

THE BOURNEMOUTH DEVELOPMENT COMPANY LLP

**ANNUAL REPORT OF THE MEMBERS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

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THE BOURNEMOUTH DEVELOPMENT COMPANY LLP

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THE BOURNEMOUTH DEVELOPMENT COMPANY LLP

LLP INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2016

Designated Members	Community Solutions for Regeneration (Bournemouth) Ltd The Council of the Borough of Bournemouth
Head Office	8 Old Jewry 6 th Floor London EC2R 8DN
Registered Office	Kent House 14–17 Market Place London W1W 8AJ
Independent Auditor	PKF Francis Clark Chartered Accountants and statutory auditor Towngate House, 2-8 Parkstone Road, Poole, BH15 2PW

THE BOURNEMOUTH DEVELOPMENT COMPANY LLP

MEMBERS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The designated members present their annual report and the audited financial statements for the year ended 31 December 2016.

Principal activities

The principal activities of the company are property development on land in the Bournemouth Town Centre.

The results for the year are included on page 6.

Going concern

The members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements. Further details can be found in the principal accounting policies in the financial statements.

Principal risks and uncertainties

The management of the business and the execution of the LLP strategy are subject to a number of risks. The members believe the principal risks facing the LLP to be those relating to development management services, cash flow risk due to sales value or timing not meeting forecast and the risk of senior debt funding being withdrawn or cancelled. The LLP has a long-term partnership with Bournemouth Borough Council from which it expects to receive sufficient funds to manage these risks.

Designated members

The designated members who served during the year are shown on page 1.

Members' drawings and capital policy

The members' policy on drawings is dependent upon the working capital requirements of the LLP. A conservative level of drawings is in accordance with updated specific site drawdown.

Debt or equity is injected in to the LLP in accordance with the funding requirements of the project.

Capital is repaid to members on resignation from the LLP, or at such other time as is determined by the Management Board.

Auditors

PKF Francis Clark were appointed in office, during the period, as auditors and a resolution to re-appoint PKF Francis Clark as the LLP's auditors will be proposed at the next Members' Meeting.

Statement of members' responsibilities

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

The Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 require 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). The financial statements are required by law to give a true and fair view of the state of affairs of the

THE BOURNEMOUTH DEVELOPMENT COMPANY LLP

MEMBERS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Statement of members' responsibilities (continued)

LLP and of the profit or loss of the LLP for that period. In preparing these financial statements, the members are required to:

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgments and estimates that are reasonable and prudent;
- (c) state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- (d) 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 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 applicable to limited liability partnerships. 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.

Independent auditor and disclosure of information to the independent auditor

In the case of each member of the LLP at the date when this report was approved:

- so far as each member is aware, there is no relevant audit information (that is, information needed by the LLP's auditor in connection with preparing its report) of which the LLP's auditor is unaware; and
- each member has taken all the steps that he/she 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.

This report has been prepared in accordance with the requirements of the Companies Act 2006 as applied to LLP's by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

For and on behalf of:



Community Solutions for Regeneration (Bournemouth) Ltd
Designated member
13 September 2017

THE BOURNEMOUTH DEVELOPMENT COMPANY LLP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOURNEMOUTH DEVELOPMENT COMPANY LLP FOR THE YEAR ENDED 31 DECEMBER 2016

Independent Auditor's Report to the Members of The Bournemouth Development Company LLP

We have audited the financial statements of The Bournemouth Development Company LLP for the year ended 31 December 2016 which comprise the LLP Statement of Comprehensive Income, the LLP Statement of Financial Position, the Principal Accounting Policies, and the related notes. 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).

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 LLPs 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 Statement of Members' Responsibilities set out on pages 2-3, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the limited liability partnership's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the designated members; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

THE BOURNEMOUTH DEVELOPMENT COMPANY LLP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOURNEMOUTH DEVELOPMENT COMPANY LLP FOR THE YEAR ENDED 31 DECEMBER 2016

Independent Auditor's Report to the Members of The Bournemouth Development Company LLP (continued)

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.

Matters on which we are required to report by exception

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.

Mark Johns

Mark Johns ACA FCCA
Senior Statutory Auditor
for and on behalf of
PKF Francis Clark, Statutory Auditor

PKF Francis Clark
Towngate House
2-8 Parkstone Road
Poole
Dorset
BH15 2PW

Date: 20/09/2017

THE BOURNEMOUTH DEVELOPMENT COMPANY LLP

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Turnover	1	4,969,612	52,891
Cost of sales		(4,605,757)	(60,339)
Gross profit		363,855	(7,448)
Administrative expenses		(132,881)	(77,720)
Operating profit / (loss)	2	230,974	(85,168)
Income from fixed asset investments		-	2,900,000
Interest payable	4	(10,775)	(16,599)
Profit / (loss) for the financial year before members' remuneration		220,199	2,798,233
Member's remuneration charged as an expense		-	(3,500,000)
Profit / (loss) for the year available for discretionary division among members		220,199	(701,767)

The LLP has no recognised gains or losses for the year other than the results above.

Continuing operations

The results for the current and previous financial years derive from continuing operations.

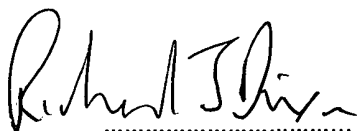
THE BOURNEMOUTH DEVELOPMENT COMPANY LLP

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2016

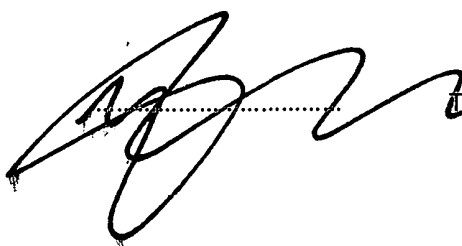
	Notes	31 December 2016 £	31 December 2015 £
Current assets			
Works in progress	7	1,545,659	965,720
Debtors due within one year	8	940,203	2,959,167
Cash in hand and at bank		75,914	6,078
		<u>2,561,774</u>	<u>3,930,965</u>
Creditors			
Amounts falling due within one year	9	(767,648)	(197,014)
Net assets attributable to members		<u>1,794,128</u>	<u>3,733,951</u>
Loans and other debts due to members			
Members' capital classified as a liability		-	-
Other amounts		464,577	2,624,599
		<u>464,577</u>	<u>2,624,599</u>
Members' other interests			
- Members' capital classified as equity		2	2
- Other reserves		1,329,549	1,109,350
		<u>1,794,128</u>	<u>3,733,951</u>
Total members' interests			
Loans and other debts due to members		464,577	2,624,599
Members' other interests		1,329,551	1,109,352
		<u>1,794,128</u>	<u>3,733,951</u>

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

The financial statements of The Bournemouth Development Company LLP, registration number OC361929, were approved by the Members and were signed on its behalf on 13 September 2017 by:



Community Solutions for Regeneration (Bournemouth) Limited
Designated Member



The Council of the Borough of Bournemouth
Designated Member

THE BOURNEMOUTH DEVELOPMENT COMPANY LLP

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2016

General information

The Bournemouth Development Company LLP (the 'LLP') is incorporated in England and Wales. The registered office is Kent House, 14-17 Market Place, London, W1W 8AJ.

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland* (FRS102), the Statement of Recommended Practice; Accounting by Limited Liability Partnerships published in 2014 and the Companies Act 2006 (as applied to LLPs). The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the LLP and rounded the nearest £1.

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

Going concern

The LLP has net assets attributable to members of £1,794,128 (2014: £3,733,951) as at 31 December 2016.

The members have reviewed the future liquidity requirements and have considered the cash flow forecasts of the LLP. Despite the current economic conditions, the members believe the LLP will be able to meet its liabilities as they fall due.

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

Assets in construction

None included in accounts.

Work in progress

Work in progress comprise of planning and design fees for the St Stephens and Winter Gardens projects adopted in 2015, and Durley Road adopted in 2014.

Turnover

Turnover represents income received in the ordinary course of business for services provided and sale of developed properties and excludes value added tax.

Turnover is recognised as a percentage of construction completed on the PRS development Berry Court.

THE BOURNEMOUTH DEVELOPMENT COMPANY LLP

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2016

Allocation of profits

Unallocated profits are included within 'other reserves' until the point at which they are allocated, when they are transferred to 'loans and other debts due to members' within members' interests.

No profits or losses are allocated to members until the reserves of the LLP are in surplus.

Taxation

Members are personally liable for taxation on their share of the profits of the limited liability partnership. Consequently no reserve for taxation is made in the financial statements in respect of members' tax liabilities.

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.

Critical accounting judgments and key sources of estimation uncertainty

In the application of the LLP's accounting policies the members are required to make judgements, estimates and assumptions about the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. Assumptions and estimates are reviewed on an ongoing basis and any revisions to them are recognised in the period in which they are revised.

THE BOURNEMOUTH DEVELOPMENT COMPANY LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Analysis of turnover and profit on ordinary activities before taxation

All turnover and profit on ordinary activities before taxation relates to one class of business, the company's principal activity carried out in the UK.

2. Operating profit

	2016 £	2015 £
Operating profit is stated after charging:		
Fees payable to the LLP's auditor for the audit of the LLP's annual accounts	<u>5,700</u>	<u>5,625</u>
	<u>5,700</u>	<u>5,625</u>

This fee is borne by Morgan Sindall Investments Ltd as part of the services performed under the Development Management Agreement.

3. Staff costs

The LLP had no employees during the year or the previous year.

4. Interest payable

	2016 £	2015 £
Interest payable to member	<u>10,775</u>	<u>16,599</u>
Interest payable	<u>10,775</u>	<u>16,599</u>

5. Work in progress

	2016 £	2015 £
Adopted site costs	<u>1,545,658</u>	<u>965,720</u>
	<u>1,545,658</u>	<u>965,720</u>

THE BOURNEMOUTH DEVELOPMENT COMPANY LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

6. Debtors

	2016 £	2015 £
Due within one year		
VAT receivable	48,392	59,167
Trade debtors	524,546	-
Intercompany debtor	3,000	2,900,000
Prepayments and accrued income	364,265	-
	<u>940,203</u>	<u>2,959,167</u>

7. Trade and other payables

	2016 £	2015 £
Due within one year		
Trade creditors	651,258	188,189
Accruals and deferred income	116,390	8,825
	<u>767,648</u>	<u>197,014</u>

8. Loans and other debts due to members

	2016 £	2015 £
Loans	464,577	124,599
Undrawn profits	-	2,500,000
	<u>464,577</u>	<u>2,624,599</u>

Amounts owed to members consist of a loan note which is repayable on receipt of funds from subsidiaries on the sale of developments following Clause 26.4 of the members agreement.

Loans and other debts due to members are secured by way of a fixed and floating charge over all the assets of the LLP and would therefore rank in preference to other unsecured creditors in the event of a winding up.

THE BOURNEMOUTH DEVELOPMENT COMPANY LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

9. Members' interests

	Equity			Debt		Total members' interests
	Members' other interests			Loans and other debts due to members less any amounts due from members in debtors		
	Members' Capital	Other Reserves	Total	Other Amounts	Total	Total 2015
At 1 January 2016	2	1,109,350	1,109,352	2,624,599	2,624,599	3,733,951
Profit / (loss) for the year available for discretionary division among members	-	220,199	220,199	-	-	220,199
Repayment of debt (including members' capital classified as a liability)	-	-	-	(2,500,000)	(2,500,000)	(2,500,000)
Introduced by members	-	-	-	339,978	339,978	339,978
At 31 December 2016	2	1,329,549	1,329,549	464,577	464,577	1,794,128

10. Related party transactions

In the ordinary course of business, the LLP has traded with Morgan Sindall Group plc and The Council of the Borough of Bournemouth together with its subsidiaries. The LLP has taken advantage of the exemption provided in FRS102 not to disclose transactions with companies within the group of which it is a member, where these transactions occur between entities which are 100% owned members of that group.

The LLP had transactions with the following associated companies:

Nature of transaction	Transaction amount 2016 £	Amount due (to)/from related party at 31 Dec 2016 £	Transaction amount 2015 £	Amount due (to)/from related party at 31 Dec 2015 £
Morgan Sindall Investments Limited				
Provision of services	(233,611)	(29,192)	(69,050)	-
Morgan Sindall Construction & Infrastructure				
Provision of services	(2,331,034)	(495,870)	(55,970)	-
The Council of the Borough of Bournemouth				
Provision of services	(1,248,544)	5,825	(72,698)	(12,000)
Turnover	-	-	52,891	-

THE BOURNEMOUTH DEVELOPMENT COMPANY LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

11. Ultimate parent company and ultimate controlling party

The immediate controlling members of the LLP are Community Solutions for Regeneration (Bournemouth) Limited and The Council of the Borough of Bournemouth.

The members consider that there is no ultimate parent undertaking and ultimate controlling party of this LLP.