

North London Estate Partnerships Limited

Annual Report and Financial Statements

Year ended

31 March 2021

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North London Estate Partnerships Limited

Annual report and financial statements
for the year ended 31 March 2021

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Directors

I Tayler
B S Conroy
C R Hollwey
J R Andrews
F M Schramm
G Shopov

Company number

05024466

Registered office

9th Floor Cobalt Square, 83-85 Hagley Road, Birmingham, B16 8QG

Independent auditors

Goodman Jones LLP
29/30 Fitzroy Square
London
W1T 6LQ

North London Estate Partnerships Limited

Directors' report for the year ended 31 March 2021

The directors present their annual report and the audited financial statements for the year ended 31 March 2021.

This directors' report has been prepared in accordance with the provisions applicable to small companies entitled to the small companies' exemption and the company has taken advantage of the exemption from the requirement to prepare a strategic report.

Principal activities

North London Estate Partnerships Limited ("NLEP") is a public private partnership established under the NHS local Improvement Finance Trust ("LIFT") directive, to build and develop fit for purpose health and social care infrastructure in the London Boroughs of Barnet, Enfield and Haringey. The company was established in 2004 and commenced the development of its first two properties, Forest Road and Vale Drive Health Centres in July 2004.

Dividends

Dividends of £201,000 (2020: £694,565) were paid during the year. No further dividends are proposed.

Directors

The directors who served during the year and to the date of this report were:

I Tayler
B S Conroy
C R Hollway
J R Andrews
F M Schramm
G Shopov

Qualifying third party indemnity provisions

The company has put in place qualifying third party indemnity provisions for all of the directors of the company which was in force at the date of approval of this report.

Going concern

At the year-end, the company has net assets of £120,170 (2020: £83,609) and net current assets of £120,168 (2020: £83,607), including cash of £247,064 (2020: £81,875).

The COVID-19 pandemic is continuing to have a significant impact on the UK economy which creates uncertainty in respect of all future business plans. At the time of writing, the Directors continue to believe that there is limited going concern risk to the company.

The directors have reviewed the future liquidity requirements and have considered the cash flow forecasts of the company. The company produces long-term financial forecasts which show the company is able to operate and meet its financial obligations as they fall due. Based on this review and the future business prospects of the company, the directors believe the company will be able to meet its liabilities as they fall due.

Having regard to the above and after making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

North London Estate Partnerships Limited

Directors' report for the year ended 31 March 2021 (*continued*)

Directors' responsibilities

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 company 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 the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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.

Provision 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 that director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing their report and to establish that the company's auditor is aware of that information.

This report was approved by the board on

01-10-21

and signed on its behalf.



I Tayler
Director

North London Estate Partnerships Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF NORTH LONDON ESTATE PARTNERSHIPS LIMITED

Opinion

We have audited the financial statements of North London Estate Partnerships Limited ("the Company") for the year ended 31 March 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the statement of cash flows, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual report and 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 this regard.

North London Estate Partnerships Limited

Independent auditor's report (*continued*)

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.

Matters on which we are required to report by exception

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 material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- 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' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

North London Estate Partnerships Limited

Independent auditor's report (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to industry sector regulations and unethical and prohibited business practices, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and UK Tax Legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls). Appropriate audit procedures in response to these risks were carried out. These procedures included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reading minutes of meetings of those charged with governance;
- Obtaining and reading correspondence from legal and regulatory bodies including HMRC;
- Identifying and testing journal entries;
- Challenging assumptions and judgements made by management in their significant accounting estimates.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members; and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

There are inherent limitations in the audit procedures described above. The further removed instances of non-compliance with laws and regulations are from the events and transactions reflected in the financial statements, the less likely we are to become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the 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.

Goodman Jones LLP

01-10-21

Paul Bailey (Senior Statutory Auditor)
For and on behalf of Goodman Jones LLP, Statutory Auditor
London
United Kingdom

Goodman Jones LLP is a limited liability partnership registered in England and Wales (with registered number OC313156).

North London Estate Partnerships Limited

Statement of comprehensive income for the year ended 31 March 2021

	Note	2021 £	2020 £
Continuing operations			
Revenue	4	775,008	460,962
Cost of sales		(641,680)	(345,068)
Gross profit		133,328	115,894
Administrative expenses		(92,949)	(119,948)
Operating profit/ (loss)	5	40,379	(4,054)
Finance income	6	710,549	698,163
Finance costs	7	(710,549)	(698,191)
Dividend income from shares in group undertakings		201,000	669,565
Profit before tax		241,379	665,483
Tax charge	8	(3,818)	-
Profit and total comprehensive income for the year attributable to equity holders of the company		237,561	665,483

The notes on pages 10 to 21 form part of these financial statements.

North London Estate Partnerships Limited

Statement of financial position at 31 March 2021

Company number 05024466	Note	2021 £	2020 £
Assets			
Non-current assets			
Investments	9	2	2
Other receivables	11	5,785,200	5,632,282
		5,785,202	5,632,284
Current assets			
Trade receivables	10	452,022	195,012
Other receivables	11	2,428	374,421
Cash and cash equivalents	12	247,064	81,875
		701,514	651,308
Liabilities			
Current liabilities			
Trade and other payables	13	581,346	515,680
Current portion of long-term borrowings	14	-	52,021
		581,346	567,701
Net current assets		120,168	83,607
Non-current liabilities			
Non-current borrowings	14	5,785,200	5,632,282
		5,785,200	5,632,282
Net assets		120,170	83,609
Equity attributable to equity holders of the company			
Ordinary shares	15	16,050	16,050
Retained earnings		104,120	67,559
Total equity		120,170	83,609

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 01-10-21

I Tayler
Director



The notes on pages 10 to 21 form part of these financial statements.

North London Estate Partnerships Limited

Statement of changes in equity for the year ended 31 March 2021

		Attributable to equity holders of the company	
	Share capital £	Retained earnings £	Total equity £
Balance at 1 April 2020	16,050	67,559	83,609
Changes in equity for 2020 – 2021			
Profit and total comprehensive income for the year attributable to the equity holders of the company	-	237,561	237,561
Dividends paid	-	(201,000)	(201,000)
Balance at 31 March 2021	16,050	104,120	120,170
Balance at 1 April 2019	16,050	96,641	112,691
Changes in equity for 2019 – 2020			
Profit and total comprehensive income for the year attributable to the equity holders of the company	-	665,483	665,483
Dividends paid	-	(694,565)	(694,565)
Balance at 31 March 2020	16,050	67,559	83,609

Dividends of £201,000 (£12.52 per share) were paid during the year (2020: £694,565 (£43.28 per share)).

The notes on pages 10 to 21 form part of these financial statements.

North London Estate Partnerships Limited

Statement of cash flows for the year ended 31 March 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Profit before taxation		241,379	665,483
Adjustment for:			
Decrease in trade and other receivables		(243,699)	(121,153)
Increase in trade and other payables		368,509	145,428
Finance and dividend income		(911,549)	(1,367,728)
Finance costs		710,549	698,191
		<hr/>	<hr/>
Net cash generated from operating activities		165,189	20,221
		<hr/>	<hr/>
Cash flows from investing activities			
Group interest received		551,147	552,362
Dividends received		201,000	669,565
		<hr/>	<hr/>
Net cash from investing activities		752,147	1,221,927
		<hr/>	<hr/>
Financing activities	18		
Interest paid		(551,147)	(552,390)
Repayment of shareholder loan		(58,505)	(46,258)
Long term loans repaid by subsidiary companies		58,505	46,258
Dividends paid		(201,000)	(694,565)
		<hr/>	<hr/>
Net cash used in financing activities		(752,147)	(1,246,955)
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		165,189	(4,807)
Cash and cash equivalents at the beginning of the year		81,875	86,682
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year	12	247,064	81,875
		<hr/>	<hr/>

The notes on pages 10 to 21 form part of these financial statements.

North London Estate Partnerships Limited

Notes forming part of the financial statements for the year ended 31 March 2021

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

1 Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out in note 2. The policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements are presented in pound sterling, which is also the company's functional currency.

These financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRSs).

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

1.1 Basis of consolidation

Consolidated financial statements have not been prepared for the company and its subsidiaries under the exemption granted by Section 398 of the Companies Act 2006. Accordingly, these financial statements present information about the company and not about its group.

1.2 Standards issued and applied for the first time this year

New standards impacting the company adopted in the annual financial statements for the year ended 31 March 2021, and which have given rise to changes in the company's accounting policies are:

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Material) (effective 1 January 2020);
- IFRS 3 Business Combinations (Amendment – Definition of Business) (effective 1 January 2020), and
- Revised Conceptual Framework for Financial Reporting.

The company has assessed that the adoption of new standards have had no material impact on the financial statements for either the current year or prior years.

1.3 Standards, interpretations and amendments issued but not yet applied

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the company has decided not to adopt early. The following amendments are effective for periods beginning on or after 1 January 2021:

- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) – effective 1 January 2023 (not endorsed);
- Reference to the Conceptual Framework (Amendments to IFRS 3) – effective 1 January 2022 (not endorsed);

**Notes forming part of the financial statements
for the year ended 31 March 2021 (continued)**

2 Accounting policies

1.3 Standards, interpretations and amendments issued but not yet applied (continued)

- Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16) – effective 1 January 2022 (not endorsed);
- Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37) – effective 1 January 2022 (not endorsed);
- Annual Improvements to IFRS Standards 2018–2020 – effective 1 January 2022 (not endorsed);
- Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) – effective 1 January 2021;
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – effective 1 January 2023 (not endorsed); and
- Definition of Accounting Estimates (Amendments to IAS 8) – effective 1 January 2023 (not endorsed).

The directors do not expect any of these standards, interpretations or amendments to have a material impact on the company.

2.1 Going concern

At the year-end, the company has net assets of £120,170 (2020: £83,609) and net current assets of £120,168 (2020: £83,607), including cash of £247,064 (2020: £81,875).

The COVID-19 pandemic is continuing to have a significant impact on the UK economy which creates uncertainty in respect of all future business plans. At the time of writing, the Directors continue to believe that there is limited going concern risk to the company.

The directors have reviewed the future liquidity requirements and have considered the cash flow forecasts of the company. The company produces long-term financial forecasts which show the company is able to operate and meet its financial obligations as they fall due, including compliance with all loan covenants. Based on this review and the future business prospects of the company, the directors believe the company will be able to meet its liabilities as they fall due.

Having regard to the above and after making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

2.2 Financial instruments

2.2.1 Financial assets

The company classifies its financial assets as held at amortised cost and the company's accounting policy for this category of asset is as follows:

These assets arise principally from the provision of services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

North London Estate Partnerships Limited

Notes forming part of the financial statements for the year ended 31 March 2021 *(continued)*

2 Accounting policies *(continued)*

2.2 Financial instruments *(continued)*

2.2.1 Financial assets *(continued)*

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

From time to time, the company elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the statement of comprehensive income (operating profit or loss).

The company's financial assets measured at amortised cost comprise trade and other receivables, finance receivables and cash and cash equivalents in the statement of financial position.

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 – for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the statement of financial position.

2.2.2 Financial liabilities

The company classified its financial liabilities as held at amortised cost, for which the accounting policy is as follows:

Bank and other borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

North London Estate Partnerships Limited

Notes forming part of the financial statements for the year ended 31 March 2021 (*continued*)

2 Accounting policies (*continued*)

2.3 Revenue

Revenue items comprise 'Property management and related services' and 'Other income'.

Property management and related services revenue relates to property management income and ad hoc property related services income. Consideration received in respect of property management and related services revenue is recognised over time as the services are delivered, and revenue attributable to costs in future periods is deferred.

Other income is sundry income and is recognised at a point in time when the company has performed the work.

2.4 Deferred tax

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

2.5 Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders.

2.6 Reserves

The following describes the nature and purpose of each reserve within equity:

Retained earnings – All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

3 Accounting estimates and judgements

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

3.1 Key sources of estimation uncertainty

- (a) Trade receivables (note 10) – The expected loss rates are based on the company's historical credit losses experienced over the three year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the company's customers.

North London Estate Partnerships Limited

Notes forming part of the financial statements
for the year ended 31 March 2021 *(continued)*

4 Revenue

Disaggregation of revenue

The company derives revenue (all of which is in the UK) from the transfer of services in the following major classes of business within the UK:

	2021 £	2020 £
Property management and related services	775,008	458,298
Other income	-	2,664
	<u>775,008</u>	<u>460,962</u>

The company has no contract assets or liabilities.

Remaining performance obligations

All of the company's contracts are for the completion of services within the next 12 months for which the practical expedient in paragraph 121(a) of IFRS 15 applies.

5 Operating (loss)/profit

	2021 £	2020 £
This is arrived at after charging:		
Fees payable to the company's auditor for the audit of the company's annual financial statements	4,010	5,666
	<u>4,010</u>	<u>5,666</u>

The average number of employees, excluding directors, was Nil (2020: Nil).

6 Finance income

	2021 £	2020 £
Interest on subsidiary loans	710,549	698,163
	<u>710,549</u>	<u>698,163</u>

7 Finance costs

	2021 £	2020 £
Interest on unsecured loan notes	710,549	698,191
	<u>710,549</u>	<u>698,191</u>

North London Estate Partnerships Limited

Notes forming part of the financial statements
for the year ended 31 March 2021 (continued)

8 Tax charge

The tax charge for the year can be reconciled to the profit for the year as follows:

	2021 £	2020 £
Profit before tax	241,379	665,483
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	45,862	126,442
Expenses not deductible for tax purposes	-	3,895
Income not taxable	(38,190)	(127,217)
Deferred tax not recognised	(3,854)	(3,120)
Tax charge	3,818	-

The Finance Bill 2021, published on 11 March 2021, increases the main rate of Corporation tax to 25% for the year commencing 1 April 2023. These changes have not been reflected in the carrying value of the deferred tax asset at the balance sheet date since the rates changes were not enacted at that date.

The deferred taxation liability has therefore been calculated at 19%, being the rate substantively enacted at the Balance Sheet date.

Estimates and assumptions, including uncertainty over income tax treatments

No material uncertain tax positions exist as at 31 March 2021. This assessment relies on estimates and assumptions and may involve a series of complex judgements about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

9 Investment in subsidiaries

				Shares in Subsidiaries £
Cost				
As at 1 April 2020 and 31 March 2021				2
Name	Country of incorporation	Proportion of ownership interest	Principal activities	
Forest Vale Fundco Limited	UK	100%	Property development and investment	
FMH Fundco Limited	UK	100%	Property development and investment	

All subsidiaries have the same year-end and registered office as North London Estate Partnerships Limited.

North London Estate Partnerships Limited

Notes forming part of the financial statements for the year ended 31 March 2021 (continued)

10 Trade receivables

The company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing.

The expected loss rates are based on the company's historical credit losses. The historical loss rates are then adjusted by reference to past default experience of the customer and an analysis of the customer's current financial position. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the company's customers.

As at 31 March 2021 and 31 March 2020, the expected loss provision for trade receivables is as follows:

	Gross 2021 £	Provision 2021 £	Gross 2020 £	Provision 2020 £
Current	235,606	-	90,382	-
Past due 0-30 days	113,999	-	53,600	-
Past due 31-60 days	62,654	-	-	-
Past due more than 60 days	39,763	-	51,030	-
	452,022	-	195,012	-

There was no movement on the provision against trade receivables in the current or prior year.

In determining the recoverability of a trade receivable the company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds. The ageing of the receivables and any provisions against these is shown above.

11 Other receivables

	2021 £	2020 £
Amounts due from group undertakings	5,785,200	5,632,282
Non-current assets	5,785,200	5,632,282
Amounts due from group undertakings	815	368,994
Prepayments	1,613	5,427
Current assets	2,428	374,421

Amounts due from group undertakings are in respect of loan notes issued, the proceeds of which are then passed down to subsidiaries. Interest accrues daily on loan notes at a rate of between 11.7% to 13.4% per annum. Interest is receivable half yearly in arrears on 31 March and 30 September each year. Interest shall cease to accrue on the principal amount of the loan note from the date it is due for redemption.

North London Estate Partnerships Limited

Notes forming part of the financial statements
for the year ended 31 March 2021 (*continued*)

12 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	2021 £	2020 £
Cash on hand and balances with banks	247,064	81,875
Cash and cash equivalents	247,064	81,875

13 Trade and other payables

	2021 £	2020 £
Due within one year:		
Trade payables	274,074	115,526
Amounts owed to subsidiaries	250,352	58,678
Social security and other taxes	49,092	336,873
Corporation tax	3,818	-
Accruals and deferred income	4,010	4,603
	581,346	515,680

14 Borrowings

	2021 £	2020 £
Unsecured loan notes	-	52,021
Current portion of long-term borrowings	-	52,021
Unsecured loan notes	5,785,200	5,632,282
Non-current borrowings	5,785,200	5,632,282

Interest accrues daily on loan notes at a rate of 6.90% during the construction phase of the related properties, and then at rates between 11.7% and 13.4% per annum thereafter. Interest is payable half yearly in arrears on 31 March and 30 September each year. Interest shall cease to accrue on the principal amount of a loan note from the date it is due for redemption.

The loan notes rank *pari passu* with all other unsecured obligations of the company.

North London Estate Partnerships Limited

Notes forming part of the financial statements for the year ended 31 March 2021 (continued)

15 Share capital

	2021 £	2020 £
Allotted, called up and fully paid:		
3,210 – Ordinary 'A' shares of £1.00 each	3,210	3,210
3,210 – Ordinary 'B' shares of £1.00 each	3,210	3,210
9,630 – Ordinary 'C' shares of £1.00 each	9,630	9,630
	<hr/>	<hr/>
	16,050	16,050
	<hr/>	<hr/>

All three share classes rank pari passu.

16 Related parties

The company is 60% owned by gbconsortium 1 Limited, a company incorporated in England and Wales. The company is ultimately owned by BBGI SICAV S.A., a company based in Luxembourg. However, as a result of the shareholders' agreement of the company there is no effective control by any individual shareholder.

During the year, the company made sales and charged interest amounting to £814,471 (2020: £796,605) to subsidiary companies. At the year end £5,786,015 (2020: £5,942,597) was owed by these companies.

In addition, at the statement of financial position date long term loans amounting to £5,785,200 (2020: £5,684,303) were owed to its shareholders by the company.

One director received fees for services of £12,000 (2020: £12,046). The other directors are remunerated by shareholder companies and their associates. The directors do not believe it is possible to accurately apportion their remuneration between the many entities they are directors of.

In both years, there were no directors to whom retirement benefits were accruing. In both years there were no employees of the company.

17 Financial instruments

17.1 Categories of financial assets and liabilities

All financial instruments disclosures of fair value are valued at reference to level three of the fair value hierarchy as set out in IFRS 7: Financial Instruments: Disclosures. The following table sets out the assets and liabilities for which fair values are disclosed and the unobservable inputs used to determine the fair values:

Item	Valuation technique	Significant unobservable Inputs
Trade receivables and payables	The carrying amount of short term (less than 12 months) trade receivable and payables approximates its fair values.	N/a
Non-current receivables	The fair value of non-current receivables in note 11, is estimated by discounting the future contractual cash flows at the estimated current market interest rates.	Discount rate is 7%
Non-current borrowings	The fair value of non-current borrowings in note 14, is estimated by discounting the future contractual cash flows at the estimated current market interest rates.	Discount rate is 7%

North London Estate Partnerships Limited

Notes forming part of the financial statements
for the year ended 31 March 2021 (continued)

17 Financial instruments

17.1 Categories of financial assets and liabilities (continued)

The categories of finance assets and financial liabilities are as follows:

Financial assets

	Book value 2021 £	Estimated fair value 2021 £	Book value 2020 £	Estimated fair value 2020 £
Loans and receivables at amortised cost:				
Cash and cash equivalents	247,064	247,064	81,875	81,875
Trade and other receivables	6,238,037	9,214,961	6,196,288	8,481,128
	<u>6,485,101</u>	<u>9,462,025</u>	<u>6,278,163</u>	<u>8,563,003</u>

Financial liabilities

	Book value 2021 £	Estimated fair value 2021 £	Book value 2020 £	Estimated fair value 2020 £
Amortised cost:				
Unsecured loan notes	5,785,200	8,762,939	5,684,303	8,286,116
Trade and other payables	528,436	528,436	178,807	178,807
	<u>6,313,636</u>	<u>9,291,375</u>	<u>5,863,110</u>	<u>8,464,923</u>

17.2 Financial risk management

The company's operations expose it to a number of financial risks. The board regularly reviews and agrees policies for managing each of these risks and these are summarised below.

Credit risk

Credit risk is the risk of financial loss where counterparties are not able or are unwilling to meet their obligations.

Finance receivables and trade receivables primarily comprise of amounts due from Community Health Partnerships. Management considers the credit quality of this debtor to be good in respect of the amounts outstanding, due to them being a shareholder in the parent company and being a government body and therefore credit risk is considered to be low. Cash and cash equivalents comprise balances held with banks. To reduce the risk of counterparty default the company only uses approved high quality banks.

The maximum credit risk exposure relating to the financial assets is represented by the carrying value as at the statement of financial position date.

Liquidity risk

Liquidity risk is the risk that the company has insufficient financial resources available to meet its obligations as they fall due. Management review cash flow forecasts on a regular basis to determine whether the company has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities.

North London Estate Partnerships Limited

Notes forming part of the financial statements
for the year ended 31 March 2021 (continued)

17 Financial instruments (continued)

17.2 Financial risk management (continued)

Liquidity risk (continued)

The financial assets of the company are modelled so as to match the profile of the financial liabilities, the maturity analysis of which is set out below. Management closely monitors performance against the financial models and take action if necessary when performance is not in line with modelled expectations.

The table below summarises the maturity profile of the parent company's financial liabilities, on an undiscounted basis, at 31 March 2021 and 31 March 2020.

2021	Less than 3 months £	3 to 12 months £	1 to 5 years £	More than 5 years £	Total £
Financial liabilities					
Unsecured loan notes	158,816	656,270	2,738,454	14,675,299	18,228,839
Trade and other payables	528,436	-	-	-	528,436
	<u>687,252</u>	<u>656,270</u>	<u>2,738,454</u>	<u>14,675,299</u>	<u>18,757,275</u>
2020	Less than 3 months £	3 to 12 months £	1 to 5 years £	More than 5 years £	Total £
Financial liabilities					
Unsecured loan notes	158,006	645,233	2,714,187	15,397,820	18,915,246
Trade and other payables	115,526	-	-	-	115,526
	<u>273,532</u>	<u>645,233</u>	<u>2,714,187</u>	<u>15,397,820</u>	<u>19,030,772</u>

Interest rate risk

The company's exposure to market risk for changes in interest rates is considered to be very small, as all bank and other loans are at fixed rates. The risk for changes in interest rates is therefore restricted to the interest earned on bank deposits, which is immaterial to the company. It is the company's policy to settle trade payables within the credit terms allowed and the company does not therefore incur interest on overdue balances.

Capital management

The company seeks to match long term assets with long term funding and short-term assets with short term funding. Borrowings are required primarily to finance construction activity and the related lease payments from customers are set at a level that will ensure that repayments of borrowings can be met as they fall due. Other expenses are met by cash balances generated from the company's ordinary activities.

North London Estate Partnerships Limited

Notes forming part of the financial statements
for the year ended 31 March 2021 *(continued)*

18 Note supporting statement of cash flows

Non-cash transactions from financing activities are shown in the reconciliation of liabilities from financing transactions:

	Non-current loans and borrowings £	Current loans and borrowings £	Total £
At 1 April 2020	5,632,282	52,021	5,684,303
Cash flows	-	(609,652)	(609,652)
Loans and borrowings classified as current at 31 March 2021	152,918	(152,918)	-
Interest accruing in period	-	710,549	710,549
	<hr/>	<hr/>	<hr/>
At 31 March 2021	5,785,200	-	5,785,200
	<hr/>	<hr/>	<hr/>
At 1 April 2019	5,156,310	428,450	5,584,760
Cash flows	-	(598,648)	(598,648)
Loans and borrowings classified as current at 31 March 2020	475,972	(475,972)	-
Interest accruing in period	-	698,191	698,191
	<hr/>	<hr/>	<hr/>
At 31 March 2020	5,632,282	52,021	5,684,303
	<hr/>	<hr/>	<hr/>

The brought forward balances due in under one year includes accrued interest which was included within accruals in note 13.