23 October 2020. The loan facility is secured on the Partnership's development (Note 8).

75% of the loan is hedged by interest rate swaps which, based on a notional drawdown profile, serves to fix the interest rate at 3.583%. The remaining 25% of the loan is hedged by an interest rate cap, which serves to restrict the interest rate to a maximum of 4.25%. Details of the derivative financial instruments are set out in note 14.

The carrying amount is analysed as follows:

	2018 £	2017 £
Drawings	108,768,531	64,172,075
Deferred fees	(119,946)	(2,888,041)
<b>Carried forward</b>	<u>108,648,585</u>	<u>61,284,034</u>

Accrued interest of £953,797 (2017: £359,663) has been included in accruals and deferred income.

The fair value of the loan is its carrying value.

## BRAEBURN ESTATES (B6/7) LIMITED PARTNERSHIP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

#### 14. DERIVATIVE FINANCIAL INSTRUMENTS

The Partnership uses interest rate swaps and caps to hedge exposure to the variability in cash flows on floating rate debt caused by movements in the market rates of interest.

The Partnership holds interest rate swaps which serve to fix the interest on 75% of its loan to a rate of 3.583%. These swaps are classified as highly effective and qualify for hedge accounting. The fair value of the swaps at 31 December 2018 was £7,529 (2017: £291,004) (liability).

The Partnership also holds an interest cap which serves to restrict the interest payable on 25% of its loan to a maximum of 4.25%. The cap is classified as not highly effective. The fair value of the cap at 31 December 2018 was £Nil (2017: £1,356) (asset).

The following table shows the undiscounted cash (inflows) and outflows in relation to the Partnership's derivative financial instruments based on the Partnership's prediction of future movements in interest rates.

	Swaps £	2018 £	2017 £
Within one year	7,765	7,765	247,857
In one to two years	-	-	41,003
In two to five years	-	-	-
	<u>7,765</u>	<u>7,765</u>	<u>288,860</u>

Changes in interest rates would affect the market value of derivative financial instruments. These changes would impact on the income statement for the cap which is not designated as being in an effective hedging relationships and would impact the reserves for the swaps, which are highly effective. A 0.5% parallel shift in the interest rate curve used to value the derivatives, with all other variables held constant would have the following impact:

	2018 £	2017 £
<b>0.5% increase in interest rates</b>		
Impact on income statement	-	91,111
Impact on hedging reserve	-	506,027
<b>Impact on net assets</b>	<u>-</u>	<u>597,138</u>

**BRAEBURN ESTATES (B6/7) LIMITED PARTNERSHIP****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018****15. FINANCIAL INSTRUMENTS**

	2018 £	2017 £
<b>FINANCIAL ASSETS</b>		
Derivative financial instruments	-	1,356
Financial assets that are debt instruments measured at amortised cost	19,699,805	13,587,281
Bank current accounts	3,385,931	6,554,962
Bank deposit accounts	5,115	66,682
	<u>23,090,851</u>	<u>20,210,281</u>
<b>FINANCIAL LIABILITIES</b>		
Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio	-	-
Derivative financial instruments	(7,529)	(291,004)
Financial liabilities measured at amortised cost	(206,049,197)	(159,021,114)
	<u>(206,056,726)</u>	<u>(159,312,118)</u>

**FINANCIAL RISKS****Interest rate risk**

The Partnership has borrowed in sterling at floating rates of interest and uses interest rate swaps and caps to generate the desired interest profile and to manage the Partnership's exposure to interest rate fluctuations. 75% of the Partnership's debt is fixed by interest rate swaps and 25% is covered by an interest rate cap.

**Liquidity risk**

The Partnership's construction loan is drawn to fund the construction program. The remaining term of the loan at 31 December 2018 was 0.8 years, which is expected to expire after practical completion of the building.

**Loan covenants**

The loan is subject to a maximum 60% Loan to Value financial covenant and a 65% Loan to Cost financial covenant. These covenants were satisfied throughout the year.

**Credit risk**

The Partnership restricts the counterparties with which derivative transactions can be contracted and cash balances deposited. This ensures that exposure is spread across a number of approved financial institutions with higher credit ratings.

The carrying amount of financial assets recorded in the financial statements represents the Partnership's maximum exposure to credit risk.

**Externally imposed capital requirements**

The Partnership is not subject to externally imposed capital requirements.

## BRAEBURN ESTATES (B6/7) LIMITED PARTNERSHIP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

#### 16. EQUITY

	%	Capital accounts £	Hedging reserves £	Current account £	Total £
Braeburn Estates B6/7 (LP) Limited	99.990	100	(7,528)	(2,781,635)	(2,789,063)
Braeburn Estates B6/7 (GP) Limited	0.01	-	(1)	(279)	(280)
		<u>100</u>	<u>(7,529)</u>	<u>(2,781,914)</u>	<u>(2,789,343)</u>

Braeburn Estates B6/7 (LP) Limited holds its investment in the Partnership on trust for Braeburn Estates Limited Partnership.

#### 17. RELATED PARTY TRANSACTIONS

During the year the Partnership incurred following costs from the entities under common ownership:

	2018 £	2017 £
<b>Costs</b>		
Braeburn Estates Developments (Infrastructure) Limited	8,656,443	9,525,121
Braeburn Estates Development Management Limited	170,746	295,042
	<u>8,827,189</u>	<u>9,820,163</u>

The Partnership incurred costs of £204,958 (2017: £621,613) from Canary Wharf Limited and £272,743 (2017: £545,486) from Canary Wharf Contractors Limited wholly owned subsidiaries of Canary Wharf Group plc.

The Partnership also incurred charges of £28,065 (2017: £28,065) from Canary Wharf Limited in respect of administration services.