

Company Registration No. 3526314

**BRAEHEAD PARK ESTATES LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**



# **BRAEHEAD PARK ESTATES LIMITED**

## **STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors submit their Strategic Report of Braehead Park Estates Limited ('the Company') for the year ended 31 December 2019.

### **PRINCIPAL ACTIVITIES**

The principal activity of the Company is the ownership and management of investment property which consists of sundry property and commercial office space adjacent to intu Braehead, Glasgow.

### **BUSINESS REVIEW**

During the year the Company made disposals of investment property consisting of the King George V Dock and sundry land.

The Company's results and financial position for the year ended 31 December 2019 are set out in full in the income statement, the balance sheet, the statement of changes in equity, and the notes to the financial statements.

The Company recorded a loss before tax of £22.4 million compared with a loss before tax of £2.7 million for the previous year. A revaluation surplus of £2.1 million was recorded during the year (2018 deficit of £3.7 million). Net assets at 31 December 2019 were £11.1 million, a decrease of £22.4 million from the 31 December 2018 figure of £33.5 million.

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. The directors have considered the future activity of the business below and within the going concern section.

### **FUTURE DEVELOPMENTS AND EVENTS AFTER THE REPORTING DATE**

Despite the revaluation surplus recorded in the year, the directors expect there to be continued downward pressure on property valuations and in the short term due to continued economic and political uncertainty and as the long-term effects of the Covid-19 pandemic on the wider UK economy become clear. The latest independent property valuation for the Company's investment property as at 30 June 2020 shows a decrease of 4 per cent in market value against the December 2019 position.

On 26 June 2020, following unsuccessful negotiations for a group-wide standstill with lenders to group entities and a resulting inability to agree a standstill with its lenders, intu properties plc (the ultimate parent company of the Company), entered administration.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

As the Company is a wholly owned subsidiary of the intu properties plc group, the Company faces largely those risks and uncertainties faced by the group. The development of the Covid-19 pandemic since the year end has heightened some of the group's principal risks, including those relating to the investment property market, which is influenced by both macroeconomic and retail specific factors, and the group's operational risk, particularly in respect of health and safety. These risks and uncertainties, including financial risks and the management thereof, are disclosed in the intu properties plc group financial statements.

**On behalf of the Board**



**Rebecca Ryman**  
**Director**  
**11 September 2020**

# **BRAEHEAD PARK ESTATES LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors present their report and the audited financial statements of the Company for the year ended 31 December 2019.

The Company is incorporated and registered in England and Wales (company number 3526314). The Company's registered office is 40 Broadway, London, SW1H 0BT.

#### **DIVIDENDS**

The directors do not recommend a dividend for the year (2018 £nil).

#### **FINANCIAL RISK MANAGEMENT**

The Company is exposed to a variety of financial risks arising from the company's operations being principally liquidity risk and credit risk.

The Company's financial risk management is carried out by intu properties plc's treasury department and the group's policies for managing risks along with further details of intu properties plc's financial risk management are disclosed in the intu properties plc group's publicly available financial statements.

There has been an increase in expected credit losses in the year due to ongoing structural issues within the retail sector which have led to a deterioration in the results of certain intu group entities and the intu properties plc group as a whole. As a result of the increase in expected credit losses, a larger loss allowance has been recognised than in previous years.

#### **CAPITAL MANAGEMENT**

The directors consider the capital of the Company to be the ordinary share capital of £28.0 million (2018 £28.0 million). Management of this capital is performed at an intu properties plc group level.

#### **GOING CONCERN**

Full detail in respect of going concern is set out in note 1. The going concern disclosure details that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

After reviewing the most recent projections and having carefully considered the material uncertainty, the directors have formed the judgement that it is appropriate to prepare the financial statements on the going concern basis.

#### **DIRECTORS**

The directors who held office during the year and until the date of this report are given below:

David Fischel	(Resigned 26 April 2019)
Hugh Ford	(Resigned 15 April 2020)
Barbara Gibbes	(Resigned 16 August 2019)
Kathryn Grant	
Gordon McKinnon	(Resigned 20 December 2019)
Trevor Pereira	(Resigned 31 January 2020)
Matthew Roberts	(Resigned 15 April 2020)
Julian Wilkinson	(Resigned 31 January 2020)
Sean Crosby	(Appointed 16 August 2019 and resigned 15 April 2020)
Minakshi Kidia	(Appointed 16 August 2019 and resigned 15 April 2020)
Martin Breeden	
Colin Flinn	
Nick Round	(Resigned 15 April 2020)
Rebecca Ryman	

# **BRAEHEAD PARK ESTATES LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **DIRECTORS' INDEMNITY PROVISION**

A qualifying indemnity provision (as defined in S234 of the Companies Act 2006) was in force for the benefit of the directors of the Company during the financial year and at the date of the approval of the financial statements. The Company's ultimate parent, intu properties plc, maintains directors' and officers' insurance which is reviewed annually.

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

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

### **INDEPENDENT AUDITOR**

Deloitte LLP succeeded PricewaterhouseCoopers LLP as the auditor for the financial year commencing 1 January 2019, further to the resolution passed at the AGM on 3 May 2019.

So far as the directors are aware, there is no relevant audit information of which the auditor is unaware and each director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

# **BRAEHEAD PARK ESTATES LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2019***

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### **DIRECTORS' CONFIRMATIONS**

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the strategic report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces; and
- the financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance.

**On behalf of the Board**



**Rebecca Ryman**  
**Director**  
**11 September 2020**

## **Independent auditor's report to the members of Braehead Park Estates Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of Braehead Park Estates Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement and statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 10.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for opinion**

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

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

#### **Material uncertainty relating to going concern**

We draw attention to note 1 in the financial statements, which indicates that a material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern.

The Company owns commercial office space adjacent to the intu Braehead shopping centre.

On 26 June 2020, following unsuccessful negotiations for a group-wide standstill with its lenders, intu properties plc (the ultimate parent company of the Company), along with certain intu group entities that provide asset and facilities management services, were placed into administration.

We identified the following areas which we considered to be the key risks giving rise to a material uncertainty in relation to the directors' going concern assessment. Should any of the risk factors discussed in note 1 or below occur, the Company may be unable to make payments as they fall due and may enter administration.

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**Risk area**

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***Implications of the intu properties plc administration:***

There is risk that with new directors, the future strategy of the Company may change and is therefore unknown. There could be a forced sale of the property, at a significant discount to the 31 December 2019 market value, resulting in insufficient funds to pay debts as they fall due.

New directors may also make the decision to cease trading.

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As stated in note 1, the events or conditions described above indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**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.

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

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

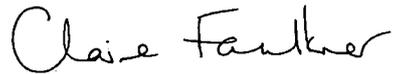
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

**Use of our report**

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

**Claire Faulkner FCA (Senior Statutory Auditor)****For and on behalf of Deloitte LLP**

Statutory Auditor

London, United Kingdom

11 September 2020

# BRAEHEAD PARK ESTATES LIMITED

## INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

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	Notes	2019 £m	2018 £m
Revenue	2	0.4	0.8
Net rental income	2	0.1	0.4
Revaluation of investment property	5	2.1	(3.7)
Expected credit losses on amounts owed by group undertakings	6	(25.4)	-
Profit on sale of investment property	5	0.8	0.6
Operating loss	3	(22.4)	(2.7)
Loss before taxation		(22.4)	(2.7)
Taxation	4	-	-
Loss for the year		(22.4)	(2.7)

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Other than the items in the income statement above there are no items of comprehensive income, and accordingly a separate statement of comprehensive income has not been presented.

# BRAEHEAD PARK ESTATES LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2019

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	Notes	2019 £m	2018 £m
<b>Non-current assets</b>			
Investment property	5	10.9	13.9
		<hr/>	<hr/>
<b>Current assets</b>			
Trade and other receivables	6	0.2	19.9
Cash and cash equivalents		0.1	0.2
		<hr/>	<hr/>
		0.3	20.1
		<hr/>	<hr/>
<b>Total assets</b>		11.2	34.0
		<hr/>	<hr/>
<b>Current liabilities</b>			
Trade and other payables	7	(0.1)	(0.5)
		<hr/>	<hr/>
<b>Total liabilities</b>		(0.1)	(0.5)
		<hr/>	<hr/>
<b>Net assets</b>		11.1	33.5
		<hr/>	<hr/>
<b>Equity</b>			
Share capital	8	28.0	28.0
(Accumulated losses)/retained earnings		(16.9)	5.5
		<hr/>	<hr/>
<b>Total equity</b>		11.1	33.5
		<hr/>	<hr/>

The notes on pages 12 to 19 form part of these financial statements.

The financial statements of Braehead Park Estates Limited (registration number 3526314) were approved by the Board of directors and authorised for issue on 11 September 2020 and were signed on its behalf by:



Rebecca Ryman  
Director

# BRAEHEAD PARK ESTATES LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

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	Share capital	Retained earnings/ (accumulated losses)	Total equity
	£m	£m	£m
<b>Balance at 1 January 2018</b>	28.0	8.2	36.2
Loss for the year	-	(2.7)	(2.7)
Total comprehensive income for the year	-	(2.7)	(2.7)
<b>Balance at 31 December 2018</b>	28.0	5.5	33.5
Balance at 1 January 2019	28.0	5.5	33.5
Loss for the year	-	(22.4)	(22.4)
Total comprehensive income for the year	-	(22.4)	(22.4)
<b>Balance at 31 December 2019</b>	28.0	(16.9)	11.1

# BRAEHEAD PARK ESTATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting convention, basis of preparation and accounting policies

Braehead Park Estates Limited ('the Company') is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 2.

The nature of the Company's operations and its principal activities are set out in the strategic report on page 1.

These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company has taken an exemption under IFRS 10 from preparing consolidated financial statements as the Company is consolidated as a subsidiary in the intu properties plc group financial statements.

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'. The Company has taken advantage of certain disclosure exemptions in FRS 101 as its financial statements are included in the publicly available consolidated financial statements of intu properties plc. Copies of those consolidated financial statements can be obtained from intu properties plc, 40 Broadway, London, SW1H 0BT or from the group's website [www.intugroup.co.uk](http://www.intugroup.co.uk).

In preparing the Company financial statements the Company has taken advantage of the following disclosure exemptions available under FRS 101, and therefore the Company financial statements do not include:

- certain comparative information as otherwise required by IFRS
- disclosures regarding the Company's management of capital
- a statement of cash flows
- disclosures in respect of financial instruments
- disclosures in respect of IFRS 13 fair value measurement
- disclosure of related party transactions
- the effect of future accounting standards not yet adopted

The above disclosure exemptions have been adopted because equivalent disclosures are included in the intu properties plc group consolidated financial statements into which the Company is consolidated. A summary of the significant accounting policies as applied to the Company is set out below.

The entity has transitioned to FRS 101 during the year and there has been no material effect upon transition.

The financial statements have been prepared under the historical cost convention as modified for the revaluation of investment property. A summary of the accounting policies is set out below.

Except as described above, the accounting policies are consistent with those applied in the last annual financial statements, as amended when relevant to reflect the adoption of new standards, amendments and interpretations which became effective in the year.

This is the Company's first set of annual financial statements where IFRS 16 Leases has been applied. The standard requires lessees to recognise a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Revaluation of the right-of-use asset and finance costs on the lease liability will be recognised in the income statement. The standard does not affect the current accounting for rental income earned. The adoption of this standard has not had a material impact on the financial statements.

# BRAEHEAD PARK ESTATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 1 Accounting convention, basis of preparation and accounting policies

(Continued)

#### **Critical accounting judgements and key sources of estimation uncertainty**

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

#### – key sources of estimation uncertainty

Valuation of investment property – see investment property accounting policy in note 1 as well as the group's publicly available financial statements for further detail on the valuation process.

Expected credit losses – a key source of estimation uncertainty exists over amounts due from group undertakings due to allowances for future expected credit losses that may be incurred. Loss allowances recognised during the year as a result of ongoing structural issues in the retail sector, have resulted in intercompany receivables being fully impaired as at the balance sheet date.

#### – critical accounting judgements

Going concern – when preparing the financial statements, management is required to make an assessment of the entity's ability to continue as a going concern and prepare the financial statements on this basis unless it either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. As set out in going concern section below, there are events or conditions that indicate a material uncertainty exists in relation to going concern.

After reviewing the most recent projections and having carefully considered the material uncertainty, the directors have formed the judgement that it is appropriate to prepare the financial statements on the going concern basis.

#### **Going concern**

The Company's business activities are set out in the Principal Activities section of the strategic report on page 1. The principal activity of the Company ownership and management of investment property which consists of sundry property and commercial office space adjacent to intu Braehead, Glasgow.

On 26 June 2020, following unsuccessful negotiations for a group-wide standstill with lenders to group entities and a resulting inability to agree a standstill with its lenders, intu properties plc (the ultimate parent company of Company), entered administration.

As a result of intu properties plc's administration there could be a change in ownership of the Company and/or significant changes in the constitution of the Board during the going concern period. If a restructured Board chose to make arrangements for the sale of the assets there may be no requirement for the Company to continue in operation.

#### –conclusion

The events or conditions described above indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

After reviewing the most recent projections and having carefully considered the material uncertainty, the directors have formed the judgement that it is appropriate to prepare the financial statements on the going concern basis.

The auditor's report refers to this material uncertainty surrounding going concern.

# BRAEHEAD PARK ESTATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting convention, basis of preparation and accounting policies

(Continued)

#### Revenue

Revenue comprises rental income receivable and service charge income.

Rental income receivable is recognised on a straight-line basis over the term of the lease. Directly attributable lease incentives (for example, rent-free periods or cash contributions for tenant fit-out) are recognised within rental income on the same basis as the underlying rental income received.

Contingent rents, being those lease payments that are not fixed at the inception of a lease, the most significant being rents linked to tenant revenues or increases arising on rent reviews, are recorded as income in the periods in which they are earned. In respect of rents linked to tenant revenues, where information is not available, management uses estimates based on knowledge of the tenant and past data. Rent reviews are recognised as income from the date of the rent review, based on management's estimates. Estimates are derived from knowledge of market rents for comparable properties determined on an individual property basis and updated for progress of negotiations.

Service charge income is recorded as income over time in the year in which the services are rendered and the performance obligations are satisfied.

#### Investment property

Investment property is owned or leased by the company and held for long-term rental income and capital appreciation.

The Company has elected to use the fair value model. Property is initially recognised at cost and subsequently revalued at the balance sheet date to fair value as determined by professionally qualified external valuers on the basis of market value. Valuations conform with the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards 2017 incorporating the International Valuation Standards and the UK National Supplement 2018 (the Red Book).

The main estimates and judgements underlying the valuations are described in note 5.

The cost of investment property includes capitalised interest and other directly attributable outgoings incurred during development. Interest is capitalised on the basis of the average rate of interest paid on the relevant debt outstanding. Interest ceases to be capitalised on the date of practical completion.

Gains or losses arising from changes in the fair value of investment property are recognised in the income statement. Depreciation is not provided in respect of investment property.

Sales and purchases of investment property are recognised when control passes on completion of the contract. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

# BRAEHEAD PARK ESTATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting convention, basis of preparation and accounting policies

(Continued)

#### **Impairment of assets**

The Company's assets are reviewed at each balance sheet date to determine whether events or changes in circumstances exist that indicate that their carrying amount may not be recoverable. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

At each balance sheet date the Company reviews whether there is any indication that an impairment loss recognised in previous periods may have decreased. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss recognised in prior periods is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount. In this case the asset's carrying amount is increased to its recoverable amount but not exceeding the carrying amount that would have been determined had no impairment loss been recognised. The reversal of an impairment loss is recognised in the income statement.

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

Cash and cash equivalents comprise cash in hand and deposits with banks.

#### **Trade receivables**

Trade receivables are recognised initially at their transaction price and subsequently measured at amortised cost less an allowance for expected credit losses.

When applying an allowance for expected credit losses, judgement is exercised as to the collectability of trade receivables and to determine if it is appropriate to impair these assets. When considering expected credit losses, management has taken into account days past due, the credit status of the counterparty and historical evidence of collection.

#### **Trade payables**

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

#### **Taxation**

Current tax is the expected tax payable on the taxable income for the year and any adjustment in respect of prior years. It is calculated using rates applicable at the balance sheet date.

#### **Current/non-current classification**

Current assets include assets held primarily for trading purposes, cash and cash equivalents, and assets expected to be realised in, or intended for sale or consumption within one year of the reporting date. All other assets are classified as non-current assets.

Current liabilities include liabilities held primarily for trading purposes and expected to be settled within one year of the reporting date. All other liabilities are classified as non-current liabilities.

#### **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

# BRAEHEAD PARK ESTATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 2 Revenue

Revenue arose in the United Kingdom from continuing operations. In the opinion of the directors the Company carries on only one class of business.

	2019 £m	2018 £m
Rent receivable	0.3	0.7
Service charge income	0.1	0.1
Revenue	<u>0.4</u>	<u>0.8</u>
Service charge costs	(0.2)	(0.2)
Other non-recoverable costs	(0.2)	(0.2)
Net rental income	<u>0.1</u>	<u>0.4</u>

### 3 Operating loss

The operating loss for the year ended 31 December 2019 of £22.4 million (2018 operating loss of £2.7 million) did not include any fees in respect of auditor's remuneration of £13,687 (2018 £4,262) in respect of the audit of the financial statements, which was settled on behalf of the Company by Intu Debenture plc, a fellow intu group entity and has not been recharged. No non-audit services were provided during the current or prior year.

The directors did not receive or waive any emoluments (2018 £nil) in respect of their services to the Company.

There were no employees during the year (2018 none).

### 4 Taxation

The tax expense for the year is higher than (2018 higher than) the standard rate of corporation tax in the UK. The differences are explained below:

	2019 £m	2018 £m
Loss before taxation	<u>(22.4)</u>	<u>(2.7)</u>
Loss before tax multiplied by the standard rate of tax in the UK of 19% (2018 19%)	(4.3)	(0.5)
Exempt property rental profits and revaluations in the year	4.3	0.5
Tax expense	<u>-</u>	<u>-</u>

# BRAEHEAD PARK ESTATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 5 Investment property

	Freehold £m
At 1 January 2018	18.1
Disposals	(0.5)
Deficit on revaluation	(3.7)
	<hr/>
Book and market value at 31 December 2018	13.9
Additions	0.1
Disposals	(5.2)
Surplus on revaluation	2.1
	<hr/>
Book and market value at 31 December 2019	10.9
	<hr/> <hr/>

Freehold investment property consists of sundry property adjacent to intu Braehead, Glasgow.

During the year the Company disposed of property with book value of £5.2 million for consideration of £6.0 million, generating a profit on sale of investment property of £0.8 million. This property consisted of the King George V Dock and sundry land.

Investment property is measured at fair value and is categorised as Level 3 in the fair value hierarchy as one or more significant inputs to the valuation (including rent profiles and yields) are partly based on unobservable market data.

Transfers into and transfers out of the fair value hierarchy levels are recognised on the date of the event or change in circumstances that caused the transfer. There were no transfers in or out of Level 3 for investment and development property during the year.

#### Valuation process

It is the Company's policy to engage an independent external valuer to determine the market value of its investment property at both 30 June and 31 December. This independent external valuer holds recognised and relevant professional qualifications and has recent experience in location and category of the investment property being valued. The company provides information to the valuer, including current lease and tenant information along with asset specific business plans. The valuer uses this and other inputs including market transactions for similar properties to produce valuations. These valuations and the assumptions they have made are then discussed and reviewed with the management as well as the directors.

#### Valuation methodology

The fair value of the Company's investment property at 31 December 2019 was determined by Cushman & Wakefield, an independent external valuer at that date. The valuations are in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards 2017 incorporating the International Valuation Standards and the UK National Supplement 2018 (the Red Book) and were arrived at by reference to market transactions for similar properties and rent profiles. Fair values for investment properties are calculated using the present value income approach. The main assumptions underlying the valuations are in relation to rent profile and yields as discussed below.

# BRAEHEAD PARK ESTATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 6 Trade and other receivables

	2019 £m	2018 £m
Trade receivables	-	0.1
Other receivables	0.2	0.1
Amounts owed by group undertakings	-	19.6
Prepayments and accrued income	-	0.1
	<u>0.2</u>	<u>19.9</u>

Amounts owed by group undertakings are unsecured, non-interest bearing and repayable on demand. Amounts owed by group undertakings are stated net of a £25.4m allowance for expected credit losses. There has been an increase in expected credit losses in the year due to ongoing structural issues within the retail sector which have led to a deterioration in the results of certain intu group entities and the intu properties plc group as a whole. As a result of the increase in expected credit losses, a larger loss allowance has been recognised than in previous years.

### 7 Trade and other payables

	2019 £m	2018 £m
Rents received in advance	0.1	0.2
Accruals	-	0.1
Other taxes and social security	-	0.2
	<u>0.1</u>	<u>0.5</u>

### 8 Share capital

	2019 £m	2018 £m
<b><i>Issued, called up and fully paid</i></b>		
28,053,229 (2018 28,053,229) ordinary shares of £1 each	<u>28.0</u>	<u>28.0</u>

### 9 Ultimate parent company

The ultimate parent company is intu properties plc - in administration, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained from the Company Secretary, 40 Broadway, London, SW1H 0BT. The immediate parent company is Intu Shopping Centres plc - in administration, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained as above.

# **BRAEHEAD PARK ESTATES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2019***

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### **10 Events after the reporting date**

On 26 June 2020, following unsuccessful negotiations for a group-wide standstill with lenders to group entities and a resulting inability to agree a standstill with its lenders, intu properties plc (the ultimate parent company of the Company), entered administration.

The latest independent property valuation for the Company's investment property as at 30 June 2020 shows a decrease of 4 per cent in market value against the December 2019 position.