

**Maidstone Property LLP**

Report and Financial Statements

Year ended

31 March 2018

Registered number

OC411795

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# **MAIDSTONE PROPERTY LLP**

## **Annual report and financial statements for the year ended 31 March 2018**

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### **Designated members**

Maidstone Investment LLP  
Nick Leslau

### **Registered office**

Cavendish House, 18 Cavendish Square, London W1G 0PJ

### **Partnership registration number**

OC411795

### **Auditors**

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 OPA

## **MAIDSTONE PROPERTY LLP**

### **Report of the members for the year ended 31 March 2018**

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The designated members present their report together with the audited financial statements of Maidstone Property LLP (the "LLP") for the year ended 31 March 2018. Comparative figures relate to the period from incorporation on 12 May 2016 to 31 March 2017.

#### **Results**

The results of the LLP are set out in the profit and loss account on page 8 and show a profit for the year of £2,192,000 (2017: £1,442,000), including a profit on the disposal of the investment property of £1,847,000. Distributions of £3,024,000 (2017: £456,000) and a return of capital of £8,537,000 (2017: capital contribution of £8,619,000) were paid in the year.

#### **Principal activity and review of business**

The LLP was established in May 2016 by a limited liability partnership agreement. The principal activity of the LLP is property investment in the United Kingdom and in May 2016, the LLP purchased London Road Retail Park in Maidstone for £19,667,000. Following an unsolicited bid, the property was sold for net proceeds of £22,247,000 during the year.

The members have agreed to the dissolution of the LLP and intend to commence a solvent liquidation of the LLP shortly. The financial statements are therefore prepared on a basis other than that of a going concern, although given the nature of the LLP's remaining assets and liabilities, this is not considered to be materially different from a going concern basis. No adjustments have been made to the financial statements as a result of preparing on a basis other than that of a going concern.

#### **Principal risks and uncertainties**

##### *Liquidity risk*

Working capital must be managed to ensure that the LLP is able to meet its liabilities as they fall due. Following the sale of the investment property, the members aim to retain sufficient cash in the LLP to cover its liabilities until the LLP is liquidated.

##### *Other risks*

As a result of the sale of the investment property, the risks reported at the previous balance sheet date relating to property valuation, tenant covenants and borrowing are no longer relevant to the LLP.

#### **Policies in relation to capital and drawings**

Policies for members' profit shares, distributions, subscriptions for and repayment of members' capital are set out in the limited liability partnership agreement ("the LLP agreement") dated 12 May 2016 and are summarised below:

Each member has made an initial contribution to the capital of the LLP which is held in the members' Capital Accounts. Capital is only repaid to members upon the dissolution or winding up of the LLP.

Any profits or losses available to the LLP are allocated to the members' Current Accounts in proportion to their respective holdings of capital. Any surplus cash available to the LLP, whether or not arising from profits, may be distributed to members in proportion to their respective holdings of capital.

## **MAIDSTONE PROPERTY LLP**

### **Report of the members for the year ended 31 March 2018 (continued)**

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#### **Designated members**

Maidstone Investment LLP and Nick Leslau were the sole members and designated members during the year.

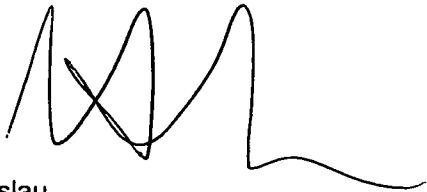
#### **Auditors**

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.

BDO LLP have expressed their willingness to continue in office.

#### **On behalf of the Designated Members**

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke at the end.

N M Leslau  
Designated member

29 November 2018

## **MAIDSTONE PROPERTY LLP**

### **Statement of members' responsibilities in respect of the financial statements**

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business. As explained in note 2 to the financial statements, the members do not believe the going concern basis to be appropriate and, in consequence, these financial statements have not been prepared on that basis.

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 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.

## **MAIDSTONE PROPERTY LLP**

### **Independent auditor's report to the members of Maidstone Property LLP**

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#### **Opinion**

We have audited the financial statements of Maidstone Property LLP (the "LLP") for the year ended 31 March 2018 which comprise the profit and loss account, the statement of comprehensive income, the statement of changes in members' interests, the balance sheet and the 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 (United Kingdom Generally Accepted Accounting Practice), 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 LLP's affairs as at 31 March 2018 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 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 LLP 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.

#### **Emphasis of matter - financial statements prepared on a basis other than as a going concern**

We draw attention to note 2 to the financial statements which explains the members agreed to the dissolution of the LLP and intend to commence a solvent liquidation, and therefore the members do not consider the LLP to be a going concern. Accordingly the financial statements have been prepared on a basis other than that of going concern as described in note 2. Our opinion is not modified in respect of this matter.

## **MAIDSTONE PROPERTY LLP**

### **Independent auditor's report to the members of Maidstone Property LLP (continued)**

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#### **Other information**

The members are responsible for the other information. The other information comprises the information included in the Report of the members. 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 by the LLP, 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 small limited liability partnerships' regime.

#### **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 LLP'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 LLP or to cease operations, or have no realistic alternative but to do so.

## **MAIDSTONE PROPERTY LLP**

### **Independent auditor's report to the members of Maidstone Property LLP (continued)**

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#### **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 at 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 LLP's members, as a body, in accordance with the 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 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.



Russell Field (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor

Gatwick

United Kingdom

7 December 2018

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



**MAIDSTONE PROPERTY LLP****Profit and loss account for the year ended 31 March 2018**

	<b>Note</b>	<b>Year ended 31 March 2018 £000</b>	<b>Period ended 31 March 2017 £000</b>
Turnover	5	890	1,152
Property outgoings		(8)	-
<b>Gross profit</b>		<b>882</b>	<b>1,152</b>
Administrative expenses		(26)	(14)
Profit on disposal of investment property	7	1,847	-
Revaluation of investment property		5	636
<b>Operating profit</b>	4	<b>2,708</b>	<b>1,774</b>
Interest receivable and similar income		1	-
Interest payable and similar charges	6	(517)	(332)
<b>Profit for the period before members' remuneration</b>		<b>2,192</b>	<b>1,442</b>
Members' remuneration charged as an expense		(2,192)	(1,442)
<b>Profit for the period available for division among members</b>		<b>-</b>	<b>-</b>

All amounts relate to discontinuing activities.

**Statement of comprehensive income for the year ended 31 March 2018**

	<b>Year ended 31 March 2018 £000</b>	<b>Period ended 31 March 2017 £000</b>
<b>Profit for the period</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income / (loss)</b>		
Fair value movements - interest rate swap	108	(267)
<b>Total comprehensive income / (loss)</b>	<b>108</b>	<b>(267)</b>

The notes on pages 11 to 16 form part of the financial statements.

**MAIDSTONE PROPERTY LLP****Statement of changes in members' interests for the year ended 31 March 2018**

	Capital accounts £000	Current accounts £000	Total £000
<b>At 1 April 2017</b>	<b>8,619</b>	<b>719</b>	<b>9,338</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>108</b>	<b>108</b>
<b>Transactions with owners</b>			
Capital repaid to members	(8,537)	-	(8,537)
Members' remuneration charged as an expense	-	2,192	2,192
Distributions to members	-	(3,024)	(3,024)
<b>At 31 March 2018</b>	<b>82</b>	<b>(5)</b>	<b>77</b>

**Statement of changes in members' interests for the period ended 31 March 2017**

	Capital accounts £000	Current accounts £000	Total £000
<b>Total comprehensive loss</b>	<b>-</b>	<b>(267)</b>	<b>(267)</b>
<b>Transactions with owners</b>			
Capital introduced by members	8,619	-	8,619
Members' remuneration charged as an expense	-	1,442	1,442
Distributions to members	-	(456)	(456)
<b>At 31 March 2017</b>	<b>8,619</b>	<b>719</b>	<b>9,338</b>

The notes on pages 11 to 16 form part of the financial statements.

**MAIDSTONE PROPERTY LLP**

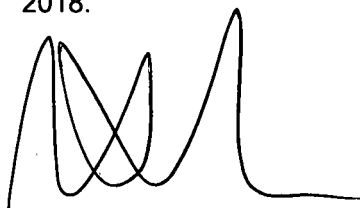
Registered number

**OC411795****Balance sheet at 31 March 2018**

	<b>Note</b>	<b>31 March 2018 £000</b>	<b>31 March 2017 £000</b>
<b>Fixed assets</b>			
Investment property	7	-	20,303
		-	20,303
<b>Current assets</b>			
Debtors due within one year	8	74	199
Cash at bank and in hand		29	665
		103	864
<b>Creditors: amounts falling due within one year</b>	9	(26)	(536)
<b>Net current assets</b>		77	328
<b>Total assets less current liabilities</b>		77	20,631
<b>Creditors: amounts falling due after more than one year</b>	10	-	(11,293)
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		77	9,338
<b>MEMBERS' INTERESTS</b>			
Members' capital classified as equity		82	8,619
Members' current accounts classified as loans and other amounts due to members within one year		(5)	719
		77	9,338

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

The financial statements were approved by the members and authorised for issue on 29 November 2018.



N M Leslau  
Designated member

The notes on pages 11 to 16 form part of the financial statements.

## **MAIDSTONE PROPERTY LLP**

### **Notes to the financial statements for the year ended 31 March 2018**

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#### **1 General information**

The financial information set out in this report covers the year ended 31 March 2018. Comparative figures relate to the period from incorporation on 12 May 2016 to 31 March 2017.

The LLP is incorporated in England. The address of the registered office and principal place of business is Cavendish House, 18 Cavendish Square, London W1G 0PJ. The LLP's principal activity is property investment in the United Kingdom.

Amounts in the financial statements are presented in Pounds Sterling and have been rounded to the nearest thousand unless otherwise indicated.

#### **2 Accounting policies**

##### *Basis of preparation*

The financial statements have been prepared in accordance with Section 1A of Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102"), the requirements of the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships (January 2017)' and the Companies Act 2006 (as applied to limited liability partnerships).

The members have agreed to the dissolution of the LLP and intend to commence a solvent liquidation of the LLP shortly. The financial statements are therefore prepared on a basis other than that of a going concern, although given the nature of the LLP's remaining assets and liabilities, this is not considered to be materially different from a going concern basis. No adjustments have been made to the financial statements as a result of preparing on a basis other than that of a going concern.

The preparation of financial statements in compliance with Section 1A of FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

##### *Turnover*

Turnover represents rents receivable during the period from the letting of the investment property at invoiced amounts excluding any value added tax. Rent is recognised on a straight line basis over the term of the lease, even if payments are not made on such a basis. Where income is recognised in advance of the related cash flows, an adjustment is made to ensure that the carrying value of the investment property does not exceed the fair value.

##### *Operating leases*

Judgement is exercised in considering the potential transfer of the risks and rewards of ownership for all properties leased to tenants and determine whether such leases are operating leases. A lease is classified as a finance lease if substantially all of the risks and rewards of ownership transfer to the lessee. If the LLP substantially retains those risks, a lease is classified as an operating lease. All the leases reflected in these financial statements are classified as operating leases.

## **MAIDSTONE PROPERTY LLP**

### **Notes to the financial statements for the year ended 31 March 2018 (continued)**

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#### **2 Accounting policies (continued)**

##### *Investment property*

Investment property is carried at fair value determined annually and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the profit and loss account.

##### *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.

##### *Creditors*

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

##### *Finance costs*

Finance costs are charged to the profit and loss account 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.

##### *Interest rate swaps*

The LLP entered into a variable to fixed rate interest rate swap to manage its exposure to interest rate cash flow risk on its variable rate debt. The interest swap was measured at fair value at each balance sheet date. To the extent the hedge was effective movements in fair value were recognised in other comprehensive income. Any ineffective portions of those movements were recognised in profit or loss for the period.

##### *Tax*

The financial statements do not incorporate any charge or liability for current or deferred tax on the results of the LLP as any relevant tax is the responsibility of the individual members.

##### *Allocation of profits*

Profits or losses are allocated to the members' Current Accounts in proportion to their respective holdings of capital. All members' profit shares for the year are treated as members' remuneration in the profit and loss account.

#### **3 Judgements in applying accounting policies and key sources of estimation uncertainty**

Following the sale of the LLP's investment property during the year, there are no accounting policies which have a significant bearing on the reported financial condition and results of the LLP that require subjective or complex judgements.

## MAIDSTONE PROPERTY LLP

### Notes to the financial statements for the year ended 31 March 2018 (continued)

#### 4 Operating profit

	Year ended 31 March 2018 £000	Period ended 31 March 2017 £000
The operating profit is arrived at after charging:		
Auditors' remuneration - audit services	7	7

The LLP did not have any employees in the current year or the prior period.

#### 5 Turnover

	Year ended 31 March 2018 £000	Period ended 31 March 2017 £000
Rental income	895	1,055
Fixed rent uplifts recognised in advance (note 8)	(5)	97
	890	1,152

All turnover arose from the LLP's principal activity and within the United Kingdom.

#### 6 Interest payable and similar charges

	Year ended 31 March 2018 £000	Period ended 31 March 2017 £000
Secured loan interest	218	291
Amortisation of finance costs	164	33
Loan prepayment fees	123	-
Agency fees	12	8
	517	332

# MAIDSTONE PROPERTY LLP

## Notes to the financial statements for the year ended 31 March 2018 (continued)

### 7 Investment property

	31 March 2018 £000	31 March 2017 £000
<b>Freehold investment property at valuation</b>		
At the start of the period	20,303	-
Acquisition	-	19,667
Revaluation	5	636
Disposal	(20,308)	-
At the end of the period	-	20,303
Fixed rent uplifts recognised in advance (note 8)	-	97
Investment property at fair value	-	20,400

The investment property was internally valued at 31 March 2017 by P M Brown MRICS and P Wilkinson MRICS (designated members of Maidstone Investment LLP), on an open market value for existing use basis, supported by reference to market evidence of transaction prices for similar properties. The key valuation assumption was a net initial yield of 6.4%.

The profit on disposal of the investment property comprised:

	Year ended 31 March 2018 £000	Period ended 31 March 2017 £000
Proceeds on disposal	22,510	-
Costs of sale	(263)	-
Carrying value of property	(20,308)	-
Rent free debtor written off	(92)	-
	1,847	-

### 8 Debtors

	31 March 2018 £000	31 March 2017 £000
<b>Due within one year</b>		
Trade debtors	13	100
VAT recoverable	61	-
Fixed rent uplifts recognised in advance	-	97
Prepayments	-	2
	74	199

## MAIDSTONE PROPERTY LLP

### Notes to the financial statements for the year ended 31 March 2018 (continued)

#### 9 Creditors: amounts falling due within one year

	31 March 2018	31 March 2017
	£000	£000
Accruals and deferred income	26	391
VAT payable	-	78
Service charges	-	53
Trade creditors	-	9
Amounts owed to parent undertaking	-	5
	<u>26</u>	<u>536</u>

#### 10 Creditors: amounts falling due after more than one year

	31 March 2018	31 March 2017
	£000	£000
Secured loan	-	11,190
Unamortised finance costs	-	(164)
Interest rate swap	-	267
	<u>-</u>	<u>11,293</u>

The secured loan incurred interest fixed by an interest rate swap at a rate of 3.1% and was repayable in May 2021. It was secured by a charge over the investment property and by fixed and floating charges over the assets of the LLP. Following the disposal of the investment property during the year, the loan was repaid in full and the interest rate swap was terminated at a cash cost of £159,000.

#### 11 Financial instruments

	31 March 2018	31 March 2017
	£000	£000
Financial assets at amortised cost	42	765
Financial liabilities at amortised cost	26	(11,279)
Financial liabilities at fair value in an effective hedge	-	(267)

Financial assets at amortised cost comprised cash and trade debtors. Financial liabilities at amortised cost comprised secured loans, trade creditors, amounts owed to parent undertakings and accruals. Financial liabilities at fair value in an effective hedge comprised an interest rate swap, which was designated as a hedge of the variable interest rate risk of the LLP's floating rate borrowing on its investment property.



## MAIDSTONE PROPERTY LLP

### Notes to the financial statements for the year ended 31 March 2018 (continued)

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#### 11 Financial instruments (continued)

The LLP's income, expense, gains and losses in respect of financial instruments are summarised as follows:

	Year ended 31 March 2018 £000	Period ended 31 March 2017 £000
Interest income on financial assets at amortised cost	1	-
Interest expense on financial liabilities at amortised cost	(341)	(291)
Fair value movements on derivative financial liabilities at fair value in an effective hedge	<u>108</u>	<u>(267)</u>

There were no impairment losses in relation to financial assets during the current year or prior period.

#### 12 Related party transactions

The LLP made repayments of capital totalling £8,537,000 and distributions totalling £3,024,000 to Maidstone Investment LLP during the year (2017: received capital contributions totalling £8,619,000 and paid distributions totalling £456,000), £nil (2017: £5,000) of which was outstanding at the balance sheet date. The LLP also made repayments of capital totalling £1 and distributions totalling £nil to Nick Leslau during the year (2017: received capital contributions totalling £1 and paid distributions totalling £nil).

£225,000 of the costs of sale of the investment property (£186,000 of the acquisition cost of the investment property) was paid to Wilkinson Williams LLP. Paul Wilkinson is a designated member of Wilkinson Williams LLP and Maidstone Investment LLP, the LLP's parent undertaking.

#### 13 Ultimate controlling party

The immediate and ultimate parent undertaking is Maidstone Investment LLP.