

Brookfield Properties (UK PM) Limited

Annual report and financial statements
Registered number 04852607
31 December 2017



Brookfield Properties (UK PM) Limited
Annual report and financial statements
Year ended 31 December 2017

Contents	Page
Directors' report	2-3
Strategic report	4
Statement of Directors' responsibilities	5
Independent auditor's report to the members of Brookfield Properties (UK PM) Limited	6-8
Statement of comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13-22

Brookfield Properties (UK PM) Limited
Annual report and financial statements
Year ended 31 December 2017

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2017. The Company is incorporated in the United Kingdom. The Company's registered office is Level 15, Citypoint, 1 Ropemaker Street, EC2Y 9AW, United Kingdom.

Principal activities

The Company continues to provide property management services for properties owned in the Brookfield Group. The Company has continued to provide property management services to 20 Canada Square, 99 Bishopsgate, Principal Place Commercial and London Wall Place 2 during 2017. In addition, during 2017 an additional property, Aldgate Tower, was added to the property management portfolio for part of the year. The Company ceased providing property management services to 20 Canada Square in July 2017 following a change in the property's ownership.

Business review

The total comprehensive loss for the year amounted to £262k (2016 profit: £170k). Revenue for the year was £5.0m (2016: £7.7m), a decrease from the prior year as the Company ceased providing property management services to 20 Canada Square in July 2017. Operating profit for the year was £1.1m (2016: £1.2m). Net assets at 31 December 2017 were £215k (2016: £477k).

The Directors do not recommend the payment of a dividend (2016: nil)

Going concern basis

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. There are no significant uncertainties that affect the going concern assumption. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the significant accounting policies in the notes to the financial statements.

Subsequent events

The company has received a non-interest bearing loan of £1m from its immediate parent company in 2018 which is repayable on demand.

Directors

The Directors, who served throughout the year, and subsequently, except as noted, were as follows:

J Tuckey (resigned 28/06/2017)
S Ruck
M Jepson (resigned 31/03/2017)
R Meller
R Tang
N Thompson (appointed 28/06/2017; resigned 06/06/2018)
Z Vaughan (appointed 06/06/2018)

Auditor

A resolution for the reappointment of Deloitte LLP as auditor of the Company is to be proposed at the Annual General Meeting.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Brookfield Properties (UK PM) Limited
Annual report and financial statements
Year ended 31 December 2017

Directors' report (continued)

Financial risk management objectives and policies

The main financial risks arising from the Company's activities are credit risk and liquidity risks (note 12).

- Credit risk – this is primarily attributable to trade debtors and thorough checks are undertaken on any new customers/contracts. The amounts carried in the balance sheet are net of allowances for any doubtful debtors.
- Liquidity risk - sufficient cash resources are available to ensure payments are met as they fall due.

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

By order of the board.



R Meller
Director

Level 15, Citypoint
1 Ropemaker Street
London
EC2Y 9AW
28/09/2018

Brookfield Properties (UK PM) Limited
Annual report and financial statements
Year ended 31 December 2017

Strategic report

The directors present their strategic report for the year ended 31 December 2017.

Results and dividends

The results for the year ended 31 December 2017 are set out on page 9. The Directors do not recommend the payment of a final dividend for the year (2016: £nil).

The performance of the business is assessed by considering the revenues and profits/(losses) reported in the income statement, as well as ensuring that the Company meets its contractual obligations as managing agent.

The Company charges management and administration fees for its services. During the year the Company generated a loss of £262k (2016 profit of £170k). The Company also reports the revenue and expenditure for running the service charge for 20 Canada Square. At 31 December 2017 the Company had net assets of £215k (2016: £477k).

Another key performance indicator is assessing the arrears to ensure outstanding balances are collected on time. Although the properties have ownership by related parties, predominantly all of the tenants are independent parties. Consequently the Company dedicates resources to proactively manage collections. The balance outstanding at 31 December 2017 related to items due in January 2018.

The performance of the accounts payable function is also critical to ensure that the Company continues to meet credit checks of current and future suppliers. The majority of supplier invoices are settled within 30 days.

The Company's management of the service charge should adhere to RICS Professional Guidelines UK. The Company employs suitably qualified staff to ensure compliance of the code. The Company is also required to manage the property in accordance with Health and Safety requirements.

Post balance sheet events

In January 2018 the Company started the mobilisation of 100 Bishopsgate. Following mobilisation, the Company will add 100 Bishopsgate to its management portfolio.

Principal risk and uncertainties

The potential risks and uncertainties, which could have a material impact on the Company's long-term performance include the inability to:

- Meet RICS guidelines for management of the service charge;
- Manage properties in accordance with Health and Safety requirements;
- Meet credit checks of current and new suppliers; and
- Collect all amounts owing from trade debtors.

The principal risks and uncertainties facing the business are continuously monitored and managed.

By order of the board



R Meller
Director

Level 15, Citypoint
1 Ropemaker Street
London
EC2Y 9AW
28/09/2018

Brookfield Properties (UK PM) Limited
Annual report and financial statements
Year ended 31 December 2017

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report, Strategic 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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.

Independent auditor's report to the members of Brookfield Properties (UK PM) Limited
Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Brookfield Properties (UK PM) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss 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 which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and 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.

Other information

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

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

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Brookfield Properties (UK PM) Limited

Report on the audit of the financial statements

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. 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.

Brookfield Properties (UK PM) Limited
Annual report and financial statements
For the year ended 31 December 2017

Independent auditor's report to the members of Brookfield Properties (UK PM) Limited
Report on the audit of the financial statements

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.



Andy Siddons (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

28 September 2018

Brookfield Properties (UK PM) Limited
Annual report and financial statements

Statement of comprehensive income
for the year ended 31 December 2017

	Notes	2017 £000	2016 £000
Revenue		5,003	7,723
Cost of sales		(3,930)	(6,561)
Operating profit	5	1,073	1,162
Administrative expenses		(1,335)	(978)
(Loss) / profit before tax		(262)	184
Taxation	6	-	(14)
Total comprehensive (loss) / profit for the year		(262)	170

All results relate to continuing operations.

There were no items of other comprehensive income and consequently no separate statement of other comprehensive income is presented.

The income statement should be read in conjunction with the notes to the financial statements on pages 13 to 22.

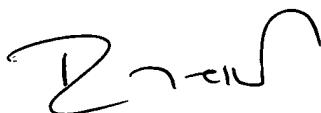
Brookfield Properties (UK PM) Limited
Annual report and financial statements

Statement of financial position
as at 31 December 2017

	Notes	2017 £000	2016 £000
Assets			
<u>Non-current assets</u>			
Other intangible assets	8	10	17
		<u>10</u>	<u>17</u>
<u>Current assets</u>			
Cash and cash equivalents	9	9,054	8,772
Trade and other receivables	10	387	1,090
Total current assets		<u>9,441</u>	<u>9,862</u>
Total assets		<u>9,451</u>	<u>9,879</u>
<u>Current liabilities</u>			
Trade and other payables	11	(9,236)	(9,402)
Total Liabilities		<u>(9,236)</u>	<u>(9,402)</u>
Net assets		<u>215</u>	<u>477</u>
<u>Equity</u>			
Share capital	14	400	400
(Accumulated losses) / Retained earnings		(185)	77
Total equity		<u>215</u>	<u>477</u>

The statement of financial position should be read in conjunction with the notes to the financial statements on pages 13 to 22.

These financial statements of Brookfield Properties (UK PM) Limited, registered number 04852607, were approved by the board of directors and approved for issue on 28th September 2018. They were signed on its behalf by:



R Meller
Director

Brookfield Properties (UK PM) Limited
Annual report and financial statements

**Statement of changes in equity
for the year ended 31 December 2017**

	Share capital	(Accumulated losses) / Retained earnings	Total
	£000	£000	£000
At 1 January 2016	400	(93)	307
Total comprehensive profit for the year	-	170	170
At 31 December 2016	400	77	477
Total comprehensive loss for the year	-	(262)	(262)
At 31 December 2017	400	(185)	215

The statement of changes in equity should be read in conjunction with the notes to the financial statements on pages 13 to 22.

Brookfield Properties (UK PM) Limited
Annual report and financial statements

Cash flow statement
for the year ended 31 December 2017

	Notes	2017 £000	2016 £000
<u>Cash flows from operating activities</u>			
(Loss)/profit for the year		(262)	184
Amortisation		9	9
Decrease / (increase) in trade and other receivables	10	703	(61)
(Decrease) / increase in trade and other payables	11	(166)	4,378
Net cash generated from operating activities		284	4,510
<u>Cash flows used in investing activities</u>			
Purchase of intangible assets	8	(2)	-
Net cash used in investing activities		(2)	-
Net increase in cash and cash equivalents		282	4,510
Cash and cash equivalents at beginning of year		8,772	4,262
Cash and cash equivalents at end of year	9	9,054	8,772

The cash flow statement should be read in conjunction with the notes to the financial statements on pages 13 to 22.

Notes to the financial statements
(forming part of the financial statements)
for the year ended 31 December 2017

1 General information

Brookfield Properties (UK PM) Limited ("the Company") is a property management company. The Company is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office is Level 15, Citypoint, 1 Ropemaker Street, EC2Y 9AW, United Kingdom.

2 Adoption of new and revised standards

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 the EU):

		Effective for periods beginning
IFRS 9	Financial Instruments	01 January 2018
IFRS 15	Revenue from Contracts with Customers	01 January 2018
IFRS 16	Leases	01 January 2019
IFRS 17	Insurance Contracts	01 January 2021 [*]
IFRS 2 (amendments)	Classification and Measurement of Share-based	01 January 2018 [*]
IAS 40 (amendments)	Transfers of Investment Property	01 January 2018 [*]
IFRS 9 (amendments)	Prepayment Features with Negative Compensation	01 January 2019 [*]
IAS 28 (amendments)	Long-term Interests in Associates and Joint Ventures	01 January 2019 [*]
Annual Improvements to Amendments to IFRS 1 First-time Adoption of		
IFRS Standards 2014-2016 International Financial Reporting Standards, IFRS 12		01 January 2018
Cycle	Disclosure of Interests in Other Entities, IAS 28	
Annual Improvements to Amendments to IFRS 3 Business Combinations, IFRS 11		
IFRS Standards 2015-2017 Joint Arrangements, IAS 12 Income Taxes, IAS 23		01 January 2019 [*]
Cycle	Borrowing Costs	
[*subject to EU endorsement]		

A review of the financial instruments and revenue of the Company has been completed and indicates that there will be no material impact on the financial statements of the Company except for disclosure.

The Directors do not expect that the adoption of the other Standards listed above will have a material impact on the financial statements of the Company aside from additional disclosures.

Notes to the financial statements (continued)
for the year ended 31 December 2017

3 Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The financial statements have been prepared under the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies are set out below.

Going concern

After making enquiries and considering the uncertainties derived from the current economic climate the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The company has received a non-interest bearing loan of £1m from its immediate parent company in 2018 to ensure it continues to operate as a going concern.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Rendering of services

Management fees received under property management agreements are recognised according to the agreements on an accruals basis.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. Current tax and deferred tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Notes to the financial statements (continued)
for the year ended 31 December 2017

3 Significant accounting policies (continued)

Deferred tax (continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Intangible assets

Finite-lived intangible assets, which primarily comprise of software, are capitalised and amortised on a straight-line basis over a period of three years, their expected useful lives.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of provision is recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Cash held on behalf of other entities and service charge funds received in advance from tenants are shown as restricted cash.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Employee benefits

Pension obligations

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefits scheme.

Share-based compensation

No share-based compensation schemes are operated by the Company.

Bonus plans

The Company recognises a liability and expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Notes to the financial statements (continued)
for the year ended 31 December 2017

3 Significant accounting policies (continued)

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Notes to the financial statements (continued)
for the year ended 31 December 2017

3 Significant accounting policies (continued)

Impairment of financial assets

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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 payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

4 Critical accounting estimates and judgements

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues, expenses and the accompanying disclosures. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The directors consider there to be no critical accounting estimates and judgements.

Brookfield Properties (UK PM) Limited
Annual report and financial statements

Notes to the financial statements (continued)
for the year ended 31 December 2017

5 Operating profit

	2017 £000	2016 £000
Operating profit is stated after charging:		
Amortisation charge	9	9
Fees payable to the auditor in respect of these financial statements	<u>9</u>	<u>8</u>

6 Taxation

(a) Analysis of result/(charge) in the year

	2017 £000	2016 £000
Current tax (income) / expense:		
Current year	<u>-</u>	<u>14</u>

(b) Factors affecting the tax result/charge

The tax assessed differs from the application of the average standard rate of corporation tax in the UK of 19.25% (2016: 20.00%) to the entity's accounting (loss)/profit before taxation for the following reasons:

	2017 £000	2016 £000
(Loss) / profit before taxation	<u>(262)</u>	<u>184</u>
Result multiplied by the average standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	(50)	37
Non-deductible fees	2	2
Deduct expenses deductible for tax but not for the accounts (Capital Allowance)		-
Current year losses not recognised	48	-
Previously unrecognised temporary differences used in the year		(25)
Total tax result / charge (note 6 (a))	<u>-</u>	<u>14</u>

The Company has unrecognised tax losses in 2017 of £253k (2016: nil) which relate to tax losses carried forward.

The Company's average standard rate of corporation tax has decreased from 20.00% in 2016 to 19.25% in 2017 because of a decrease in UK tax rates. A further rate reduction has been enacted to reduce the main rate of corporation tax to 17% from 1 April 2020.

7 Staff numbers and costs

The average number of administration staff employed by the Company during the year was 47 (2016: 42)

The aggregate payroll costs of these persons were as follows:

	2017 £000	2016 £000
Wages and salaries	661	1,014
Social security costs	70	106
Pension	59	84
	<u>790</u>	<u>1,204</u>

None of the directors received any remuneration for their services as directors to this company in either the current or prior year.

Notes to the financial statements (continued)
for the year ended 31 December 2017

8 Other intangible assets

	IT Software £000	Total £000
Cost		
At 1 January 2016	102	102
At 31 December 2016	<u>102</u>	<u>102</u>
Additions for the year	2	2
At 31 December 2017	<u><u>104</u></u>	<u><u>104</u></u>
Amortisation		
At 1 January 2016	(76)	(76)
Charge for the year	(9)	(9)
At 31 December 2016	<u>(85)</u>	<u>(85)</u>
Charge for the year	(9)	(9)
At 31 December 2017	<u><u>(94)</u></u>	<u><u>(94)</u></u>
Net book value		
At 31 December 2016	<u><u>17</u></u>	<u><u>17</u></u>
At 31 December 2017	<u><u>10</u></u>	<u><u>10</u></u>

9 Cash and cash equivalents

	2017 £000	2016 £000
Cash and cash equivalents	<u><u>9,054</u></u>	<u><u>8,772</u></u>

The carrying amount of cash and cash equivalents is equivalent to their fair value.

Of the cash and cash equivalents, £8,496k is considered restricted (2016: £7,752k) as it relates to service charge funds received in advance from tenants or is held on behalf of other related entities in the Company's capacity as property manager.

Brookfield Properties (UK PM) Limited
Annual report and financial statements

Notes to the financial statements (continued)
for the year ended 31 December 2017

10 Trade and other receivables

Amounts falling due within one year	2017 £000	2016 £000
Trade receivables	107	1,035
Other receivables	7	45
Prepayments and accrued income	273	10
	<u>387</u>	<u>1,090</u>

Before accepting any new customers, the Company assesses a potential new customer's credit quality in accordance with the manner described in note 12. Given the nature of the Company's business activities which give rise to a low number of high value customers, and potentially a concentration of credit risk, the provision for doubtful debts is specifically assessed by management. As a result, the net carrying amount of trade receivables is considered by management to be approximately equal to their fair value. No interest has been charged on overdue receivables in the year, but the Company reserves the right to do so.

11 Trade and other payables

	2017 £000	2016 £000
Amounts falling due within one year		
Trade payables	-	(35)
Amounts owing to related parties	(8,937)	(2,336)
Other payables	(299)	(7,031)
	<u>(9,236)</u>	<u>(9,402)</u>

At the balance sheet date all intercompany and related party loans are unsecured, non-interest bearing and repayable on demand.

12 Financial instruments

Categories of financial instruments

The following table summarises the fair values of the financial assets and liabilities recorded in the Company's financial statements.

	2017 Current £000	2016 Current £000
Financial assets		
Trade and other receivables	387	1,090
Cash and cash equivalents	9,054	8,772
	<u>9,441</u>	<u>9,862</u>
Financial liabilities		
Trade payables	-	(35)
Amounts owing to related parties	(8,937)	(2,336)
Other payables	(299)	(7,031)
	<u>(9,236)</u>	<u>(9,402)</u>

Notes to the financial statements (continued)
for the year ended 31 December 2017

12 Financial instruments (continued)

Financial risk management objectives

The Company has no significant exposure to foreign exchange movements other than with related parties. The Company has no material contracts denominated in a foreign currency.

Credit risk management

Credit risk refers to the risk that a customer will default on its contractual obligations resulting in financial loss to the Company. The Company only transacts with entities that are rated the equivalent to investment grade and above. This information is supplied by independent rating agencies where available and if not available the Company uses other publicly available financial information and its own trading records to assess its major customers. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

Capital risk management

The capital structure of the Company is managed by Group Treasury as part of the overall group position. The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern.

13 Related party transactions

Management fees

Property	Entity	2017 £000	2016 £000
99 Bishopsgate	99 Bishopsgate Management Limited	219	232
Principal Place Commercial	Principal Place Commercial Sarl	300	90
Moor Place	BOP (MX) Sarl	-	153
London Wall Place	London Wall Place LP	130	65

Related party expenditure

Entity	Nature	2017 £000	2016 £000
Technology Services Group LLC	IT costs	460	250
Brookfield Global Asset Management Limited	Corporate recharges	1,307	1,588

Balances payable to related parties

Entity	Relationship	2017 £000	2016 £000
DS Four Retail Limited	Indirect subsidiary of ultimate parent	-	(4)
Brookfield Global Asset Management Limited	Indirect subsidiary of ultimate parent	(166)	(168)
99 Bishopsgate Management Limited	Indirect subsidiary of ultimate parent	(2,105)	(1,578)
99 Bishopsgate Real Estate Sarl	Indirect subsidiary of ultimate parent	(4)	-
Principal Place Commercial Sarl	Indirect subsidiary of ultimate parent	(1,796)	(200)
Two London Wall Place Limited	Indirect subsidiary of ultimate parent	(1,181)	(367)
London Wall Place LP	Indirect subsidiary of ultimate parent	(193)	-
Brookfield Europe (Gibraltar) Limited	Indirect subsidiary of ultimate parent	(370)	-
Technology Services Group LLC	Indirect subsidiary of ultimate parent	(441)	-
BOP (Europe) Holdings Ltd	Parent	-	(19)

Notes to the financial statements (continued)
for the year ended 31 December 2017

14 Capital and reserves

Share capital

	2017	2016
	£000	£000
Authorised		
400,001 ordinary shares of £1	<u>400</u>	<u>400</u>
Allotted, called up and fully paid		
400,001 ordinary shares of £1	<u>400</u>	<u>400</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

There were no sales or purchases of shares during the current or prior year.

15 Ultimate parent undertaking and parent undertaking of larger group of which the Company is a member

The Company's immediate parent is BOP (Europe) Holdings Ltd, an entity registered in Canada. The ultimate parent undertaking and controlling party is Brookfield Property Partners L.P., a company incorporated in Bermuda.

The smallest and largest group in which the results of the company are consolidated is that headed by Brookfield Property Partners L.P., incorporated in Bermuda. The consolidated financial statements of Brookfield Property Partners L.P. are available to the public and may be obtained from its registered office at 73 Front Street, 5th Floor, Hamilton, HM 12, Bermuda.

16 Subsequent events

The company has received a non-interest bearing loan of £1m from its immediate parent company in 2018 which is repayable on demand.