

Company Registration No. 10200615 (England and Wales)

ASPECT (EASTLEIGH) LIMITED
(A COMPANY LIMITED BY GUARANTEE)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2020

3 Acorn Business Centre
Northarbour Road
Cosham
Portsmouth
Hampshire
United Kingdom
PO6 3TH

ASPECT (EASTLEIGH) LIMITED
(A COMPANY LIMITED BY GUARANTEE)
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ASPECT (EASTLEIGH) LIMITED
(A COMPANY LIMITED BY GUARANTEE)
COMPANY INFORMATION

Directors	Ms. S King Mr. I Corben Mr. A Trayer
Secretary	Tiaa Limited
Company number	10200615
Manager for administration and company secretarial matters	Peter Hammond c/o TIAA Limited Artillery House Fort Fareham Newgate Lane Fareham PO14 1AH
Registered office	Artillery House Fort Fareham Newgate Lane Fareham PO14 1AH
Auditor	TC Group 3 Acorn Business Centre Northarbour Road Cosham Portsmouth Hampshire United Kingdom PO6 3TH

**ASPECT (EASTLEIGH) LIMITED
(A COMPANY LIMITED BY GUARANTEE)
DIRECTORS' REPORT**

FOR THE YEAR ENDED 31 MARCH 2020

The directors present their annual report and financial statements for the year ended 31 March 2020.

Principal activities

The principal activities of the company are that of a management company to a number of property developments, and that of a landlord in respect of a portfolio of commercial properties.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Ms. S King
Mr. I Corben
Mr. A Trayer

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). 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 surplus or deficit 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;
- 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.

Auditor

TC Group were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006.

**ASPECT (EASTLEIGH) LIMITED
(A COMPANY LIMITED BY GUARANTEE)
DIRECTORS' REPORT (CONTINUED)**

FOR THE YEAR ENDED 31 MARCH 2020

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

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

On behalf of the board

Ms. S King
Director

8 September 2020

**ASPECT (EASTLEIGH) LIMITED
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITOR'S REPORT**

TO THE MEMBERS OF ASPECT (EASTLEIGH) LIMITED

Opinion

We have audited the financial statements of Aspect (Eastleigh) Limited (the 'company') for the year ended 31 March 2020 which comprise the statement of income and retained earnings, the balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the 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.

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 this regard.

**ASPECT (EASTLEIGH) LIMITED
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF ASPECT (EASTLEIGH) LIMITED**

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 where 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption 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.

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

**ASPECT (EASTLEIGH) LIMITED
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF ASPECT (EASTLEIGH) LIMITED**

Use of our report

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

**James Blake FCA (Senior Statutory Auditor)
for and on behalf of TC Group**

Statutory Auditor
Office: Portsmouth

16 November 2020

ASPECT (EASTLEIGH) LIMITED
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	£	£
Rent receivable	25,925	-
Cost of sales	(7,360)	-
Gross surplus	18,565	-
Administrative expenses	(110,651)	(15,687)
Deficit before taxation	(92,086)	(15,687)
Tax on deficit	-	-
Deficit for the financial year	(92,086)	(15,687)
Retained earnings brought forward as previously reported	(15,687)	-
Retained earnings carried forward	(107,773)	(15,687)

The notes on pages 9 to 14 form part of these financial statements

ASPECT (EASTLEIGH) LIMITED
(A COMPANY LIMITED BY GUARANTEE)
BALANCE SHEET

AS AT 31 MARCH 2020

		2020		2019	
	Notes	£	£	£	£
Fixed assets					
Investments	4		28,683,111		23,129,278
Current assets					
Debtors	5	13,887		-	
Creditors: amounts falling due within one year	6	(124,420)		(18,447)	
Net current liabilities			(110,533)		(18,447)
Total assets less current liabilities			28,572,578		23,110,831
Creditors: amounts falling due after more than one year	7		(28,680,351)		(23,126,518)
Net liabilities			(107,773)		(15,687)
Reserves					
Income and expenditure account			(107,773)		(15,687)

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 8 September 2020 and are signed on its behalf by:

Ms. S King
Director

Company Registration No. 10200615

The notes on pages 9 to 14 form part of these financial statements

**ASPECT (EASTLEIGH) LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Company information

Aspect (Eastleigh) Limited (10200615) is a private company limited by guarantee incorporated in England and Wales. The registered office is Artillery House, Fort Fareham, Newgate Lane, Fareham, PO14 1AH.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

These financial statements are prepared on the going concern basis. The directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future with the ongoing support of the shareholders. However, the directors are aware of certain material uncertainties which may cause doubt on the company's ability to continue as a going concern.

The board are satisfied, having given due consideration to Financial Reporting Council guidance, that the global pandemic Covid-19 is not a factor which will affect the company's ability to continue as a going concern.

1.3 Income and expenditure

Income and expenses are included in the financial statements as they become receivable or due.

Turnover represents rental incomes receivable by the company in its capacity as landlord to a portfolio of residential properties. Rental income is recognised on a straight line basis over the term of the tenancy agreements and is measured at the fair value of the consideration receivable.

Expenses include VAT where applicable as the company cannot reclaim it.

1.4 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in surplus or deficit.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

ASPECT (EASTLEIGH) LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.5 Borrowing costs related to fixed assets

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in surplus or deficit, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

ASPECT (EASTLEIGH) LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors and loans from related parties are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

1.8 Taxation

The company is exempt from corporation tax, it being a company not carrying on a business for the purposes of making a profit.

2 Employees

The company had no employees during the current or prior period.

	2020 Number	2019 Number
	-	-
3 Interest payable and similar expenses		
	2020 £	2019 £
Interest on financial liabilities measured at amortised cost:		
Notional interest payable on loans from related parties (see note 6)	1,589,126	727,953
Finance cost on inception of loan instrument (see note 6)	464,707	3,398,565
Capitalisation of borrowing costs (see note 4)	(2,053,833)	(4,126,518)
	-	-

ASPECT (EASTLEIGH) LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

4 Fixed asset investments

	2020	2019
	£	£
Investments	2,760	2,760
Loans	28,680,351	23,126,518
	<u>28,683,111</u>	<u>23,129,278</u>

Investments represent the cost of the company's interests in UK Limited Liability Partnerships. The company has entered into a number of joint venture arrangements for the development of residential and social housing properties, which are conducted through the following special purpose vehicles:

- Woodside Avenue Developments LLP and Woodside Avenue Homes LLP, in relation to the property development at Leah Gardens, Eastleigh, Hampshire;
- Stoneham Park Developments LLP, in relation to the property development at North Stoneham Park, Eastleigh, Hampshire; and
- Pembers LLP, in relation to the property development at Pembers Farm, Fair Oak, Eastleigh, Hampshire.

Movements in fixed asset investments

	Participating interests in UK Limited Liability Partnerships	Loans with participating interests	Total
	£	£	£
Cost or valuation			
At 1 April 2019	2,760	23,126,518	23,129,278
Additions	-	5,553,833	5,553,833
	<u>2,760</u>	<u>28,680,351</u>	<u>28,683,111</u>
At 31 March 2020			
	<u>2,760</u>	<u>28,680,351</u>	<u>28,683,111</u>
Carrying amount			
At 31 March 2020	2,760	28,680,351	28,683,111
	<u>2,760</u>	<u>23,126,518</u>	<u>23,129,278</u>
At 31 March 2019			
	<u>2,760</u>	<u>23,126,518</u>	<u>23,129,278</u>

ASPECT (EASTLEIGH) LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

4 Fixed asset investments

(Continued)

Loan with Pembers LLP

During the period the company provided a further drawdown on the loan to Pembers LLP amounting to £3.5 million for the specific purpose of funding the property development within the joint venture special purpose vehicle that is Pembers LLP. The loan is interest free and repayable from the proceeds of the completed property development. Under the Pembers LLP agreement the company is entitled to a share of the profits of the completed property development. Whilst there is no return to the company receivable on the loan instrument, the returns to the company from its interest in Pembers LLP are variable depending on the outcome of the property development and hence the directors have treated the loan to Pembers LLP as part of the cost of the company's investment in Pembers LLP.

Capitalised borrowing costs

To fund the £3.5 million loan to Pembers LLP the company has borrowed an equivalent principal amount from a related party. The loan with the related party specifies that it is for the specific purpose of funding the Pembers LLP joint venture special purpose vehicle for funding the property development at Pembers Farm. The directors having regard to section 25 of FRS 102 consider that the company's investment in the property development, meets the definition of a qualifying asset, given that it will necessarily take a substantial period of time to get the property development in Pembers LLP ready for its intended use or sale, and therefore equivalently the company's investment in Pembers LLP ready for its realisation. Accordingly the company has capitalised those borrowing costs incurred in the period.

Loans with participating interests

The Loans with participating interests are recorded at cost less impairment. The directors have considered the expected outcomes of the property development and have concluded that no provision for impairment is necessary at 31st March 2020.

5 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Other debtors	13,887	-
	=====	=====

6 Creditors: amounts falling due within one year

	2020	2019
	£	£
Other creditors	124,420	18,447
	=====	=====

Entities related to the company have paid for certain expenditure on behalf of the company. Other creditors relate to balances owed to related parties.

ASPECT (EASTLEIGH) LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

7 Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Other creditors	28,680,351	23,126,518

During the year the company has been provided with a further £3.5 million of funding under a formal loan agreement, by a related party, for the specific purpose of funding one of its property developments, enacted through one of its special purpose vehicle joint ventures. The aggregate principal value of the loans at 31st March 2020 was £22.5 million (2019 - £19 milion). The related party is not a member of the company, but has significant influence over the company. The loan incurs an actual rate of interest of 13% per annum and repayment is due on the earlier of 12th October 2023 or the date the property development is completed and the company's investment is realised. Actual interest at 13% accrued on the loan during the year totalling £2,621,667 (2019 - £1,170,000).

The arrangement constitutes a financial liability in accordance with section 11 of FRS102. Under the guidelines of FRS 102, the directors estimate that the rate of interest on an equivalent market loan would be 6.5%. The directors have discounted the expected cash flows and calculated the fair value of the additional financial liability of £3.5 million at inception to be £3,964,707. Because the related party is not a member of the company the balance at inception of £464,707 has not been recognised as a deemed distribution, but instead is considered to be a financial cost of entering the loan instrument.

During the period notional interest of £1,589,126 (2019 - £727,953) has been recognised and accrued to the balance of the financial liability.

8 Members' liability

The company is limited by guarantee, not having a share capital and consequently the liability of members is limited, subject to an undertaking by each member to contribute to the net assets or liabilities of the company on winding up such amounts as may be required not exceeding £1.

9 Related party transactions

During the period the company entered into a tenancy agreement with a related party, to manage 6 properties as landlord on behalf of the related party. No consideration was paid in respect of entering the tenancy agreements.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.