

REGISTERED NUMBER: OC351469 (England and Wales)

**REPORT OF THE MEMBERS AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020
FOR
BROOKSHIRE CAPITAL LLP**

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BROOKSHIRE CAPITAL LLP (REGISTERED NUMBER: OC351469)

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For the year ended 31 March 2020**

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BROOKSHIRE CAPITAL LLP

Partnership information
For the year ended 31 March 2020

Designated members:	A J F Wildman N A Taylor
Other member:	Caledonia Investments plc
Registered office:	Cayzer House 30 Buckingham Gate London SW1E 6NN
Registered number:	OC351469 (England and Wales)
Auditor:	BDO LLP 2 City Place Beehive Ring Road Gatwick West Sussex RH6 0PA
Bankers:	Santander UK plc 100 Ludgate Hill London EC4M 7RE RBS International London Corporate Service Centre 1/2 Devonshire Square London EC2M 4XJ

BROOKSHIRE CAPITAL LLP (REGISTERED NUMBER: OC351469)

Report of the members

For the year ended 31 March 2020

The members present their report with the consolidated financial statements of Brookshire Capital LLP ("the LLP") and its subsidiary undertaking (together "the group") for the year ended 31 March 2020.

Principal activity

The principal activity of the LLP in the period under review was that of investing in commercial property for capital appreciation and rental income.

The principal activity of Brookshire Trading Limited, the LLP's subsidiary, in the year under review was that of trading in commercial property. Property is bought and sold in the ordinary course of business. During the time that property is held for sale incidental rental income may be generated which is recognised as revenue.

Operations within the group occur solely in the UK. There are no branches outside the UK.

Members' drawings, subscription and repayment of capital

As described in the partnership agreement the designated members can draw £486,000 as the first claim on profit share in each accounting period. Caledonia Investments plc as the other member of the LLP can draw an agreed first claim of £33,200. Additional sums may be drawn from time to time as mutually agreed.

Cash of £2,500,000 was introduced into the LLP by the members to form the subscription capital.

The members ensure that sufficient cash reserves are available to fund the cash requirements of the business as well as the profit share drawdown for the subsequent year. No qualifying indemnity provisions arise in the year (2019: none).

Results for the period and allocation to members

The LLP profit for the year before member's remuneration was £1,062,736 (2019: £4,189,081).

The profit for the LLP and its group, before member's remuneration was £1,708,035 (2019: £4,285,490).

Future developments

To date, the group has experienced limited financial impact from Covid-19 and the members are satisfied that the group and the LLP will be able to meet their liabilities as they fall due for the foreseeable future. Further details are given in note 1 to the financial statements.

Designated members

The designated members, as defined in the Limited Liability Partnership Act 2000, of the LLP during the period under review and to the date of this report were:

A J F Wildman

N A Taylor

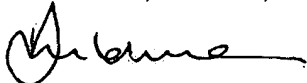
The other member was Caledonia Investments plc.

Statement as to disclosure of information to auditor

So far as the members are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the LLP's auditor is unaware, and each member has taken all the steps that he ought to have taken as a member in order to make himself aware of any relevant audit information and to establish that the LLP's auditor is aware of that information.

Auditor

The auditor, BDO LLP, was appointed in January 2020 and they have expressed their willingness to continue in office.



On behalf of the members:

A J F Wildman

Designated member

Cayzer House

30 Buckingham Gate

London SW1E 6NN

27 July 2020

BROOKSHIRE CAPITAL LLP (REGISTERED NUMBER: OC351469)

**Statement of members' responsibilities in respect of the members' report and the financial statements
For the year ended 31 March 2020**

The members are responsible for preparing the Members' Report and the group and LLP financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under these regulations the members have elected to prepare group and LLP financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under these regulations 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 group and the LLP and of the profit or loss of the group for that period.

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

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

The members are responsible for the maintenance and integrity of the corporate and financial information on the LLP's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BROOKSHIRE CAPITAL LLP

Opinion

We have audited the financial statements of Brookshire Capital LLP ("the Limited Liability Partnership") and its subsidiary ("the Group") for the year ended 31 March 2020 which comprise the consolidated statement of comprehensive income, the consolidated and LLP balance sheets, the consolidated and LLP reconciliations of members' interests, the consolidated statement of cash flows 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 Financial Reporting Standard 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 Group's and of the Limited Liability Partnership's affairs as at 31 March 2020 and of the Group's 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 applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008.

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 Group and Limited Liability Partnership 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 a 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 members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or Limited Liability Partnership'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 members are responsible for the other information. The other information comprises the information included in the Report of the members and consolidated 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BROOKSHIRE CAPITAL LLP
(continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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 by the Limited Liability Partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the Limited Liability Partnership 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.

Responsibilities of members

As explained more fully in the Statement of members' responsibilities, the members 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 members 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 members are responsible for assessing the Group's and the Limited Liability Partnership'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 members either intend to liquidate the Group or the Limited Liability Partnership or to cease operations, or have no realistic alternative but to do so.

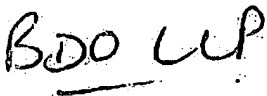
Auditor's responsibilities for the audit of the financial statements

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 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: <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 Limited Liability Partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied by Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the Limited Liability Partnership'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 Partnership and the Limited Liability Partnership's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Christopher Wingrave (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick, United Kingdom

Date: 30 July 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

BROOKSHIRE CAPITAL LLP**Consolidated statement of comprehensive income
For the year ended 31 March 2020**

	Note	2020 £	Restated 2019 £
Turnover	3	4,979,842	1,285,177
Cost of sales		<u>(2,841,348)</u>	<u>(40,444)</u>
Gross profit		2,138,494	1,244,733
Administrative expenses		(230,338)	(201,897)
Gains on investment property	7	251,398	3,725,318
Changes in fair value of derivatives	15	<u>25,787</u>	<u>(3,550)</u>
Operating profit	5	2,185,341	4,764,604
Interest payable and similar expenses	6	<u>(325,939)</u>	<u>(456,499)</u>
Profit before taxation		1,859,402	4,308,105
Taxation	8	<u>(151,367)</u>	<u>(22,615)</u>
Profit for the financial year before members' profit share		1,708,035	4,285,490
Members' profit share charged as an expense		<u>(519,200)</u>	<u>(507,500)</u>
Profit for the financial year available for discretionary division among members		1,188,835	3,777,990
Other comprehensive income		-	-
Result for the financial year and total comprehensive income available for division amongst members		<u>1,188,835</u>	<u>3,777,990</u>

All amounts relate to continuing operations.

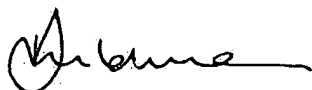
There were no other recognised gains or losses in the year.

The notes on pages 12 to 23 form part of these financial statements

BROOKSHIRE CAPITAL LLP (REGISTERED NUMBER: OC351469)**Consolidated balance sheet
As at 31 March 2020**

	Notes	2020 £	2020 £	Restated 2019 £	Restated 2019 £
Fixed assets					
Tangible assets	9		<u>13,665,193</u>		<u>14,991,403</u>
			13,665,193		14,991,403
Current assets					
Stocks	11	180,322		2,987,193	
Debtors	12	360,875		376,435	
Cash at bank and in hand		<u>2,384,580</u>		<u>776,680</u>	
		2,925,777		4,140,308	
Creditors: amounts falling due within one year	13	<u>(600,853)</u>		<u>(780,789)</u>	
Net current assets			<u>2,324,924</u>		<u>3,359,519</u>
Total assets less current liabilities			15,990,117		18,350,922
Creditors: amounts falling due after more than one year	14		<u>(4,746,728)</u>		<u>(7,247,061)</u>
Net assets			<u>11,243,389</u>		<u>11,103,861</u>
Represented by:					
Loans and other debts due to members			30,618		29,925
Members' other interests					
Members' capital classified as equity			2,500,000		2,500,000
Other reserves			<u>8,712,771</u>		<u>8,573,936</u>
			<u>11,243,389</u>		<u>11,103,861</u>
Total members' interests					
Loans and other debts due to members			30,618		29,925
Members' other interests			<u>11,212,771</u>		<u>11,073,936</u>
			<u>11,243,389</u>		<u>11,103,861</u>

The financial statements were approved by the members on 27 July 2020 and were signed on its behalf by:



A J F Wildman
Designated member

The notes from page 12 to 23 form part of these financial statements

BROOKSHIRE CAPITAL LLP

Consolidated reconciliation of members' interests For the year ended 31 March 2020

Group	Members' capital £	Other reserves £	Total equity £	Loans and other debts due to members £	Total members' interests £
Members' interests at 31 March 2018 (as previously stated)	2,500,000	8,849,529	11,349,529	28,980	11,378,509
Prior year adjustment	-	(353,583)	(353,583)	-	(353,583)
Members' interests at 31 March 2018 (as restated)	2,500,000	8,495,946	10,995,946	28,980	11,024,926
Profit for the financial period available for division among members (as restated)	-	3,777,990	3,777,990	507,500	4,285,490
Appropriation of profit: profit share agreement	-	-	-	(507,500)	(507,500)
Discretionary profit distribution	-	(3,700,000)	(3,700,000)	-	(3,700,000)
Other movements	-	-	-	945	945
Balance at 31 March 2019	2,500,000	8,573,936	11,073,936	29,925	11,103,861
Profit for the financial period available for division among members	-	1,188,835	1,188,835	519,200	1,708,035
Appropriation of profit: profit share agreement	-	-	-	(519,200)	(519,200)
Discretionary profit distribution	-	(1,050,000)	(1,050,000)	-	(1,050,000)
Other movements	-	-	-	693	693
Balance at 31 March 2020	2,500,000	8,712,771	11,212,771	30,618	11,243,389

The notes from page 12 to 23 form part of these financial statements

BROOKSHIRE CAPITAL LLP**Consolidated statement of cash flows
For the year ended 31 March 2020**

		2020	Restated 2019
	Notes	£	£
Cash flows from operating activities			
Profit for the financial year before members' remuneration and profit shares		1,708,035	4,285,490
Adjustments for:			
Unrealised gain on changes in fair value of investment property	7	(100,000)	(1,025,006)
Realised gain on investment property disposal	7	(128,732)	(2,677,645)
Depreciation and loss on disposal of equipment	9	1,086	773
Fair value movements on derivative contracts	15	(25,787)	3,549
Interest payable and similar expenses	6	325,939	456,499
Taxation	8	151,367	22,615
Decrease in stocks		2,806,871	-
(Increase)/decrease in trade and other debtors		(7,106)	7,160
(Decrease) in trade and other creditors		(149,443)	(147,033)
Cash from operations		4,582,230	926,402
Interest paid		(317,141)	(437,853)
Taxation paid		(22,615)	(119,428)
Members' drawings in relation to remuneration		(519,200)	(507,500)
Net cash flows from operating activities		3,723,274	(138,379)
Cash flows from investing activities			
Disposal of investment property	9	1,578,732	7,252,651
Purchase of equipment		(2,210)	-
Net cash flows from investing activities		1,576,522	7,252,651
Cash flows from financing activities			
Repayment of borrowings		(2,642,590)	(3,244,508)
Distributions of profit to partners		(1,050,000)	(3,700,000)
Debt introduced by members		694	945
Net cash flows from financing activities		(3,691,896)	(6,943,563)
Net increase in cash and cash equivalents		1,607,900	170,709
Cash and cash equivalents at beginning of year		776,680	605,971
Cash and cash equivalents at end of year		2,384,580	776,680

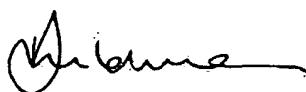
The notes from page 12 to 23 form part of these financial statements

BROOKSHIRE CAPITAL LLP (REGISTERED NUMBER: OC351469)**LLP balance sheet
As at 31 March 2020**

	Notes	2020 £	2020 £	Restated 2019 £	Restated 2019 £
Fixed assets					
Tangible assets	9		13,665,193		14,991,403
Investments	10		<u>1</u>		<u>1</u>
			13,665,194		14,991,404
Current assets					
Debtors	12	356,963		2,489,382	
Cash at bank and in hand		<u>1,864,059</u>		<u>628,862</u>	
		2,221,022		3,118,244	
Creditors: amounts falling due within one year	13	<u>(1,492,434)</u>		<u>(709,763)</u>	
Net current assets			<u>728,588</u>		<u>2,408,481</u>
Total assets less current liabilities			14,393,782		17,399,885
Creditors: amounts falling due after more than one year	14		<u>(4,746,728)</u>		<u>(7,247,061)</u>
Net assets attributable to members			<u>9,647,054</u>		<u>10,152,824</u>
Represented by:					
Loans and other debts due to members			30,619		29,925
Members' other interests					
Members' capital classified as equity			2,500,000		2,500,000
Other reserves			<u>7,116,435</u>		<u>7,622,899</u>
			<u>9,647,054</u>		<u>10,152,824</u>
Total members' interests					
Loans and other debts due to members			30,619		29,925
Members' other interests			<u>9,616,435</u>		<u>10,122,899</u>
			<u>9,647,054</u>		<u>10,152,824</u>

The LLP has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit of the LLP for the year available for discretionary division among members of the LLP was £543,536 (2019 as restated: £3,681,581).

The financial statements were approved by the members on 27 July 2020 and were signed on its behalf by:



A J F Wildman
Designated member

The notes from page 12 to 23 form part of these financial statements

BROOKSHIRE CAPITAL LLP

LLP reconciliation of members interests For the year ended 31 March 2020

	Members' capital	Other reserves	Total equity	Loans and other debts due to members	Total Members' interests
	£	£	£	£	£
Members' interests at 31 March 2018 (as previously stated)	2,500,000	7,994,901	10,494,901	28,980	10,523,881
Prior year adjustment	-	(353,583)	(353,583)	-	(353,583)
Members' interests at 31 March 2018 (as restated)	2,500,000	7,641,318	10,141,318	28,980	10,170,298
Profit for the financial period available for division among members (as restated)	-	3,681,581	3,681,581	507,500	4,189,081
Appropriation of profit: profit share agreement	-	-	-	(507,500)	(507,500)
Discretionary profit distribution	-	(3,700,000)	(3,700,000)	-	(3,700,000)
Other movements	-	-	-	945	945
Balance at 31 March 2019	<u>2,500,000</u>	<u>7,622,899</u>	<u>10,122,899</u>	<u>29,925</u>	<u>10,152,824</u>
Profit for the financial period available for division among members	-	543,536	543,536	519,200	1,062,736
Appropriation of profit: profit share agreement	-	-	-	(519,200)	(519,200)
Discretionary profit distribution	-	(1,050,000)	(1,050,000)	-	(1,050,000)
Other movements	-	-	-	694	694
Balance at 31 March 2020	<u>2,500,000</u>	<u>7,116,435</u>	<u>9,616,435</u>	<u>30,619</u>	<u>9,647,054</u>

The notes from page 12 to 23 form part of these financial statements

BROOKSHIRE CAPITAL LLP

Notes to the consolidated financial statements For the year ended 31 March 2020

1. Accounting policies

Brookshire Capital LLP is incorporated in the UK as a limited liability partnership under the Limited Liability Partnerships Act 2000. The address of the registered office is given on the Partnership information page and the nature of the group's operations and its principal activities are set out in the report of the members.

Basis of preparation

These financial statements have been prepared in accordance with FRS102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Statement of Recommended Practice (2018), 'Accounting by Limited Liability Partnerships'.

The group and LLP have applied FRS 102 for the first time in these financial statements, having previously applied International Financial Reporting Standards as adopted for use in the EU. However, other than in respect of presentation and disclosure no adjustments were required as a result of this transition.

The preparation of financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the group's accounting policies. Details of the significant judgements and estimates are provided in note 2.

Going concern

Since March 2020, economic activity in the UK has been restricted by measures put in place by Public Health England and the UK Government to control the spread of the Covid-19 pandemic. Many businesses were forced to close for a period of time, placing serious pressure on their cash flows and constraining their ability to pay rent and other liabilities when they fall due without compromising other aspects of their business.

In advance of the March 2020 rent payment date, the members reached agreement with one of the group's tenants (which accounts for 28% of the current passing rent) to defer the March 2020 quarterly rent payment for a 12 month period in order to assist that tenant in managing its cash flows through the period of disruption caused by the pandemic. The subsequent June 2020 quarterly rent payment from this tenant was received in full and on time, and the group has to date experienced no rent collection issues in respect of its other tenants.

The investment properties owned by the group are held as security for debt facilities drawn by the group. All financial covenants have been complied with at all times.

At 31 March 2020, the group had net current assets of £2,324,924 (of which £2,384,580 was cash) and an undrawn revolving credit facility that was available from a related party. Having considered current cash flow forecasts, and stress tested those forecasts for the potential future impact of Covid-19 on the ability of tenants to continue to pay their rent in accordance with the terms of the leases, the members do not expect Covid-19 (or any other factors) to impact on the ability of the group or the LLP to meet their liabilities as they fall due for the foreseeable future, being a period of at least 12 months from the date on which these financial statements are approved.

Parent LLP disclosure exemptions

In preparing the separate financial statements of the parent LLP, advantage has been taken of the following disclosure exemptions available to qualifying entities:

- no cash flow statement has been presented for the parent LLP;
- disclosures in respect of the parent LLP's income, expense, net gains and net losses on financial instruments measured at amortised cost have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- no disclosure has been given for the aggregate remuneration of the key management personnel of the parent LLP as their remuneration is included in the totals for the group as a whole.

BROOKSHIRE CAPITAL LLP

Notes to the consolidated financial statements - continued **For the year ended 31 March 2020**

1. Accounting policies (continued)

Prior year adjustment

The group and LLP recognised unamortised tenant lease incentives as a separate asset within the balance sheet but have historically not made any adjustment to the carrying value of their investment property to avoid any double counting this amount. This has been corrected in the current year financial statements with the impact being to reduce the carrying value of investment properties and overall net assets as at 31 March 2019 by £330,916 and increase the gains on investment property and overall profit for the year then ended by £22,667. Opening members' other reserves as at 1 April 2018 were also reduced by £353,583.

The following principal policies have been applied:

Basis of consolidation

The consolidated financial statements present the results of the LLP and its subsidiary ("the group") as if they formed a single entity. Intercompany transactions and balances between group entities are therefore eliminated in full.

Subsidiaries are those entities over which the LLP has the control, whereby it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the LLP and they are deconsolidated from the date that control ceases. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiaries is measured at fair value when control is lost.

Basis of measurement

The financial statements are prepared on the historical cost basis except for investment property and derivative financial instruments which have been measured at fair value.

Revenue

Revenue is recognised on an accruals basis when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the group. Revenue comprises rental income and other income from tenants of the group's properties, net of discounts, VAT and other sales-related taxes. Revenue of the group also includes the consideration received from the sale of trading property held by Brookshire Trading Limited which is recognised when the risks and rewards of ownership are transferred to the buyer.

Tangible fixed assets

Tangible fixed assets, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance costs are charged to profit or loss during the period in which they are incurred.

Depreciation

Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives, using a reducing balance method, on the following basis.

Fixtures and equipment	25% per annum
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BROOKSHIRE CAPITAL LLP

Notes to the consolidated financial statements - continued **For the year ended 31 March 2020**

1. Accounting policies (continued)

Investment property

The LLP holds property for the purposes of investment and this is disclosed as such on the balance sheet. Investment properties are properties which are held either to earn rental income or for capital appreciation or for both.

The investment property is initially measured at cost including related transaction costs. After initial recognition the investment property is carried at fair value determined annually by external valuers. Changes in fair value are recognised in profit or loss. The judgements and estimates considered in determining the valuation are explained further in the critical accounting judgements and key sources of estimation uncertainty note.

Valuation of investments

In the LLP's individual accounts, investments in subsidiaries are measured at cost less accumulated impairment.

Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding derivatives, are initially measured at transaction price (after deducting transaction costs) and subsequently held at amortised cost.

Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Stocks

Property held for the purposes of trading is held separately in the LLP's subsidiary, Brookshire Trading Limited, and is classified as stock on the balance sheet. Stocks are valued at the lower of cost and net realisable value. Cost is based on the latest cost principle and for each property is inclusive of purchase price and expenditure incurred in acquiring the property and bringing it to its current condition. The net realisable value is taken to be the estimated selling price less estimated costs necessary to make the sale taking into account the current market conditions.

Provisions are established to write down trading property stock where the estimated net sales proceeds less costs to complete exceed the current carrying value. Adjustments to the provisions will be required where selling prices or costs to complete change. Any unrealised losses resulting from impairments to inventories are reflected in profit or loss in the year in which they arise. Gains on reversals of impairments are recognised in profit or loss only to the extent they relate to previously recognised losses.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis.

Financial guarantees and profit share contracts

Where the LLP enters into a profit share contract, the LLP treats such a contract as a contingent liability until such time as it becomes probable that a payment will be required under the guarantee.

BROOKSHIRE CAPITAL LLP

Notes to the consolidated financial statements - continued **For the year ended 31 March 2020**

1. Accounting policies (continued)

Loans and other debts due to members

Loans and other debts due to members include profits which have been allocated to members and are capable of being withdrawn by such members, but remain unpaid at the year end.

Members' capital

Members' capital is classified as equity as members are only entitled to a repayment of capital in accordance with the Partnership agreement.

Other reserves

Other capital reserves include profits which have not yet been allocated to members and are not yet capable of being withdrawn by such members.

2. Critical accounting judgements and key sources of estimation uncertainty

In preparing these financial statements, the members have made the following judgements:

- Determine whether leases entered into by the group either as a lessor or lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determining when the significant risks and rewards in relation to a trading property sale have transferred to the customer and therefore when revenue is recognised. This has been determined to be upon unconditional exchange of contracts.
- Determine whether property should be classified as investment property, and held within the LLP, or trading stock and held within Brookshire Trading Limited. This is determined at the outset of potentially acquiring a property. Factors such as whether there is potential for a long-term holding position, or whether there is a commercial trading opportunity are judgements made by the members.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates may differ from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

- Investment property held at fair value within the LLP is professionally valued by external valuers. Valuations are affected by the occupational property market trading conditions, tenant covenants, and property specific factors. The members judge that the fair values ascribed to the investment property reflect these factors, as at the balance sheet date given anticipated market conditions.
- Property held for trading purposes within the LLP's subsidiary, Brookshire Trading Limited, is carried at the lower of cost or net realisable value. The selling price of a property is affected by such factors as the occupational property market trading conditions, tenant covenants if the property is not vacant, and property specific factors. To ensure the property is carried at the lower of cost or net realisable value, trading property is professionally valued by external valuers. The members judge that the carrying cost values ascribed to the trading property reflect these factors, as at the balance sheet date and into the future, given anticipated market conditions.
- The covenant stipulations attached to the group's bank borrowings are met given positive cash flow generated from rentals and the valuations pertaining to the investment property held as security. To avoid non-compliance with the covenants, the LLP continually monitors its performance to ensure the criteria are met. The members anticipate that these criteria will continue to be met in the foreseeable future.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

BROOKSHIRE CAPITAL LLP

Notes to the consolidated financial statements - continued For the year ended 31 March 2020

3. Analysis of Turnover

	2020	2019
Analysis by class of business	£	£
Rental income	977,202	1,280,099
Sale of trading properties	4,000,000	-
Sundry income	2,640	5,078
	<u>4,979,842</u>	<u>1,285,177</u>

Turnover is attributable to one geographical market, the United Kingdom.

4. Employees and members

Group and LLP

The group has no employees and there were no staff costs for the year ended 31 March 2020 (2019: nil).

The LLP had two (2019: two) designated members and one (2019: one) other member throughout the year. The profit attributable to the member with the largest entitlement was £768,200 (2019: £2,622,500), which is calculated based upon any remuneration included with members remuneration charged as an expense this year plus any previously unallocated profits that were allocated (and distributed) within the current year.

5. Operating profit

This is arrived at after charging:

	2020	2019
	£	£
Depreciation of tangible fixed assets	1,086	773
Operating lease expense	29,640	28,790
Fees payable to the LLP's auditor for the audit of the LLP's annual accounts	17,500	8,957
Fees payable to the LLP's auditor for the audit of the LLP's subsidiary pursuant to legislation	5,000	6,664
	<u>52,226</u>	<u>44,284</u>

6. Interest payable and similar expenses

	2020	2019
	£	£
Interest on bank loans	193,529	277,913
Interest expense on interest rate swap	95,153	110,243
Interest on loans from related parties	-	31,086
Other finance costs	37,257	37,257
	<u>325,939</u>	<u>456,499</u>

BROOKSHIRE CAPITAL LLP

Notes to the consolidated financial statements - continued
For the year ended 31 March 2020

7. Gains on investment property

	2020 £	Restated 2019 £
Unrealised gain arising on changes in fair value	100,000	1,025,006
Unrealised gain arising from movement in tenant lease incentives	22,666	22,667
Realised gain arising on disposal	128,732	2,677,645
	<u>251,398</u>	<u>3,725,318</u>

8. Taxation**Analysis of tax expense**

	2020 £	2019 £
Current tax	151,367	22,615
Deferred tax	-	-
Taxation on profit	<u>151,367</u>	<u>22,615</u>

Analysis of tax expense**Reconciliation of effective tax rate**

	2020 £	Restated 2019 £
Profit before tax	1,859,402	4,308,105
Less amounts subject to tax on the members	(1,063,154)	(4,189,081)
Profit subject to tax	<u>796,248</u>	<u>119,024</u>
Profits subject to tax at the UK corporation tax rate of 19% (2019: 19%)	<u>151,287</u>	<u>22,615</u>
Total tax expense	<u>151,287</u>	<u>22,615</u>

Taxation of the LLP is upon individual members and not accounted for within the LLP.

The tax charge on profits subject to tax for the year is the same as the standard rate of corporation tax in the UK of 19%. The group has no unused tax losses or credits.

BROOKSHIRE CAPITAL LLP

Notes to the consolidated financial statements - continued For the year ended 31 March 2020

9. Tangible fixed assets

Cost or valuation	Investment property £	Fixtures and equipment £	Total £
At 1 April 2019 (as restated)	14,989,084	4,127	14,993,211
Additions	-	2,210	2,210
Disposals	(1,450,000)	-	(1,450,000)
Revaluations	100,000	-	100,000
Movement in tenant lease incentives	22,666	-	22,666
At 31 March 2020	13,661,750	6,337	13,668,087
Depreciation			
At 1 April 2019	-	1,808	1,808
Charge for the year	-	1,086	1,086
At 31 March 2020	-	2,894	2,894
Carrying amount			
At 31 March 2020	13,661,750	3,443	13,665,193
At 31 March 2019 (as restated)	14,989,084	2,319	14,991,403

The following table reconciles the carrying value of the investment property to their independent valuation:

	2020 £	2019 £
Carrying value	13,661,750	14,989,084
Unamortised lease incentives accounted for within debtors (note 12)	308,250	330,916
Property valuation	13,970,000	15,320,000

Investment property

(i) Fair value measurement

The valuations of the properties were determined by CBRE Limited, an accredited independent valuer with recognised and relevant professional qualifications and with recent experience in the location and category of the investment property being valued. For all investment properties, their current use equates to the highest and best use.

The designated member review the valuations performed by the independent valuers and:

- verify all major inputs to the independent valuers' report;
- assess property valuations movements when compared to the prior period valuation report; and
- hold discussions with the independent valuers.

The properties have been valued on the basis of "Fair Value" in accordance with the RICS Valuation – Professional Standards VPS4 (1.5) Fair Value and VPGA1 Valuations for inclusion in financial statements. The fair value for the properties held by the group is determined using the investment method, with fair value being a product of rent and yield derived using comparison techniques. In undertaking the valuation of properties under this method, an assessment has been made on the basis of a collation and analysis of appropriate comparable investment, rental and sale transactions, together with evidence of demand within the vicinity of the subject property. With the benefit of such transactions, capitalisation rates have then been applied to the properties, taking into account size, location, terms, covenant and other material factors.

BROOKSHIRE CAPITAL LLP

Notes to the consolidated financial statements - continued For the year ended 31 March 2020

9. Tangible fixed assets (continued)

The Covid-19 pandemic has led to a heightened degree of uncertainty surrounding the year end valuations and CBRE Limited have included a material uncertainty clause within their report which states that less certainty and a higher degree of caution should be attached to their valuation of investment property than would normally be the case.

The yields applied in the valuation of the group's investment range from 4.0% to 5.7%. Valuation assessments resulting in higher or lower yields will imply a correspondingly lower or higher fair valuation.

Valuations are adjusted to ensure that the carrying value, including accrued rent, does not exceed the external valuation. As described in note 1, the 2019 carrying value has been restated and reduced in respect of accrued rent adjustments for unamortised tenant lease incentives that were also being carried as a separate asset within debtors.

(ii) Historic cost

At 31 March 2020, the historic cost of investment property amounted to £9,117,310 (2019: £12,894,770).

10. Fixed asset investments

Cost	Shares in group undertakings £
At 1 April 2019	<u>1</u>
At 31 March 2020	<u><u>1</u></u>
Net book value	
At 31 March 2020	<u><u>1</u></u>
At 31 March 2019	<u><u>1</u></u>

The undertakings in which the LLP's interest at the year end is 20% or more are as follows:

	Class of shares	% holding
Brookshire Trading Limited , incorporated in England.	Ordinary £ 1	100
Nature of business: Trading in commercial property.		
Registered office: Cayzer House, 30 Buckingham Gate, London, SW1E 6NN		

11. Stocks

	Group		LLP	
	2020 £	2019 £	2020 £	2019 £
Property at cost	<u>180,322</u>	<u>2,987,193</u>	<u>-</u>	<u>-</u>

The amount of trading property stock recognised as an expense during the year was £2,806,871 (2019: £nil).

BROOKSHIRE CAPITAL LLP

Notes to the consolidated financial statements - continued **For the year ended 31 March 2020**

12. Debtors

	Group		LLP	
	2020	2019	2020	2019
	£	£	£	£
Current:				
Trade debtors	35,395	32,602	32,010	8,116
Amounts owed by group undertakings	-	-	-	2,137,903
Prepayments and accrued income	12,230	8,037	11,703	7,567
Other debtors	313,250	335,796	313,250	335,796
	<u>360,875</u>	<u>376,435</u>	<u>356,963</u>	<u>2,489,382</u>

All amounts shown under debtors fall due for payment within one year except:
Group and LLP unamortised lease incentives £308,250 (2019: £330,916).

13. Creditors: amounts falling due within one year

	Group		LLP	
	2020	2019	2020	2019
	£	£	£	£
Bank loans	122,743	227,743	122,743	227,743
Trade creditors	2,264	2,983	2,264	2,983
Amounts owed to group undertakings	-	-	1,053,000	-
Corporation tax	151,367	22,615	-	-
Taxation and social security	33,247	99,356	32,344	81,303
Accruals and deferred income	209,029	320,137	199,880	289,779
Interest rate swap	81,840	107,627	81,840	107,627
Other creditors	363	328	363	328
	<u>600,853</u>	<u>780,789</u>	<u>1,492,434</u>	<u>709,763</u>

14. Creditors: amounts falling due after more than one year

	Group		LLP	
	2020	2019	2020	2019
	£	£	£	£
Bank loans	<u>4,746,728</u>	<u>7,247,061</u>	<u>4,746,728</u>	<u>7,247,061</u>

The maturity of the bank loans are as follows:

	Group		LLP	
	2020	2019	2020	2019
	£	£	£	£
In one year or less, or on demand	122,743	227,743	122,743	227,743
In more than one year but not more than two years	122,743	265,000	122,743	265,000
In more than two years but not more than five years	<u>4,623,985</u>	<u>6,982,061</u>	<u>4,623,985</u>	<u>6,982,061</u>
	<u>4,869,471</u>	<u>7,474,804</u>	<u>4,869,471</u>	<u>7,474,804</u>
Current	122,743	227,743	122,743	227,743
Non-current	<u>4,746,728</u>	<u>7,247,061</u>	<u>4,746,728</u>	<u>7,247,061</u>
	<u>4,869,471</u>	<u>7,474,804</u>	<u>4,869,471</u>	<u>7,474,804</u>

BROOKSHIRE CAPITAL LLP

Notes to the consolidated financial statements - continued For the year ended 31 March 2020

14. Creditors: amounts falling due after more than one year (continued)

The loan was refinanced in June 2017 for a term of five years with quarterly repayment instalments commencing in July 2017. The effective interest rate on the bank loan is 2.3% plus LIBOR. The aggregate interest expense on all bank loans in the group for the year totalled £193,529 (2019: £277,913). The loans are secured by a charge over selected investment properties held by the LLP and trading properties within the LLP's subsidiary.

The group and LLP have entered into a floating to fixed interest rate swap with a fixed leg of 1.13% and a variable rate leg equal to LIBOR to hedge the cash flow risk associated with the bank loan (see note 15).

15. Financial instruments

	Group		LLP	
	2020	2019	2020	2019
	£	£	£	£
Financial assets				
Financial assets measured at amortised cost	2,437,205	817,319	1,907,772	2,782,446
Financial liabilities				
Financial liabilities measured at fair value	81,840	107,627	81,840	107,627
Financial liabilities measured at amortised cost	4,954,217	7,577,989	5,998,786	7,567,858

Financial assets and liabilities measured at fair value comprise interest rate derivatives that are used to hedge variable interest rate risk.

Financial assets measured at amortised cost comprise cash, trade debtors, amounts owed by group undertakings, accrued income and other debtors.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, accruals and other creditors.

The group and LLP use interest rate swaps to manage their exposure to interest rate movements on a proportion of its variable rate borrowings. The contract entered into with Santander has a notional value of £4,950,194 as at 31 March 2020 (2019: £5,291,222) with a strike rate of 1.13%.

The fair values of the group's and LLP's interest rate swaps were determined by Santander UK plc on the basis of comparing the contractual rate entered into with the group and LLP and the prevailing market rate at the date of valuation.

The movement in the carrying value of the group's and LLP's derivative financial instruments during the year is summarised below:

	£
At 1 April 2019	107,627
Change in fair value	(25,787)
At 31 March 2020	81,840

BROOKSHIRE CAPITAL LLP

Notes to the consolidated financial statements - continued For the year ended 31 March 2020

16. Operating leases

Leases as lessor

The group and LLP lease out commercial property under operating leases. The future minimum lease payments receivable under non-cancellable leases were as follows. There are no contingent rents.

	2020	2019
	£	£
Less than one year	764,000	864,000
Between one and five years	3,135,479	3,451,603
Greater than five years	8,493,534	9,160,452
	<u>12,393,013</u>	<u>13,476,055</u>
Total lease payments		

Leases as lessee

At the balance sheet date, the group and LLP had outstanding commitments under non-cancellable leases, which fall due as follows:

	2020	2019
	£	£
Less than one year	12,500	12,200
	<u>12,500</u>	<u>12,200</u>
Total lease payments		

17. Contingent liability

As shown in the related party note 18, the group and LLP has entered into a profit share agreement. The obligation to pay the profit share only arises if the group and LLP sells the investment property specified in the profit share agreement, and Caledonia TLG Limited is still within the Caledonia Investments plc group. There is no obligation on the part of the group and LLP to sell the property specified in the profit share agreement.

If the investment property was sold at its carrying value at the balance sheet date, a profit share of £465,500 would become payable. The effect on net assets would be to reduce the members' net equity within the LLP to £9,150,935 and to £10,747,271 within the LLP group.

18. Related party disclosures

The group and LLP has entered into a profit share agreement with a Caledonia Investments plc group company, Caledonia TLG Limited. On exercise of the agreement, Caledonia TLG Limited would be entitled to a share of the proceeds on the sale of the property noted in the contingent liability note 17 above.

Rent of £208,999 (2019: £207,724) was recognised in respect of a tenant who is a member of the Caledonia Investments plc group. The terms of the lease were documented on a commercial basis. A balance in respect of recharged costs of £12,607 (2019: £nil) remained outstanding at the year end.

Key management personnel are the designated members whose remuneration is disclosed in the Report of the Members and in the Statement of Members' Interests.

BROOKSHIRE CAPITAL LLP**Notes to the consolidated financial statements - continued**
For the year ended 31 March 2020**19. Net debt reconciliation**

	1 April 2019 £	Cash flows £	Other Non-cash changes £	31 March 2020 £
Cash at bank and in hand	776,680	1,607,900	-	2,384,580
Bank loans	(7,474,804)	2,642,590	(37,257)	(4,869,471)
Interest rate swap	(107,627)	-	25,787	(81,840)
Net debt (before members' debt)	(6,805,751)	4,250,490	(11,470)	(2,566,731)
Loans and other debts due to members	(29,925)	519,200	(519,893)	(30,618)
Net debt	(6,835,676)	4,769,690	(531,363)	(2,597,349)

Non-cash movements relate to:

- Bank loans: this represents the amortisation to profit and loss of debt issue costs paid in previous periods.
- Interest rate swap: this represents the movement in the fair value of the derivative – see note 15.
- Members' loans: this represents the allocation of profits and other transfers.

There are no restrictions over the use of the cash at bank and in hand balances.

20. Post balance sheet events

The full impact of the Covid-19 pandemic outbreak after the year end on the UK economy and the investment property sector cannot be determined with certainty. The carrying values of the investment property held by the group and LLP may therefore be adversely affected by these conditions but this cannot be quantified at the date of signing the accounts.

21. Ultimate controlling party

The LLP's immediate and ultimate parent company is Caledonia Investments plc. Caledonia Investments plc is the controlling party.

Caledonia Investments plc is an investment entity under IFRS 10 and prepares group accounts which do not consolidate investment subsidiaries. Consequently, these financial statements are not consolidated as part of a wider group.

Group accounts for Caledonia Investments plc may be obtained from its registered office: Cayzer House, 30 Buckingham Gate, London SW1E 6NN.