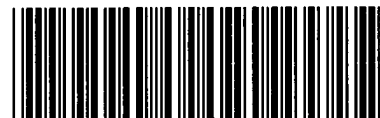


Registered Number OC414694

Hilbre Projects LLP

Financial Statements
for the year ended
31 March 2020

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Hilbre Projects LLP

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Information

Designated Members Wirral Partnership Homes (Developments) Limited
Partnership Building
Hamilton Street
Birkenhead
CH41 5AA

Starfish Commercial Ltd
Unit 23, The Bridge Business Park
Beresford Way
Chesterfield
Derbyshire
S41 9FG

		Date Appointed	Date Resigned
Management Board	P. Anson	18 November 2016	26 August 2020
	J. Fedden	18 November 2016	
	K. Russell	18 November 2016	
	S. Woodward	18 November 2016	21 January 2020
	M. Gerrelli	18 November 2016	4 November 2019
	A Lawson	4 November 2019	14 September 2020
	M Turner	26 August 2020	

Registered Office Partnership Building
Hamilton Square
Birkenhead
CH41 5AA

Registered Number OC414694

External Auditors Beaver and Struthers
Statutory Auditors
St George's House
215-219 Chester Road
Manchester M15 4JE

Bankers The Royal Bank of Scotland
280 Bishopsgate
London
EC2M 4RB

Members Report

The members present their report and the audited financial statements for the year ended 31 March 2020.

Structure

Hilbre Projects is a registered LLP with two partners. The controlling partner is Wirral Partnership Homes (Developments) Limited (registered no. 07882199), a wholly owned subsidiary of Magenta Living, (formerly Wirral Partnership Homes), (registered no. 04912562), holding 60% of the capital invested. The second partner is Starfish Commercial Ltd (registered no. 07590261) holding 40% of the capital invested.

Hilbre Projects LLP trading as Hilbre Homes was incorporated in England on 18 November 2016 (Registered no. OC414694).

Principal Activity

The principal activity of Hilbre Homes ('the LLP') is the development of residential and commercial property, including social housing (section 106 properties) and housing to be sold on the open market, and to undertake refurbishment and/or maintenance work in the northwest of England and North Wales, principally the areas of Wirral, Cheshire, Flintshire, Wrexham and Conway.

Business review and future developments

The financial statements for the LLP cover the year to 31 March 2020.

During the year there were three sites under development, with one development site, namely "Whitchurch Road" completed in the year. There were 12 units constructed at "Whitchurch Road" 7 units were sold at this site in the financial year. The 3 remaining units at the previously completed site "Barleyfield" were also sold in the current year.

There were an additional two sites where development had been held up whilst final planning approval was sought. The two schemes which were delayed due to planning issues were given planning approval during the year, but construction works have yet to fully commence.

The LLP made a loss in the year of £1,270k (2019: Loss £133k). The loss was incurred after the impairment charge of £978k was made to the value of work in progress to date on all of the development schemes as all schemes are all forecast to make a loss.

This provision is based on the net realisable value of the completed units, WIP land held at the year end and management estimates and has been verified to the extent that supporting information and post year end transaction testing has been available to do so.

In terms of the Windy Arbour site it was determined that a number of options still exist for this site in terms of a potential redesign with a higher density and the potential to market the site alongside putting a new design out to tender. As such, no provision has been made for impairment of this site at this stage

The potential of the Windy Arbour site as outlined above is also a key factor in determining that for the next 12 months from date of signing Hilbre Projects LLP continues to be a going concern. There continues to be sufficient headroom in the agreed funding facility (on lending from WPH Development Co.) to support further financially viable development opportunities. Costs are under review and sales activity remains strong post year-end despite the impact of COVID-19. Efficiency savings and alternative schemes are being evaluated in order to recover the financial position of Hilbre Projects LLP.

Members Report

A provision of £1,027k in respect of potential non recovery of on-lending to Hilbre Homes has been made within the financial statements of the parent Wirral Partnership Homes (Developments) Limited and the ultimate parent Magenta Living. An estimate of future income from the sale of properties and land currently held has been considered against the remaining costs to complete, timing of sales activity and forecast interest costs.

Any profits or losses which may be generated over the forthcoming years will be distributed/ shared between Wirral Partnership Homes (Developments) Limited and Starfish Commercial Ltd based on the equity ratio.

On 30th June 2020 Starfish Commercial Limited the minority member of Hilbre Projects LLP, served a six-month notice of its intention to exit the membership agreement. At the point that Starfish Commercial Limited exits the membership agreement WPH (Developments) Limited would become liable for any losses incurred in Hilbre Projects LLP. On 14th September 2020 the Board of Starfish Commercial Limited informed the Board of Wirral Partnership Homes (Developments) Limited of its intention to pass a special resolution to enter creditors' voluntary liquidation. The six-month notice to exit the membership agreement will continue to run through to 30 December 2020 and is more likely to lead to Starfish Commercial Limited exiting the membership agreement given the most recent information provided.

Designated Members

The designated members during the year and up to the date of the approval of the financial statements are set out on page 3.

Members' Responsibilities Statement

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

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the 2008 Regulations) require the members to prepare financial statements for each financial year. Under the law the members have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on a 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 2008 Regulations. 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.

Members Report

Members' Responsibilities Statement (continued)

The members confirm that:

- so far as each member is aware, there is no relevant audit information of which the LLP's auditor is unaware; and
- the members have taken all the steps that they ought to have taken as members in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

Going Concern

The potential of the Windy Arbour site is a key factor in determining that for the next 12 months from date of signing Hilbre Projects LLP continues to be a going concern. In addition:

- There continues to be sufficient headroom in the agreed funding facility (on lending from Wirral Partnership Homes (Developments) Limited to support further financially viable development opportunities.
- Costs are under review and the volume of sales activity for the completed sites remains strong post year-end despite the impact of COVID-19.
- Efficiency savings and alternative schemes are being evaluated in order to recover the financial position of Hilbre Projects LLP.
- Although the LLP is in a net liability position, future funding will be provided by Wirral Partnership Homes (Developments) Limited (the Member) to ensure liabilities are paid as they fall due whilst within the Group a consolidated financially viable 5-year business plan has been approved within the overall 30 year consolidated business plan.
- The loan (on lending facility from Magenta Living via Wirral Partnership Homes (Developments) Limited) is repayable January 2023.

On this basis, the Members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future, being a period of not less than twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements

Auditors

Following a tender process Beever and Struthers were appointed Group auditors at the Magenta Living annual general meeting held on 25th September 2018. The external audit contract term is for a period of 3 years. A resolution will be proposed at the Magenta Living board meeting on 24th September 2020 to reappoint Beever and Struthers as Group auditors.

Approval

The Report of the Members' was approved by the Board on 24th September 2020 and signed on its behalf by:



Mr D Clark
Director of Designated Member

Independent auditor's report to the members of Hilbre Projects LLP

Opinion

We have audited the financial statements of Hilbre Projects LLP "the limited liability partnership" for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 Section 1A "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 limited liability partnership's affairs as at 31 March 2020 and of its loss 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.

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.

Conclusions relating to going concern

We have nothing to report to you 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 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. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

Independent auditor's report to the members of Hilbre Projects LLP

Other information (continued)

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 in relation to which 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 small limited liability partnerships' regime

Responsibilities of members

As explained more fully in the Members' Responsibilities Statement set out on pages 5 and 6, 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.

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.

Independent auditor's report to the members of Hilbre Projects LLP

Auditor's responsibilities for the audit of the financial statements (continued)

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

Use of our report

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied 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.

Beever and Struthers

Sue Hutchinson FCCA (Senior Statutory Auditor)
For and on behalf of
BEEVER AND STRUTHERS, Statutory
Auditor
St George's House
215/219 Chester Road
Manchester
M15 4JE

Date: 29 September 2020

Statement of Comprehensive Income For the year ended 31 March 2020

	Note	2020 £	2019 £
Turnover	3	2,252,447	2,167,108
		<u>2,252,447</u>	<u>2,167,108</u>
Cost of Sales		(2,122,139)	(1,807,898)
Impairment of Development Work in Progress	6	(978,147)	(193,000)
Gross (Loss)/Profit		<u>(847,839)</u>	<u>166,210</u>
Administration Expenses		(421,933)	(299,082)
Loss on activities before taxation	4	<u>(1,269,772)</u>	<u>(132,872)</u>
Tax		-	-
		<u>-</u>	<u>-</u>
Loss for the year after tax and before members' remuneration and profit shares		<u>(1,269,772)</u>	<u>(132,872)</u>
		<u>-</u>	<u>-</u>
Loss and total comprehensive income for the year		<u>(1,269,772)</u>	<u>(132,872)</u>

The notes on pages 13 to 16 form part of these financial statements.

Company No. OC414694
Balance sheet
At 31 March 2020

	Note	2020 £	2019 £
Current assets			
Inventories and work in progress	6	9,593,010	9,267,297
Debtors	7	205,488	260,270
Cash at bank	8	29,356	301,584
		<u>9,827,854</u>	<u>9,829,151</u>
Creditors: amounts falling due within one year	9	(1,677,231)	(1,144,804)
Net Assets attributable to members		<u>8,150,623</u>	<u>8,684,347</u>
Represented by			
Loans and other amounts due to members	10	9,656,048	8,920,000
Total members interests:			
Members other interests		(1,705,425)	(435,653)
Members' capital classified as equity	11	200,000	200,000
		<u>8,150,623</u>	<u>8,684,347</u>

The financial statements have been prepared in accordance with the provisions applicable to LLPs subject to the small LLPs regime and in accordance with FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland."

The financial statements on pages 10 to 16 were approved by the members and authorised for issue on 24th September 2020 and signed on their behalf by:



Mr. D Clark

Director of Designated Member

The notes on pages 13 to 16 form an integral part of these financial statements.

Statement of Changes in Equity For the year ended 31 March 2020

	Members' capital classified as equity £	Members' Other Interests £	Total £
At 1 April 2018	200,000	(302,781)	(102,781)
Loss for the financial period	-	(132,872)	(132,872)
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	(132,872)	(132,872)
Capital introduced	-	-	-
At 31 March 2019	200,000	(435,653)	(235,653)
Loss for the financial period	-	(1,269,772)	(1,269,772)
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	(1,269,772)	(1,269,772)
Capital introduced	-	-	-
At 31 March 2020	200,000	(1,705,425)	(1,505,425)

The notes on pages 13 to 16 form an integral part of these financial statements.

Notes to the Financial Statements

1. Legal Status

The LLP is a registered LLP under the Companies Act 2006. The address of the registered office is Partnership Building, Hamilton Street, Birkenhead CH41 5AA

2. Accounting Policies

Basis of Preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including section 1A of Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), Companies Act 2006 as applied by LLPs and the Statement of Recommended Practice (SORP), Accounting by Limited Liability Partnerships 2018.

The financial statements have been prepared on the historical cost basis.

The financial statements are presented in sterling (£)

Basis of accounting

The financial statements are prepared on an accruals basis and on a going concern basis.

Going concern

The LLP's business activities, its current financial position and factors likely to affect its future development are set out within the Members Report. The potential of the Windy Arbour site as previously outlined in the Members Report is a key factor in determining that for the next 12 months from date of signing Hilbre Projects LLP continues to be a going concern. In addition:

- There continues to be sufficient headroom in the agreed funding facility (on lending from Wirral Partnership Homes (Developments) Limited to support further financially viable development opportunities.
- Costs are under review and the volume of sales activity for the completed sites remains strong post year-end despite the impact of COVID-19.
- Efficiency savings and alternative schemes are being evaluated in order to recover the financial position of Hilbre Projects LLP.
- Although the LLP is in a net liability position, future funding will be provided by Wirral Partnership Homes (Developments) Limited (the Member) to ensure liabilities are paid as they fall due whilst within the Group a consolidated financially viable 5-year business plan has been approved within the overall 30 year consolidated business plan.
- The loan (on lending facility from Magenta Living via Wirral Partnership Homes (Developments) Limited) is repayable January 2023.

On this basis, the Members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future, being a period of not less than twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements

Disclosure exemptions

The LLP has taken advantage of the exemption available under FRS 102 from the disclosure of cash flow and related notes on the basis that it qualifies as a small entity

Turnover and revenue recognition

Turnover on the sale of properties will be recognised on completion of sale.

Notes to the Financial Statements

2. Accounting Policies continued

Significant judgments and estimates

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. An impairment charge of £978k was made to the value of work in progress to date on all of the development schemes. This provision is based on the net realisable value of the completed units, WIP, land held at the year end and management estimates.

Interest payable

Interest payable is capitalised on borrowing to finance the development of properties for sale and released to the Statement of Comprehensive Income as properties are sold. Other interest payable is charged to the Statement of Comprehensive Income in the year.

Inventories and work in progress

Inventories are valued at the lower of cost and net realisable value. Cost of work in progress comprises direct materials and direct labour costs that have been incurred in bringing the inventories to their present location and condition.

Land held for development, including land in the course of development, is valued at the lower of cost and net realisable value.

Debtors

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

Creditors

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

3. Turnover

All turnover in the current period is derived from the LLP's principal activity and relates to the development of residential and commercial property in the United Kingdom.

4. Operating Loss

The auditor's remuneration in respect of the financial statements of the LLP of £2,500 (2019: £2,500) is borne by the members and charged as part of a service level agreement.

5. Board Members Remuneration

Two Board Members received emoluments during the financial period. The fees and expenses paid are shown below.

	2020	2019
Board Member	£	£
John Fedden	7,755	8,350
Ken Russell	5,481	5,655
Total Remuneration	<u>13,236</u>	<u>14,005</u>

The LLP has no employees.

Notes to the Financial Statements

6. Inventories and work in progress

	2020	2019
	£	£
Inventories and work in progress	10,571,157	9,460,297
Impairment of work in progress	<u>(978,147)</u>	<u>(193,000)</u>
	<u>9,593,010</u>	<u>9,267,297</u>

Inventories and work in progress consist of land purchased for development and the direct costs incurred in developing those sites. The cost of land purchased at 31 March 2020 totalled £3,400k. An impairment provision of £978,147 has been made to the value of the works to date for those developments that are forecast to make a loss.

7. Debtors

	2020	2019
	£	£
Trade Debtors	49,990	46,970
Amounts due from related entities	-	14,834
Other Debtors	155,498	198,466
	<u>205,488</u>	<u>260,270</u>

8. Cash and Bank

	2020	2019
	£	£
Cash at bank	<u>29,356</u>	<u>301,584</u>

9. Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	109,584	224,703
Accruals and deferred income	449,606	303,627
Amounts due to related entities	-	8,860
Amounts due to members – WPH (Developments) Ltd	1,118,041	552,067
Amounts due to members – Starfish	-	55,547
	<u>1,677,231</u>	<u>1,144,804</u>

The amount due to WPH (Developments) Ltd represents interest of on-lending to Hilbre.

10. Loans and other amounts due to members

	2020	2019
	£	£
Loan	<u>9,656,048</u>	<u>8,920,000</u>

The loan is due to Wirral Partnership Homes (Developments) Ltd and is repayable by 31 January 2023. Interest is charged at a fixed rate of 6%.

Notes to the Financial Statements

11. Members' Capital Classified as Equity

Investment in the LLP as at 31 March 2020:

	£
Wirral Partnership Homes (Developments) Ltd	120,000
Starfish Commercial Ltd	<u>80,000</u>
Total	<u>200,000</u>

12. Contingent liabilities

The LLP had no contingent liabilities to disclose at 31 March 2020 (2019: None).

13. Related party transactions

Wirral Partnership Homes (Developments) Ltd invested £120k and Starfish Commercial Ltd invested £80k in the LLP. Magenta Living is deemed a related entity as it is the parent of Wirral Partnership Homes (Developments) Ltd. During the course of the year transactions with the partners totalled:

	2020 £'000	2019 £'000
Magenta Living	80	88
Wirral Partnership Homes (Developments) Ltd	566	3,877
Starfish Commercial	466	631

The year end balance due to related parties within one year as at 31 March 2020 totalled:

	2020 £'000	2019 £'000
Wirral Partnership Homes (Developments) Ltd	1,118	552
Starfish Commercial	-	55
Magenta Living	-	9

The balances at the year end due to Wirral Partnership Homes (Developments) Ltd more than one year was £9,656k (2019: £8,920k) in respect of the loan.

14. Controlling parties

The immediate parent company is Wirral Partnership Homes (Developments) Limited. The ultimate parent undertaking is Magenta Living (Formerly Wirral Partnership Homes Limited). Consolidated accounts which include the results of the LLP can be obtained from its registered office at Partnership Building, Hamilton Street, Birkenhead, CH41 5AA.