

THE BOURNEMOUTH DEVELOPMENT COMPANY LLP

**ANNUAL REPORT OF THE MEMBERS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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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 2017

Designated Members	Community Solutions for Regeneration (Bournemouth) Limited 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 2017

General information

The designated members present their annual report and the audited financial statements for the year ended 31 December 2017. The financial statements have been prepared under United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and Applicable law).

This members' report has been prepared in accordance with the provisions applicable to small limited liability partnerships entitled to the small limited liability partnerships' exemption.

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 7.

Going concern

The members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for a minimum of 12 months from the date of signing the accounts. 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services, cash flow risk due to sales value or timing not meeting forecast and the risk of senior debt funding being withdrawn or cancelled.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 year and have expressed their willingness to continue in office as auditor and a resolution to re-appoint PKF Francis Clark as the LLP's auditors will be proposed at the next Members' Meeting.

THE BOURNEMOUTH DEVELOPMENT COMPANY LLP

MEMBERS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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 confirmation is given and should be interpreted in accordance with the provisions of section 418 of the companies Act 2006.

Statement of members' responsibilities

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

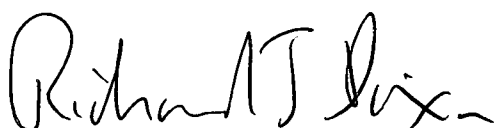
The Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally 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 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 judgements 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.

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) Limited
Designated member

19/09/2018

THE BOURNEMOUTH DEVELOPMENT COMPANY LLP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOURNEMOUTH DEVELOPMENT COMPANY LLP FOR THE YEAR ENDED 31 DECEMBER 2017

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

Opinion

We have audited the financial statements of The Bournemouth Development Company LLP for the year ended 31 December 2017 which comprise of the Statement of Comprehensive Income, the 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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) incorporating the requirements of Section 1A.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Limited Liability Partnership's affairs as at 31 December 2017, 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.

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 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 sufficient and appropriate to provide a basis for our opinion.

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 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 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 Limited Liability 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.

THE BOURNEMOUTH DEVELOPMENT COMPANY LLP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOURNEMOUTH DEVELOPMENT COMPANY LLP FOR THE YEAR ENDED 31 DECEMBER 2017

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 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 annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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; or
- the members were not entitled to prepare the financial statements in accordance with the special provisions relating to small Limited Liability Partnerships.

Responsibilities of members

As explained more fully in the Statement of Members' Responsibilities set out on page 3, 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 Limited Liability

THE BOURNEMOUTH DEVELOPMENT COMPANY LLP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOURNEMOUTH DEVELOPMENT COMPANY LLP FOR THE YEAR ENDED 31 DECEMBER 2017

Partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern using the going concern basis of accounting unless the partners either intend to liquidate 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Mark Johns

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

Date: 21/9/2018

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

THE BOURNEMOUTH DEVELOPMENT COMPANY LLP

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
Turnover	1	15,811,860	4,969,612
Cost of sales		(14,692,464)	(4,605,757)
Gross profit		<u>1,119,396</u>	<u>363,855</u>
Administrative expenses		(93,818)	(132,881)
Operating profit	2	<u>1,025,578</u>	<u>230,974</u>
Interest receivable	4	83,686	-
Interest payable	4	<u>(139,565)</u>	<u>(10,775)</u>
Profit for the financial year before members' remuneration		<u>969,699</u>	<u>220,199</u>
Member's remuneration charged as an expense		-	-
Profit for the year available for discretionary division among members		<u>969,699</u>	<u>220,199</u>

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.

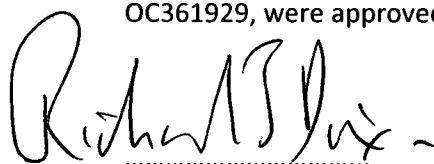
THE BOURNEMOUTH DEVELOPMENT COMPANY LLP

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2017

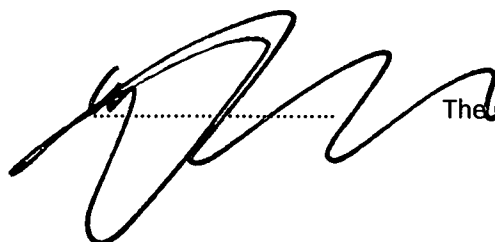
	Notes	31 December 2017 £	31 December 2016 £
Current assets			
Work in progress	5	2,128,883	1,545,658
Trade and other receivables	6	10,231,627	940,204
Cash and bank balances		135,433	75,914
		<u>12,495,943</u>	<u>2,561,774</u>
Current liabilities			
Trade and other payables	7	(1,977,551)	(767,648)
Net assets attributable to members		<u>10,518,392</u>	<u>1,794,128</u>
Loans and other debts due to members			
Other amounts	8	8,219,142	464,577
		<u>8,219,142</u>	<u>464,577</u>
Members' other interests			
Members' capital classified as equity	9	2	2
Other reserves	9	2,299,248	1,329,549
		<u>10,518,392</u>	<u>1,794,128</u>
Total members' interests			
Loans and other debts due to members		8,219,142	464,577
Members' other interests		2,299,250	1,329,551
		<u>10,518,392</u>	<u>1,794,128</u>

The financial statements have been prepared in accordance with the provisions applicable to small limited liability partnerships entitled to the small limited liability partnerships 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 19/09/2018 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 2017

General information

The Bournemouth Development Company LLP (the 'LLP') is a Limited Liability Partnership incorporated in England and Wales. The nature of the LLP's operations and its principal activities are set out in the Members' Report on pages 2 to 3. The address of the registered office is given on page 1.

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) including Section 1a, the Statement of Recommended Practice; Accounting by Limited Liability Partnerships published in 2017 and the Companies Act 2006 (as applied to LLPs). The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

The financial statements are prepared in sterling, which is the functional currency of the LLP, and rounded to 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 members have reviewed the performance of the LLP during the year as set out in these accounts and, after taking account of possible changes that can reasonably be envisaged in trading performance, have considered the cash flow forecasts and future liquidity requirements of the Company.

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 at least 12 months from the date of signing the accounts. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Work in progress

Work in progress is stated at the lower of cost and net realisable value. Work in progress comprise of planning and design fees for the developments at Pavilion Gardens, St Stephens, Winter Gardens and Durley Road.

Turnover

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

a) Contract accounting

Turnover is recognised as a percentage of construction completed on PRS developments.

b) Sale of development properties

Turnover from the sale of development properties is measured at the fair value of the consideration received or receivable. Turnover is recognised when the significant risks and rewards of ownership have been transferred to the buyer, there is no continuing management involvement with the properties and the amount of revenue can be estimated reliably.

The transfer of risks and rewards vary depending on the individual terms of the contract of sale.

COMMUNITY SOLUTIONS FOR REGENERATION (BOURNEMOUTH) LIMITED

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2016

For properties, transfer usually occurs when the ownership has been legally transferred to the purchaser.

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 judgements 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.

There have been no significant accounting judgements or sources of estimation uncertainty in the current period.

THE BOURNEMOUTH DEVELOPMENT COMPANY LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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

	2017	2016
	£	£
Operating profit is stated after charging:		
Fees payable to the LLP's auditor for the audit of the LLP's annual accounts	5,870	5,700
	<u>5,870</u>	<u>5,700</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 current or previous year.

4. Net interest payable

	2017	2016
	£	£
Interest receivable from subsidiary	83,686	-
Interest receivable	<u>83,686</u>	<u>-</u>
	2017	2016
	£	£
Interest payable to member	139,565	10,775
Interest payable	<u>139,565</u>	<u>10,775</u>

5. Work in progress

	2017	2016
	£	£
Adopted site costs	2,128,883	1,545,658
	<u>2,128,883</u>	<u>1,545,658</u>

6. Trade and other receivables

	2017	2016
	£	£
Due within one year		
VAT receivable	63,183	48,392
Trade receivables	1,269,961	524,548
Intercompany debtor	6,883,686	3,000
Prepayments and accrued income	2,014,797	364,264
	<u>10,231,627</u>	<u>940,204</u>

THE BOURNEMOUTH DEVELOPMENT COMPANY LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

7. Trade and other payables

	2017 £	2016 £
Due within one year		
Trade payables	1,366,833	651,258
Amounts owed to subsidiary	3,284	-
Accruals and deferred income	607,434	116,390
	<u>1,977,551</u>	<u>767,648</u>

8. Loans and other debts due to members

	2017 £	2016 £
Loans	8,219,142	464,577
	<u>8,219,142</u>	<u>464,577</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.

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		Total
	Members' Capital	Other Reserves	Total	Other Amounts	Total	
At 1 January 2017	2	1,329,549	1,329,551	464,577	464,577	1,794,128
Profit / (loss) for the year available for discretionary division among members	-	969,699	969,699	-	-	969,699
Introduced by members	-	-	-	7,754,565	7,754,565	7,754,565
At 31 December 2017	2	2,299,248	2,299,250	8,219,142	8,219,142	10,518,392

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:

THE BOURNEMOUTH DEVELOPMENT COMPANY LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Nature of transaction	Transaction amount 2017 £	Amount due (to)/from related party at 31 Dec 2017 £	Transaction amount 2016 £	Amount due (to)/from related party at 31 Dec 2016 £
Morgan Sindall Investments Limited				
Provision of services	(751,794)	(85,260)	(233,611)	(29,192)
Loan notes	(3,400,000)	(3,400,000)	-	-
Interest	(41,843)	(41,843)	-	-
Morgan Sindall Construction & Infrastructure Ltd				
Provision of services	(13,462,043)	(1,209,448)	(2,331,034)	(495,870)
The Council of the Borough of Bournemouth				
Provision of services	(3,275)	1,724	(1,248,544)	5,825
Loan notes	(3,400,000)	(3,400,000)	-	-
Interest	(41,843)	(41,843)	-	-

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.

12. Subsequent events

There were no subsequent events that affected the financial statements of the LLP.