

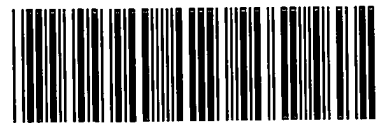
---

## **London Leasehold Investments LLP**

---

### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

WEDNESDAY



\*AB6QCSZL\*

A08

22/06/2022

#353

COMPANIES HOUSE

---

**LONDON LEASEHOLD INVESTMENTS LLP**

---

**CONTENTS**

---

	Page
<b>Members' Report</b>	1 - 2
<b>Members' Responsibilities Statement</b>	3
<b>Independent Auditor's Report</b>	4 - 7
<b>Income Statement</b>	8
<b>Balance Sheet</b>	9
<b>Statement of Changes in Members' Interests</b>	10
<b>Notes to the Financial Statements</b>	11 - 20

---

## **LONDON LEASEHOLD INVESTMENTS LLP**

---

### **MEMBERS' REPORT FOR THE YEAR ENDED 31 MARCH 2022**

---

#### **INTRODUCTION**

The members present their Annual Report on the affairs of London Leasehold Investments LLP ('the LLP') together with the financial statements and independent auditor's report for the year ended 31 March 2022. The LLP is incorporated as a Limited Liability Partnership under the Limited Liability Partnerships Act 2000.

The members have prepared the financial statements in accordance with the small limited liability partnerships regime.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the LLP during the year was investment in real estate property in the United Kingdom. The members do not anticipate any significant change in the activity of the LLP.

The LLP is in a net asset position of £ 17,667,419 (2021: £ 16,119,704) and net current asset position of £ 1,329,215 (2021: £ 1,350,146). The LLP made a profit of £ 1,123,801 (2021: loss of £ 305,000) for the year ended 31 March 2022.

#### **GOING CONCERN**

After making enquiries, including reviewing the cash flow forecasts of the LLP, the members have a reasonable expectation that the LLP has adequate resources for the foreseeable future and for a minimum period of 12 months from the date of signing the financial statements. Accordingly they continue to adopt the going concern basis in preparing the LLP's financial statements.

The LLP is continuing to monitor developments associated with the Covid-19 virus and the associated near-term uncertainty for the global economy to understand the ongoing impact for the underlying property businesses and its tenants.

Having considered the economic factors outlined above and the possible impact on the LLP's cash flow forecasts for the period ending 31 March 2024, the Members continue to consider preparation of the accounts on the going concern basis to be appropriate.

The results of the LLP for the year are shown in the Income Statement.

The LLP is incorporated in the United Kingdom and the registered office is 70 Grosvenor Street, London, W1K 3JP.

#### **DESIGNATED MEMBERS**

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

M R Preston  
Grosvenor Estate Belgravia

#### **MEMBERS' CAPITAL AND INTERESTS**

Details of changes in members' capital in the year ended 31 March 2022 are set out in the financial statements.

The profits are shared amongst the members in accordance with agreed profit sharing arrangements.

The repayment of members' capital is continually assessed by the members with reference to the on-going capital requirements of the partnership.

---

**LONDON LEASEHOLD INVESTMENTS LLP**

---

**MEMBERS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2022**

---

**FUTURE DEVELOPMENTS**

As outlined above the LLP continues to monitor the potential operational and financial impacts of the Covid-19 pandemic.

No significant changes in the LLP's strategy or operations are planned.

**POST BALANCE SHEET EVENTS**

There have been no significant events affecting the LLP since the year ended 31 March 2022.

**DISCLOSURE OF INFORMATION TO AUDITORS**

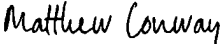
Each of the persons who are members at the time when this Members' Report is approved has confirmed that:

- so far as that member is aware, there is no relevant audit information of which the LLP's auditors are unaware; and
- that member has taken all the steps that ought to have been taken as a member in order to be aware of any relevant audit information and to establish that the LLP's auditors are aware of that information.

**AUDITOR**

Deloitte LLP, has indicated its willingness to be reappointed for another term and is deemed to be reappointed accordingly.

This report was approved by the members on 15 June 2022 and signed on their behalf by:

DocuSigned by:  
  
3A9100EB51764B7.....

M J Conway  
on behalf of Grosvenor Estate Belgravia  
**Designated member**

---

**LONDON LEASEHOLD INVESTMENTS LLP**

---

**MEMBERS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2022**

---

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

Company law, (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008), requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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:

- select suitable accounting policies for the LLP's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the entity will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and to enable them to ensure that the financial statements comply with the Limited Liability Partnerships (Accounts and Audit) (Application of the 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.

---

## **LONDON LEASEHOLD INVESTMENTS LLP**

---

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON LEASEHOLD INVESTMENTS LLP**

---

#### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

##### **OPINION**

In our opinion the financial statements of London Leasehold Investments LLP (the 'limited liability partnership'):

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006, as applied to limited liability partnerships.

We have audited the financial statements which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in members' interests; and
- the related notes 1 to 16.

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).

##### **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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **CONCLUSIONS RELATING TO GOING CONCERN**

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the limited liability partnership's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report.

---

## **LONDON LEASEHOLD INVESTMENTS LLP**

---

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON LEASEHOLD INVESTMENTS LLP (CONTINUED)**

---

#### **OTHER INFORMATION**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The members are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

#### **RESPONSIBILITIES OF MEMBERS**

As explained more fully in the members' responsibilities statement, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 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 limited liability partnership or to cease operations, or have no realistic alternative but to do so.

#### **AUDITORS' 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the limited liability partnership's industry and its control environment, and reviewed the limited liability partnership's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

---

## **LONDON LEASEHOLD INVESTMENTS LLP**

---

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON LEASEHOLD INVESTMENTS LLP (CONTINUED)**

---

We obtained an understanding of the legal and regulatory frameworks that the limited liability partnership operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements.; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the limited liability partnership's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as valuations, IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the validity of the data used by the external valuers in their estimation of the fair value of the investment property. To address this fraud risk, we obtained and documented an understanding of relevant controls in the valuation process and in particular, the information provided to the valuers. We tested the completeness and accuracy of a sample of the data provided to the external valuers through agreeing a sample of the information provided to the external valuers to underlying lease agreements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

#### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

Under the Companies Act 2006 as applied to limited liability partnerships we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.



---

**LONDON LEASEHOLD INVESTMENTS LLP**

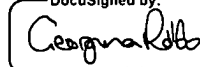
---

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON LEASEHOLD INVESTMENTS LLP  
(CONTINUED)**

---

**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. 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.

DocuSigned by:  
  
868965669097418...

Georgina Robb FCA (Senior Statutory Auditor)  
for and on behalf of  
**Deloitte LLP**

Statutory Auditor

London  
United Kingdom

15 June 2022

# LONDON LEASEHOLD INVESTMENTS LLP

## INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 £	2021 £
Turnover	3	531,916	822,151
Cost of sales		(179,603)	(54,696)
<b>Gross profit</b>		<b>352,313</b>	<b>767,455</b>
Administrative expenses		(16,158)	(5,612)
Gain/(loss) on revaluation of investment property	8	1,123,802	(305,000)
Impairment reversal/(loss) against trade and other receivables, including contract assets	4	90,699	(303,426)
<b>Operating profit</b>	4	<b>1,550,656</b>	<b>153,417</b>
Net profit on sale of tangible assets		(2,921)	-
<b>Profit before interest</b>		<b>1,547,735</b>	<b>153,417</b>
Interest payable and similar charges		(20)	(20)
Members' remuneration charged as an expense	6	(423,914)	(458,397)
Profit/(loss) for the year before members' remuneration and profit shares		1,123,801	(305,000)
<b>Profit/(loss) for the financial year available for discretionary division among members</b>		<b>1,123,801</b>	<b>(305,000)</b>

There were no recognised gains and losses or items of other comprehensive income for 2022 or 2021 other than those included in the income statement, and as a result, no statement of comprehensive income has been presented.

The notes pages 11 to 20 form part of these financial statements.

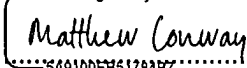
All activities in the current and prior year are derived from continuing operations.

**LONDON LEASEHOLD INVESTMENTS LLP**  
**REGISTERED NUMBER: OC391067**

**BALANCE SHEET**  
**AS AT 31 MARCH 2022**

	Note	2022 £	Restated 2021 £
<b>Non-current assets</b>			
Investment property	8	15,405,001	14,275,000
Debtors: due after more than one year	9	933,203	494,558
		<u>16,338,204</u>	<u>14,769,558</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	9	81,743	74,980
Cash at bank and in hand	10	1,323,847	1,322,141
		<u>1,405,590</u>	<u>1,397,121</u>
Creditors: amounts falling due within one year	11	(76,375)	(46,975)
<b>Net current assets</b>		<u>1,329,215</u>	<u>1,350,146</u>
<b>Total assets less current liabilities</b>		<u>17,667,419</u>	<u>16,119,704</u>
<b>Net assets</b>		<u>17,667,419</u>	<u>16,119,704</u>
<b>Represented by:</b>			
<b>Total members' interests</b>			
Members' capital classified as a liability		21,613,905	21,189,991
Members' capital classified as equity		100	100
Members' others interests		(3,946,586)	(5,070,387)
		<u>17,667,419</u>	<u>16,119,704</u>

The financial statements were approved and authorised for issue by the members and were signed on their behalf on 15 June 2022.

DocuSigned by:  
  
 SA910DEB5178AB7...

**M J Conway**  
 for Grosvenor Estate Belgravia designated member

The notes on pages 11 to 20 form part of these financial statements.

---

**LONDON LEASEHOLD INVESTMENTS LLP**


---

**STATEMENT OF CHANGES IN MEMBERS' INTEREST  
FOR THE YEAR ENDED 31 MARCH 2022**


---

	Members capital classified as equity £	Members' capital classified as a liability £	Members' other interests £	Total members' interests £
<b>At 1 April 2020</b>	<b>100</b>	<b>20,731,594</b>	<b>(4,765,387)</b>	<b>15,966,307</b>
Loss for year for discretionary division among members	-	-	(305,000)	(305,000)
Amounts repaid to members	-	458,397	-	458,397
<b>At 1 April 2021</b>	<b>100</b>	<b>21,189,991</b>	<b>(5,070,387)</b>	<b>16,119,704</b>
Profit for year for discretionary division among members	-	-	1,123,801	1,123,801
Amounts repaid to members	-	423,914	-	423,914
<b>At 31 March 2022</b>	<b>100</b>	<b>21,613,905</b>	<b>(3,946,586)</b>	<b>17,667,419</b>

The notes on pages 11 to 20 form part of these financial statements.

---

## **LONDON LEASEHOLD INVESTMENTS LLP**

---

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

---

#### **1. ACCOUNTING POLICIES**

##### **1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding year.

The LLP is incorporated in the United Kingdom under the Limited Liability Partnerships Act 2000.

The financial statements have been prepared under the historical costs convention and in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" issued by the Financial Reporting Council and the requirements of the Statement of Recommended Practice (SORP): Accounting by Limited Liability Partnerships (issued December 2018).

The LLP meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of disclosure exemptions available to it in respect of its separate financial statements. The LLP is consolidated in the financial statements of Grosvenor Limited, which may be obtained at 70 Grosvenor Street, London, W1K 3JP. Exemptions have been taken in these separate financial statements in relation to the presentation of a cashflow statement and financial statements.

The functional currency of the LLP is considered to be Sterling because that is the currency of the primary economic environment in which the LLP operates.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the entity's accounting policies (see note 2).

The following principal accounting policies have been applied.

##### **1.2 GOING CONCERN**

The members' report on page 1 describes the going concern basis of preparation of the financial statements.

##### **1.3 DIVISIBLE PROFIT AND MEMBERS' REMUNERATION**

Non-discretionary distributions to members are treated as members' remuneration and are charged as an expense to the income statement in arriving at profit available for discretionary division among members.

##### **1.4 TURNOVER**

In accordance with FRS 102, revenue is recognised to the extent that it is probable that the economic benefits will flow to the LLP and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

The turnover shown in the Income Statement represents rental income and other income only, excluding VAT.

Rental income from operating leases is recognised on a straight-line basis over the lease term, even if the payments are not received on such a basis. The cost of operating lease incentives are similarly spread, in accordance with FRS 102, on a straight-line basis over the lease term.

---

**LONDON LEASEHOLD INVESTMENTS LLP**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

---

**1. ACCOUNTING POLICIES (CONTINUED)**

**1.5 INVESTMENT PROPERTY**

Investment property is carried at fair value determined by the members using the employees who are RICS qualified and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any differences in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Income Statement.

Profit and losses on the disposal of investment properties are recognised on completion and are calculated by reference to book value and are included in the Income Statement.

**1.6 DEBTORS**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**1.7 CASH AND CASH EQUIVALENTS**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**1.8 FINANCIAL INSTRUMENTS**

The LLP only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Income Statement if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income Statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference

---

**LONDON LEASEHOLD INVESTMENTS LLP**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

---

**1. ACCOUNTING POLICIES (CONTINUED)**

**1.8 FINANCIAL INSTRUMENTS (continued)**

between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the LLP would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**1.9 CREDITORS**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**1.10 FINANCE COSTS**

Finance costs are charged to profit or loss over the term of the debt using the effective interest 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.

**1.11 OPERATING LEASES: THE COMPANY AS LESSOR**

Rental income from operating leases is credited to the Income Statement on a straight-line basis over the term of the relevant lease.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income on a straight line basis over the length of the lease.

Premiums received and book values derecognised on the sale of operating leases are deferred to the Balance Sheet and released to the Income Statement on a straight-line basis over the length of the lease.

The LLP has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard (1 January 2015) to continue to be charged over the period to the first market rent review rather than their term of the lease.

---

**LONDON LEASEHOLD INVESTMENTS LLP**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

---

**2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the LLP's accounting policies, which are described in note 1, the members are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may be different from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**2.1 Critical accounting judgements in applying the accounting policies**

The following are critical judgements, apart from those involving estimations (which are dealt with separately below) that the members have made in the process of applying the LLP's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

*(i) Leases*

The accounting treatment for a lease is determined by its classification as either an operating lease or a finance lease. Lease classification requires judgement in determining whether substantially all of the risks and benefits associated with ownership have been transferred between the lessor and lessee.

When operating lease premiums are received in exchange for the grant of a long leasehold interest that is classified as an operating lease, the related profit is recognised over the term of the lease. Many of the transactions giving rise to deferred lease premiums took place a number of years ago before the requirement to spread profit recognition; the LLP applies judgement to estimate certain of the lease premium deferrals and associated deferred tax assets.

**2.2 Key source of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

*i) Property Valuations*

Due to the size of the investment property portfolio held on the balance sheet at market value small changes to the estimates used to derive the market values can have a significant impact on the valuations and therefore a significant impact on the results and financial position of the LLP. This includes the value of property yields and the estimated future rental income assumed in the valuations.

As deferred tax is provided on investment properties by reference to the tax that would be due on the ultimate sale of the properties, changes to the estimates used to derive the market values would also have an impact on the deferred tax provided.

The sensitivity analysis of the assumptions used in valuing the investment property portfolio are outlined in note 8.



## LONDON LEASEHOLD INVESTMENTS LLP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

#### 2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

##### (ii) Impairment loss - debtors

The LLP is required to make an assessment of impairment of debtor balances as at the balance sheet date. The most material source of estimation uncertainty in this regard relates to the LLP's trade debtors (typically arrears on rental income) and any debtors held in relation to lease incentives provided to tenants.

At the balance sheet date, the LLP assesses the likelihood of recovery and recognises an impairment loss to the extent that any of the balance is considered irrecoverable by applying a probability weighted percentage default rate to each debtor. For trade receivables, the principal consideration is the short-term liquidity of the counterparty, whereas for lease incentive debtors the estimate is driven by the directors consideration of the ability of the tenant to fulfil its obligations for the duration of the lease. These assessments are based on the counterparty's circumstances: the LLP has receivables from counterparties operating in a diverse variety of sectors and the specific impacts of the wider economic uncertainty are considered in the LLP's estimation of the impairment loss. Covid-19 has made this assessment more subjective due to the unprecedented challenges the pandemic has presented to our tenants' ability to meet their lease obligations.

#### 3. TURNOVER

	2022 £	2021 £
Rental income	531,816	820,951
Other income	100	1,200
	<u>531,916</u>	<u>822,151</u>

All turnover arose within the United Kingdom.

#### 4. OPERATING PROFIT

The operating profit is stated after charging:

	2022 £	2021 £
(Gain)/loss on revaluation of investment property	(1,123,802)	305,000
Impairment (reversal)/loss against trade and other receivables, including contract assets	(90,699)	303,426
Auditors' remuneration	16,158	5,612

No fees were payable to Deloitte LLP and its associates for non-audit services to the LLP during the current or preceding year.

---

**LONDON LEASEHOLD INVESTMENTS LLP**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

---

**5. PARTICULARS OF EMPLOYEES**

No fees or other emoluments were paid to the members of the LLP during either the current or preceding year in respect of their services to the LLP.

There were no employees of the LLP for the current or preceding year.

**6. MEMBERS' REMUNERATION CHARGED AS AN EXPENSE**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Members' remuneration charged as an expense	<b>423,914</b>	<b>458,397</b>
	<u><b>423,914</b></u>	<u><b>458,397</b></u>

**7. TAXATION**

There is no taxation charge in the profit and loss account of the LLP as tax due on the profits will be borne by the owners of the ultimate beneficial interest of the LLP.

---

**LONDON LEASEHOLD INVESTMENTS LLP**


---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**


---

**8. INVESTMENT PROPERTY**

	Long term leasehold investment property £
<b>VALUATION</b>	
At 1 April 2021	14,275,000
Gain on revaluation of investment property	1,123,802
Amortisation of deferred lease incentives	6,199
<b>AT 31 MARCH 2022</b>	<b>15,405,001</b>

Investment properties are valued as at 31 December 2021 by external valuers, Gerald Eve, and then revalued as at 31 March 2022 by the directors using employees who are RICS qualified.

Investment properties have been valued using the investment method which involves applying a yield to rental income streams. Inputs include yield, current rent, estimated rental value ('ERV') or on a market comparable basis of value per square foot derived and adjusted from actual market transactions.

Valuation reports are based on both information provided by the LLP e.g. current rents and lease terms which is derived from the LLP's financial and property management systems and is subject to the LLP's overall control environment, and assumptions applied by the valuers e.g. ERVs and yields. These assumptions are based on market observation and the valuers professional judgement.

The historical cost of the investment properties is not available and therefore it is not possible to disclose historical costs or to prepare a note of historical profit and losses.

The amounts recognised in profit or loss for the year for rental income from investment property is £531,916 (2021: £822,151) and direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the period are £179,603 (2021: £54,696). There were no direct operating expenses that did not generate rental income during the period.

At 31 March 2022, there were no contractual obligations in place to purchase, construct or develop investment property or for repairs, maintenance or enhancements (2021: none).

At 31 March 2022, the LLP had investment properties with a fair value of £nil under offer from third parties (2021: £nil).

		Impact on Valuations			
£'m	Market Value at 31 March 2022	5% increase in ERV & Capital Value	5% decrease in ERV & Capital Value	25bp increase in Eq Yield/ Present Value Rate	25bp decrease in Eq Yield/ Present Value Rate
London Leasehold Investments LLP	15.4	0.5	(0.5)	(0.7)	0.8

---

**LONDON LEASEHOLD INVESTMENTS LLP**


---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**


---

**9. DEBTORS**

	<b>2022</b>	<i>Restated</i>
	<b>£</b>	<i>2021</i>
		<b>£</b>
<b>Amounts falling due after more than one year</b>		
Due from group undertakings	<b>933,203</b>	<i>494,558</i>
	<u><b>933,203</b></u>	<u><i>494,558</i></u>

Amount owed by Group undertakings are unsecured and repayable, however, the Directors consider it unlikely that repayment will arise in the short term and in practice amounts owed by Group undertakings are used to meet the capital requirements of the borrower with no realistic repayment in the near future. It is for this reason that the amounts are classified as amounts due after more than one year (note 16).

	<b>2022</b>	<i>Restated</i>
	<b>£</b>	<i>2021</i>
		<b>£</b>
<b>Amounts falling due within one year</b>		
Trade debtors	<b>44,992</b>	<i>13,003</i>
Other debtors	<b>-</b>	<i>28,868</i>
Prepayments and accrued income	<b>36,751</b>	<i>33,109</i>
	<u><b>81,743</b></u>	<u><i>74,980</i></u>

There are no interest bearing amounts owed by group undertakings at 31 March 2022 (2021: £nil).

See note 16 for further details regarding the restatement of 31 March 2021 balance.

Trade debtors are stated after impairment reversal of £90,699 (2021: £303,426 impairment loss).

**10. CASH AT BANK AND IN HAND**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Cash at bank and in hand	<b>1,323,847</b>	<i>1,322,141</i>
	<u><b>1,323,847</b></u>	<u><i>1,322,141</i></u>

---

**LONDON LEASEHOLD INVESTMENTS LLP**


---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**


---

**11. CREDITORS: Amounts falling due within one year**

	2022 £	2021 £
Trade creditors	1,488	-
Other taxation and social security	5,752	-
Other creditors	38,753	500
Accruals and deferred income	30,382	46,475
	<u>76,375</u>	<u>46,975</u>

**12. COMMITMENTS UNDER OPERATING LEASES: THE LLP AS LESSEE**

The amount of lease rental charged to the income statement during the year comprised:

	2022 £	2021 £
Land and buildings	378,495	861,309
	<u>378,495</u>	<u>861,309</u>

Non-cancellable operating lease rentals are payable as follows:

	2022 £	2021 £
Less than 1 year	378,495	861,309
Between 2 and 5 years	838,481	3,410,181
More than 5 years	115,590	8,110,817
	<u>1,332,566</u>	<u>12,382,307</u>

---

**LONDON LEASEHOLD INVESTMENTS LLP**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

---

**13. MEMBERS' CAPITAL CLASSIFIED AS EQUITY**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Members' capital classified as equity	<b>100</b>	<b>100</b>
	<u><b>100</b></u>	<u><b>100</b></u>

**14. RELATED PARTY TRANSACTIONS**

At 31 March 2022, £21,613,905 (2021: £21,189,991) was owed to Grosvenor Estate Belgravia in respect of loans to London Leasehold Investments LLP. Grosvenor Estate Belgravia is a member of the 2nd Duke of Westminster's Will Trust. The movement represents the net loans issued during the period.

At 31 March 2022, £423,914 (2021: £458,397) was owed to the members in respect of distribution of profits for the period.

**15. CONTROLLING PARTY**

The LLP's ultimate parent undertaking is the 2nd Duke of Westminster's Will Trust. The ultimate controlling entity heads the largest and smallest group including the LLP for which consolidated financial statements are prepared. The accounts of this entity are not publicly available.

**16. PRIOR YEAR ADJUSTMENTS**

Reclassification of assets – The Company has previously treated amounts owed by Group undertakings which are repayable on demand as debtors falling due within one year. However, these amounts should have been classified as debtors falling due after more than one year, as they are used to meet the capital requirements of the borrower with no realistic repayment expected in the near future. Such loans are, in effect, investments intended for use on a continuing basis in the lender company's activities and should therefore be classified as debtors falling due after more than one year.

The reclassification therefore resulted in the restatement of the balance as at 31 March 2021 of £494,558, for amounts owed by Group undertakings from debtors falling due within one year to debtors falling due after more than one year, with no impact to gross or net assets previously disclosed. There has been no impact to opening reserves or prior loss for the period.