

Dencora Mason Road LLP

Report and Financial Statements

For the Year Ended

31 December 2016

Registered Number: OC319548

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DENCORA MASON ROAD LLP

Financial statements Year ended 31 December 2016

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DENCORA MASON ROAD LLP

Designated members and officers

Designated members

Dencora 2000 Limited
Dencora Estates Limited

Members

None

Registered office

Dencora Court
2 Meridian Way
Norwich
NR7 0TA

Auditor

Lovewell Blake LLP
Statutory Auditor
Chartered Accountants
Bankside 300, Peachman Way
Broadland Business Park
Norwich
NR7 0LB

Bankers

National Westminster Bank plc
2 St Philips Place
Birmingham
B2 3RB

Solicitors

Mills & Reeve
1 St James Court
Whitefriars
Norwich
NR3 1RU

DENCORA MASON ROAD LLP

The report of the members Year ended 31 December 2016

The members present their report and the financial statements of the LLP for the year ended 31 December 2016.

Principal activities

The principal activity of the limited liability partnership is that of property investment.

Designated members

The designated members who served the LLP during the year were as follows:

Dencora 2000 Limited (Designated member)
Dencora Estates Limited (Designated member)

Policy regarding members' drawings and the subscription and repayment of amounts subscribed or otherwise contributed by members

Members are permitted to make drawings in anticipation of profits which will be allocated to them. The amount of such drawings is set at the beginning of each financial year, taking into account the anticipated cash needs of the LLP.

New members are required to subscribe a minimum level of capital and in subsequent years members are invited to subscribe for further capital, the amounts of which is determined by the performance and seniority of those members. On retirement, capital is repaid to members.

Members' responsibilities statement

The members are responsible for preparing the members' report and the financial statements in accordance with applicable law and regulations.

Company law as applied to limited liability partnerships by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 requires the members to prepare financial statements for each financial year. Under that law the members 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 as applied to limited liability partnerships the members 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 LLP and the profit or loss of the LLP for that period.

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

- ☐ select suitable accounting policies and then apply them consistently;
- ☐ make judgments 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 LLP will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to limited liability partnerships by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DENCORA MASON ROAD LLP

The report of the members (continued) Year ended 31 December 2016

Auditor

In so far as the members are aware

- ☐ there is no relevant audit information of which the LLP's auditor is unaware; and
- ☐ the members have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006 as applied to LLPs by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

This report was approved by the members on 30/08/ 2017 and signed on behalf of the members by:

O.B. Chipperfield

Dencora 2000 Limited
Designated member

Registered office:
Dencora Court
2 Meridian Way
Norwich
NR7 0TA

DENCORA MASON ROAD LLP

Independent auditor's report to the members of Dencora Mason Road LLP Year ended 31 December 2016

We have audited the financial statements of Dencora Mason Road LLP for the year ended 31 December 2016, on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the LLP's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP'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 LLP and the LLP's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditor

As explained more fully in the members' responsibilities statement, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- ☐ give a true and fair view of the state of the LLP's affairs as at 31 December 2016 and of its profit 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 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Opinion 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 report of the members for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ☐ the report of the members has been prepared in accordance with applicable legal requirements.

DENCORA MASON ROAD LLP

Independent auditor's report to the members of Dencora Mason Road LLP (continued)
Year ended 31 December 2016

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the LLP and its environment obtained in the course of the audit, we have not identified material misstatements in the report of the members.

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to limited liability partnerships 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
- ☐ we have not received all the information and explanations we require for our audit; and
- ☐ the members were not entitled to prepare the financial statements in accordance with the small limited liability partnerships' regime.

Lovewell Blake LLP

Simon Watson FCCA (Senior Statutory Auditor)

For and on behalf of
Lovewell Blake LLP
Chartered accountant & statutory auditor
Bankside 300
Peachman Way
Broadland Business Park
Norwich
NR7 0LB

7 September 2017

DENCORA MASON ROAD LLP

Statement of comprehensive income for the year ended to 31 December 2016

	Notes	2016 £	2015 £
Turnover	3	172,057	162,711
Cost of sales		<u>(14,064)</u>	<u>(10,606)</u>
Gross profit		157,993	152,105
Administration expenses		<u>(2,251)</u>	<u>(2,152)</u>
Operating profit	4	155,742	149,953
Gain from changes in fair value of investment property		300,000	-
Interest receivable		174	115
Interest payable and similar charges	5	<u>-</u>	<u>-</u>
Profit for the financial year ended before members' profit share		455,916	150,068
Members' remuneration charged as an expense		<u>(155,916)</u>	<u>(150,068)</u>
Profit for the year available for discretionary division amongst members		<u>300,000</u>	<u>-</u>

All the activities of the LLP are from continuing operations.

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

DENCORA MASON ROAD LLP

Statement of financial position 31 December 2016

Registered Number: OC319548

	Notes	2016 £	2015 £
Fixed assets			
Tangible assets	6	<u>2,150,000</u>	<u>1,850,000</u>
Current assets			
Debtors due within one year	7	15,908	19,820
Cash at bank and in hand		<u>108,865</u>	<u>76,174</u>
		<u>124,773</u>	<u>95,994</u>
Current liabilities			
Creditors: amounts falling due within one year	8	<u>(61,202)</u>	<u>(58,319)</u>
Net current assets		<u>63,571</u>	<u>37,675</u>
Total assets less current liabilities		<u>2,213,571</u>	<u>1,887,675</u>
Creditors: Amounts falling due after more than one year	9	<u>-</u>	<u>-</u>
Net assets attributable to members		<u>2,213,571</u>	<u>1,887,675</u>
Represented by:			
Loans and other debts due to members within one year			
Members' capital classified as a liability		473,397	473,397
Members' current account		<u>1,737,174</u>	<u>1,711,278</u>
		<u>2,210,571</u>	<u>2,184,675</u>
MEMBERS' OTHER INTERESTS			
Revaluation reserve		<u>3,000</u>	<u>(297,000)</u>
		<u>2,213,571</u>	<u>1,887,675</u>
TOTAL MEMBERS' INTERESTS			
Loans and other debts due to members	14 (a)	2,210,571	2,184,675
Members' other interests	14 (b)	<u>3,000</u>	<u>(297,000)</u>
		<u>2,213,571</u>	<u>1,887,675</u>

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

These financial statements were approved by the members and authorised for issue on 30/08/2017, and are signed on their behalf by:

O. B. Chipperfield

Dencora 2000 Limited

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

DENCORA MASON ROAD LLP

Statement of changes in equity - For the year ended to 31 December 2016

	Equity			Debt			
	Members' Revaluation Reserve	other interests reserves	Total	Loans and other debts due to members			Total
	£	£	£	Members' Capital (classified as debt)	Other amounts	Total	Members' Interests
				£	£	£	£
At 1 January 2015	(297,000)	-	(297,000)	473,397	1,651,210	2,124,607	1,827,607
Members' remuneration charged as an expense	-	-	-	-	150,068	150,068	150,068
Profit for the financial year available for discretionary division among the members	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	150,068	150,068	150,068
Drawings	-	-	-	-	(90,000)	(90,000)	(90,000)
Repayments of debt (including members' capital classified as a liability)	-	-	-	-	-	-	-
Introduced by members loans/capital	-	-	-	-	-	-	-
At 31 December 2015	(297,000)	-	(297,000)	473,397	1,711,278	2,184,675	1,887,675
Members' remuneration charged as an expense	-	-	-	-	155,916	155,916	155,916
Profit for the financial year available for discretionary division among the members	-	300,000	300,000	-	-	-	300,000
Other comprehensive income for the year: Reclassification from profit and loss account to revaluation reserve	300,000	(300,000)	-	-	-	-	-
Total comprehensive income for the year	300,000	-	300,000	-	155,916	155,916	455,916
Drawings	-	-	-	-	(130,020)	(130,020)	(130,020)
At 31 December 2016	3,000	-	3,000	473,397	1,737,174	2,210,571	2,213,571

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

1 Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', and the requirements of the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' issued in January 2017 (SORP 2017).

2 Accounting Policies

Basis of accounting

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Dencora 2000 Limited which can be obtained from Companies House, Crown Way, Maindy, Cardiff. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) Disclosures in respect of financial instruments have not been presented.
- (c) No disclosure has been given for the aggregate remuneration of key management personnel.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The items in the financial statements where these judgments and estimates have been made include:

Valuation of investment properties - Investment property values are reviewed annually by the designated members using a yield methodology. This uses market rental values capitalised at a market capitalisation rate but there is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable, stated net of discounts and of Value Added Tax. Specific policies are as follows:

Rental income - rental and related income is credited to turnover on a straight-line basis over the lease term. The aggregate of lease incentives are recognised over the lease term on a straight line basis.

DENCORA MASON ROAD LLP

Notes to the financial statements (continued) Year ended 31 December 2016

2. Accounting policies (continued)

Members' participation rights

Members' participation rights are the rights of a member against the LLP that arise under the members' agreement (for example, in respect of amounts subscribed or otherwise contributed remuneration and profits).

Members' participation rights in the earnings or assets of the LLP are analysed between those that are, from the LLP's perspective, either a financial liability or equity, in accordance with Section 22 of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', and the requirements of the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships'. A member's participation right results in a liability unless the right to any payment is discretionary on the part of the LLP.

Amounts subscribed or otherwise contributed by members, for example members' capital, are classed as equity if the LLP has an unconditional right to refuse payment to members. If the LLP does not have such an unconditional right, such amounts are classified as liabilities.

Where profits are automatically divided as they arise, so the LLP does not have an unconditional right to refuse payment, the amounts arising that are due to members are in the nature of liabilities. They are therefore treated as an expense in the statement of comprehensive income in the relevant year. To the extent that they remain unpaid at the year end, they are shown as liabilities in the statement of financial position.

Conversely, where profits are divided only after a decision by the LLP or its representative, so that the LLP has an unconditional right to refuse payment, such profits are classed as an appropriation of equity rather than as an expense. They are therefore shown as a residual amount available for discretionary division among members in the statement of comprehensive income and are equity appropriations in the statement of financial position.

All amounts due to members that are classified as liabilities are presented in the statement of financial position within 'Loans and other debts due to members'. Amounts due to members that are classified as equity are shown in the statement of financial position within 'Members' other interests'.

Properties held as fixed assets

Investment properties are carried at fair value determined annually by the designated members based upon professional valuations performed by chartered surveyors, in accordance with the RICS Appraisal and Valuation Manual. Inspections of all properties are carried out every fourth year. No depreciation is provided.

Investment properties under development are carried at the lower of cost and designated members' valuation. However, where the basic structure of the building is complete and at least 90% of the building let, or where the building in its existing state can be sold without the need to carry out further work, then the property is carried at open market value less an estimate of the cost to complete.

The cost of properties includes direct costs, a proportion of applicable overheads and interest (less net income received) for a period until no later than six months after the certificate of practical completion of construction has been issued, less provision in the event of a permanent diminution in value.

Surpluses and subsequent deficits on revaluations are taken to a revaluation reserve. If a property held as a fixed asset is sold, the difference between sales proceeds and accounts value is treated as a profit or loss in the current year's statement of comprehensive income, and the previous revaluation surplus or deficit is reclassified under the members' current account.

DENCORA MASON ROAD LLP

Notes to the financial statements (continued) Year ended 31 December 2016

2. Accounting policies (continued)

Depreciation on investment properties has been taken into consideration in the annual revaluations and therefore has not been charged in the profit and loss account. This complies with FRS 102 and although it is contrary to the Companies Act 2006, the directors consider the accounts show a true and fair view. The amount of depreciation has not been quantified as it is only one of many factors included in the valuation.

Completed investment properties are valued annually by the members based upon professional valuations performed by chartered surveyors, to market value in accordance with the RICS Appraisal and Valuation Manual. Inspections of all properties are carried out every fourth year.

Acquisitions and disposals of properties

Acquisitions and disposals of investment properties are considered to have taken place where (even if legal completion has not taken place) there is legally binding, unconditional and irrevocable contract, and provided that the properties being sold are substantially complete.

Financial instruments

(i) Financial assets

Basic financial assets, including trade and other debtors and cash and bank balances, are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest.

Such assets are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the statement of income immediately.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors and bank loans, 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 receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. Trade creditors are initially recognised at transaction price and subsequently measured at amortised cost using the effective interest method.

3. Turnover

Turnover arises from:

	2016	2015
	£	£
Rental income and ground rents	<u>172,057</u>	<u>162,711</u>

The whole of the turnover is attributable to the principal activity of the LLP wholly undertaken in the United Kingdom.

DENCORA MASON ROAD LLP

Notes to the financial statements (continued)
Year ended 31 December 2016

4 **Operating profit**

	2016 £	2015 £
Operating profit is stated after charging		
Auditors' remuneration	<u>2,000</u>	<u>2,000</u>

5 **Interest payable and similar charges**

	2016 £	2015 £
Interest on bank loans	-	-
Interest on related party loans	-	-
	<u>-</u>	<u>-</u>

6 **Tangible fixed assets**

	Investment Property £
<i>Cost or valuation</i>	
At 1 January 2016	1,850,000
Additions	-
Surplus on revaluation	300,000
At 31 December 2016	<u>2,150,000</u>

	2016 £	2015 £
Historical cost		
The historical cost of land and buildings is:		
Freehold investment property	<u>2,147,000</u>	<u>2,147,000</u>

Investment properties were valued by the members at market value.

7 **Debtors**

	2016 £	2015 £
Trade debtors	15,908	17,297
Prepayments and accrued income	-	2,523
	<u>15,908</u>	<u>19,820</u>

DENCORA MASON ROAD LLP

Notes to the financial statements (continued) Year ended to 31 December 2016

8 Creditors: Amounts falling due within one year

	2016	2015
	£	£
Trade creditors	270	-
Taxation and social security	8,510	8,189
Accruals and deferred income	52,422	50,130
	<u>61,202</u>	<u>58,319</u>

9 Creditors: Amounts falling due after more than one year

	2016	2015
	£	£
Bank loans (secured)	-	-
Loans are due:		
- in more than one year but less than two years	-	-
- in more than two years but less than five years	-	-
	<u>-</u>	<u>-</u>

10 Loans and other borrowings

	2016	2015
	£	£
Current:		
Bank loans - secured	-	-
Non-current:		
Bank loans - secured	-	-

DENCORA MASON ROAD LLP

Notes to the financial statements (continued) Year ended to 31 December 2016

11 Financial instruments

Risks

Exposure to credit, liquidity and cash flow interest risks arises in the normal course of the LLP's business. These risks are limited by the LLP's financial management policies and practices described below:

Credit risk

The LLP is at risk from its tenants defaulting on rents. To minimise the risk the LLP carries out credit checks on all new tenants to assess their creditworthiness and has procedures in place to deal with tenants who have defaulted.

Liquidity risk

The designated members have ultimate responsibility for liquidity risk management in maintaining adequate reserves, banking facilities and reserve borrowing facilities. They do this by continuously monitoring forecasts and actual cashflows and matching the maturity profiles of financial assets and liabilities.

Cash flow interest rate risk

The LLP is exposed to interest rate risk through the impact of rate changes on interest bearing borrowings. The interest rates and terms of repayment are disclosed in note 10 to the financial statements. The LLP's policy is to obtain the most favourable interest rates available for its borrowings. Except for the LLP's bank borrowings, the LLP has no significant interest bearing assets or liabilities. The LLP does not use any derivative instruments to reduce its economic exposure to changes in interest rates.

12 Reserves

Revaluation reserve - This reserve records the value of asset revaluations and fair value movements on assets recognised in the statement of comprehensive income, where there is not an automatic division of the profit to members.

Members' capital – This reserve records the capital initially subscribed to the LLP by members.

Members' current account – This reserve records undrawn profits automatically allocated to members and other short term loans from members.

DENCORA MASON ROAD LLP

Notes to the financial statements (continued) Year ended to 31 December 2016

13 Related Party Transactions

The partnership entered into the following transactions:

Capital contribution outstanding from Dencora 2000 Limited of £461,391 (2015: £461,391), the income profit for the year of £155,916 (2015: £150,068), the balance outstanding at the year-end was £1,613,344 (2015: £1,587,448). Loan interest of £nil (2015: £nil) was paid to Dencora 2000 Limited in the period.

Capital contribution outstanding from Dencora Estates Limited of £12,006 (2015: £12,006), the balance outstanding at the year-end was £123,830 (2015: £123,830).

14 Total Members Interests

Loans and other debts due to members balance sheet items 14 (a) and members other interests 14 (b) will, in the administration or winding up of the partnership, rank behind (and only be paid after full payment has been made in respect of) all amounts due to the unsecured creditors who are not members.

15 Operating leases

As lessor

The total future minimum lease payments receivable under non-cancellable operating leases are as follows:

	2016 £	2015 £
Not later than 1 year	136,431	160,606
Later than 1 year and not later than 5 years	191,492	181,529
Later than 5 years	7,479	-
	<u>335,402</u>	<u>342,135</u>

16 Controlling party

The results of this LLP are consolidated in Dencora 2000 Limited's accounts being the ultimate parent undertaking. Dencora 2000 Limited is a company registered in England and Wales and its group financial statements are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

17 General information

Dencora Mason Road LLP is a limited liability partnership and is incorporated and domiciled in England. The address of the company's registered office is disclosed in the members' report.