Lea Castle JV LLP

Annual report and Financial statements
for the year ended 31 March 2021
Registered Number: OC417276

Contents

Page

Lea Castle JV LLP

Members and professional advisors

Members

Vistry Linden Limited
Citizen New Homes Limited

Registered Office

11 Tower View
Kings Hill
West Malling
Kent
England
ME19 4UY

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
40 Clarendon Road
Watford
Hertfordshire
WD17 1JJ

Bankers

Barclays Bank plc
15 Colmore Row
Birmingham
B3 2BH

Solicitors

DAC Beachcroft LLP
The Walbrook Building
25 Walbrook
London
EC4N 8AF

Lea Castle JV LLP

Strategic report for the year ended 31 March 2021

The members present their strategic report for Lea Castle JV LLP ("the LLP"), for the year ended 31 March 2021.

Review of business

The LLP's principal activity is the building and selling of residential houses and apartments in Lea Castle. The site was acquired in December 2019 and the development commenced in 2020. It is anticipated that the site development will be completed in March 2027.

Principal risks, uncertainties and key performance indicators

The business and the execution of the LLP's strategy are subject to a number of risks and uncertainties. The key business risks and uncertainties affecting the LLP are considered to relate to the strength and volatility of the UK housing market. This includes changes to the UK housing market and the economic cycle affecting consumer confidence and the availability of mortgage finance. The members monitor Government and Industry data on housing prices, sales volumes and construction commencement data thus enabling anticipation of market changes and facility to adjust build programmes, sales releases and purchaser incentives accordingly. Given the straightforward nature of the business, the members are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

General

The LLP's loss for the financial year was £853,000 (2020: £21,000), which has been deducted from reserves. The total members' interest as at 31 March 2021 was a deficit of £874,000 (2020: £21,000).

For and on behalf of all the members

MR Farnham
Director of Vistry Linden Limited
28 July 2021

Lea Castle JV LLP

Members' report for the year ended 31 March 2021

The members present their report and audited financial statements of Lea Castle JV LLP ("the LLP"), registered number OC417276 for the year ended 31 March 2021.

Future developments

The LLP plans to complete the development of its site as set out in the strategic report. Unless any further sites are acquired, the LLP will then cease to trade.

Brexit

The UK's separation from the EU on 31 January 2020 has not had any significant impact on the business. We continue to keep this complex matter under review.

COVID-19

During the period to March 2021, the business has not been significantly impacted by the Covid-19 pandemic. Following closure in March 2020, development sites reopened in April 2020 in line accordance with strict guidance and protocol from the Government, Public Health England and the HSE. Development sites have remained open from April onwards.

The UK Government has shown commitment to support the housebuilding industry through the national crisis and the Company will seek to utilise this support where appropriate and available to our business.

Distributions

The members do not recommend the payment of a distribution (2020: £Nil).

Financial risk management

The LLP's operations expose it to a variety of financial risks, including the effects of credit risk, liquidity risk, cash flow risk and interest rate risk. The potential impact of these financial risks is monitored by members during board meetings.

Where appropriate, credit checks are made prior to the acceptance of a new customer and these are reviewed on a periodic basis together with ongoing checks in respect of existing customers. Reviews of the debtors ledger are carried out with the finance and sales teams and action initiated, as appropriate, to collect any overdue amounts, thus optimising the LLP's liquidity position.

The rates of interest earned or paid on the cash balances and loans and overdrafts are monitored on an ongoing basis with regular reviews of the banking arrangements. Deposits, loans and overdrafts are made with reference to these facilities, in conjunction with projections of future cash requirements.

Members

The present members of the LLP are set out on page 1, all of whom served throughout the year and up to the date of signing the financial statements.

Going concern

The financial statements have been prepared on a going concern basis, which assumes that for the foreseeable future the LLP will be able to meet its liabilities as they fall due.

The members performed an assessment in relation to the company's ability to continue as a going concern, this included assessing its current position and reviewing future cash flow forecasts with considerations to entity specific factors. Accordingly, the members believe in the LLP's ability to continue as a going concern and to meet its financial obligations as they fall due for the foreseeable future and as minimum for a period of twelve months from the date of signing these financial statements.

Statement of members' responsibilities in respect of the financial statements

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

Company law requires the members to prepare financial statements for each financial year. Under that law the members have prepared the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law, 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 the financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting 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.

The members 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.

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 enable them to ensure that the financial statements comply with the Companies Act 2006.

Members' confirmations

In the case of each director in office at the date the members' report is approved:

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

This confirmation is given and should be interpreted in accordance with Section 418 of the Companies Act 2006.

The members' report was approved by the board of members on 28 July 2021 and signed on its behalf by:

MR Farnham
Director of Vistry Linden Limited

Independent auditors' report to the members of Lea Castle JV LLP

Report on the audit of the financial statements

Opinion

In our opinion, Lea Castle JV LLP's financial statements:

- give a true and fair view of the state of the LLP's affairs as at 31 March 2021 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 as applied to limited liability partnerships; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

We have audited the financial statements, included within the Annual report and Financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2021; the income statement, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the LLP in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 LLP'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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the LLP's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the members for the financial statements

As explained more fully in the Statement of members' responsibilities in respect of the financial statements, the members are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The members are also responsible for such internal control as they 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.

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 auditors' 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.

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.

Based on our understanding of the LLP and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax legislation, health and safety standards and other legislation specific to the industry in which the entity operates, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate revenue or expenses and management bias in determining accounting estimates. Audit procedures performed by the engagement team included:

- Discussion with management, including conversation of known or suspected instances of non-compliance with laws and regulations and fraud;
- Challenging assumptions and judgements made by management in their significant accounting estimates and judgements, in particular in relation to site margins; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the members of the partnership as a body in accordance with the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 as applicable to limited liability partnerships we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

R. Vik

Radek Vik (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
28 July 2021

Lea Castle JV LLP

Income statement for the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Revenue		–	–
Cost of sales		–	–
Gross result		–	–
Administrative expenses		(8)	(7)
Operating loss	4	(8)	(7)
Finance costs	3	(845)	(14)
Loss for the financial year before members' remuneration and profit shares available for discretionary division among members		(853)	(21)

There are no recognised gains and losses other than those shown in the income statement above.

There is no material difference between the results shown in the income statement above and their historical cost equivalents for the financial year stated above.

All results are derived from continuing operations.

Lea Castle JV LLP

Statement of comprehensive income for the year ended 31 March 2021

	2021	2020
	£'000	£'000
Loss for the financial year	**(853)**	(21)
Total comprehensive expense for the year	**(853)**	(21)

Lea Castle JV LLP

Balance Sheet as at 31 March 2021

	Note	2021 £'000	2020 £'000
Assets			
Current assets			
Developments	6	**25,419**	2,052
Trade and other receivables	7	**238**	51
Cash and cash equivalents	8	**977**	–
Total current assets		**26,634**	2,103
Total assets		**26,634**	2,103
Liabilities			
Current Liabilities			
Trade and other payables	9	**(3,580)**	(7)
Total current liabilities		**(3,580)**	(7)
Net current assets		**23,054**	2,096
Non-current liabilities			
Trade and other payables	11	**(23,928)**	(2,117)
Total non-current liabilities		**(23,928)**	(2,117)
Total liabilities		**(27,508)**	(2,124)
Net liabilities attributable to members		**(874)**	(21)
Equity			
Members' capital	12	–	–
Accumulated losses		**(874)**	(21)
Total equity		**(874)**	(21)
Total members' interests			
Amounts due from members		–	–
Loans and other debts due to members	13	**(14,394)**	(2,088)
		(14,394)	(2,088)

The notes on pages 13 to 18 are an integral part of these financial statements.

The financial statements on pages 8 to 18 were approved by the members on 28 July 2021 and signed on its behalf by MR Farnham, a director of Vistry Linden Limited:

MR Farnham
Director
LLP registered number: OC417276

Lea Castle JV LLP

Statement of changes in equity for the year ended 31 March 2021

	Members' capital £'000	Accumulated losses £'000	Total equity £'000
Total comprehensive expense and loss for the year	–	(21)	(21)
As at 31 March 2020	–	(21)	(21)
Total comprehensive expense and loss for the year	–	(853)	(853)
At 31 March 2021	**–**	**(874)**	**(874)**

Lea Castle JV LLP

Statement of cash flows for the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Cash flows from operating activities continuing operations			
Operating loss		**(8)**	(7)
Net cash used in operations before changes in working capital		**(8)**	(7)
Increase in developments	6	**(11,350)**	(2,052)
Increase in trade and other receivables	7	**(187)**	(51)
Increase in trade and other payables excluding amounts owed to joint venture partners	9	**231**	7
Net cash used in operations		**(11,314)**	(2,103)
Net cash used in operating activities		**(11,314)**	(2,103)
Cash flows from financing activities			
Decrease on amounts owed to joint venture partners	11	**(3,000)**	–
Increase on amounts owed to joint venture partners	11	**15,291**	2,103
Net cash generated from financing activities		**12,291**	2,103
Net increase in cash and cash equivalents		**977**	–
Cash and cash equivalents at the beginning of the year		–	–
Cash and cash equivalents at the end of the year		**977**	–

1. Accounting Policies

General Information

Lea Castle JV LLP ('the LLP') is an LLP incorporated, and domiciled in United Kingdom (Registered number: OC417276). The address of the registered office is 11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY.

The financial statements are measured and presented in pounds sterling as that is the currency of the primary economic environment in which the LLP operates. The amounts stated are denominated in thousands (£'000).

Basis of preparation

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

These financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ('IFRS') and the applicable legal requirements of the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention. The LLP has consistently applied all accounting standards in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

New standards, amendments and interpretations

New standards, amendments and interpretations that became mandatory for the first time for the financial year beginning 1 April 2020 are listed below.

- Definition of Material - Amendments to IAS1 and IAS8;
- Definition of a Business - Amendments to IFRS 3;
- Interest Rate Benchmark reform - Amendments to IFRS 9, IAS 39 and IFRS 7; and
- Revised Conceptual Framework for Financial Reporting.

The adoption of the above had no impact on the financial statements.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2021 reporting periods and have not been early adopted by the company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Going concern

The financial statements have been prepared on a going concern basis, which assumes that for the foreseeable future the LLP will be able to meet its liabilities as they fall due.

The members performed an assessment in relation to the company's ability to continue as a going concern, this included assessing its current position and reviewing future cash flow forecasts with considerations to entity specific factors. Accordingly, the members believe in the LLP's ability to continue as a going concern and to meet its financial obligations as they fall due for the foreseeable future and as minimum for a period of twelve months from the date of signing these financial statements.

1. Accounting Policies (continued)

Critical accounting estimates and judgments

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying value of assets and liabilities which are not readily apparent from other sources. Actual results may differ 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 revision and future periods if the revision affects both current and future periods. There are no critical judgements in applying the entity's accounting policy.

Material estimates and assumptions are made in particular with regards to establishing the following policy:

- *Land held for development and housing work in progress*

The Company holds inventories which are stated at the lower of cost and net realisable value. To assess the net realisable value of land held for development and housing work in progress, the Company completes a financial appraisal of the likely revenue which will he generated when these inventories are combined as residential properties for sale and sold. Where the financial appraisal demonstrates that the revenue will exceed the costs of the inventories and other associated costs of constructing the residential properties, the inventories are stated at cost. Where the assessed revenue is lower, the extent to which there is a shortfall is written off through the income statement leaving the inventories stated at a realisable value. To the extent that the revenues which can be generated change, or the final cost to complete for the site varies from estimates, the net realisable value of the inventories may be different.

Finance income and cost

Interest income and expense is recognised on a time proportion basis using the effective interest method.

Distributions

Final distribution to the LLP's members is recognised as a liability in the LLP's financial statements in the year in which the distributions are approved by the LLP's members. Interim distributions are recognised when paid.

Income tax

LLP's are not subject to income tax. Any tax liabilities arising on profits made by the LLP are paid by its members.

Inventories and developments

Inventories are valued at the lower of cost and net realisable value. Work in progress is valued at the lower of cost, including direct costs and directly attributable overheads, and net realisable value.

Where a development is in progress, net realisable value is assessed by considering the expected future revenues and the total costs to complete the development including direct costs and directly attributable overheads. To the extent that the LLP anticipates selling a development in its current state then net realisable value is taken as open market value at the balance sheet date less any anticipated selling costs.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. The LLP applies the IFRS 9 simplified approach to measuring expected credit losses which uses lifetime expected loss allowance for all trade receivables. To measure the

1. **Accounting Policies (continued)**

expected credit losses and trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at nominal value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand, including bank deposits with original maturities of three months or less. Bank overdrafts are also included as they are an integral part of the LLP's cash management.

Bank deposits with an original term of more than three months are classified as short-term deposits where the cash can be withdrawn on demand and the penalty for early withdrawal is not significant.

Trade payables

Trade payables on normal terms are not interest bearing and are stated at their nominal value. Trade payables on extended terms, are recorded at their fair value at the date of acquisition of the asset to which they relate. The discount to nominal value is amortised over the period of the credit term and charged to finance costs using the effective rate. Amounts owed to joint venture partners are stated at their nominal value including accrued interest.

2. **Employees and members**

There were no employees during the year (2020: nil). The members did not receive any remuneration for their services during the year (2020: nil).

3. **Finance costs**

	2021	2020
	£'000	£'000
Interest payable and similar charges		
- to joint venture partners	**355**	14
- other interest and similar charges	**490**	-
Net finance cost	**845**	**14**

4. **Operating loss**

The following items have been included in arriving at the operating loss:

Services provided by the LLP's auditors

During the year, the LLP obtained the following services from the LLP's auditors at costs as detailed below:

	2021	2020
	£'000	£'000
Fees payable to the LLP's auditors for the audit of the financial statements	**8**	7

5. **Distribution to members**

There were 2 members during the year (2020: 2).

Profits are allocated in line with the proportion of limited liability partnerships that each member owns. There was no profit distribution in the year (2020: £nil).

The requirement for distributions is agreed with the members. This enables the limited liability partnership to make distributions to the members.

6. Developments

	2021 £'000	2020 £'000
Land	**17,625**	1,799
Work in progress	**7,794**	253
	25,419	2,052

7. Trade and other receivables

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Recoverable value-added tax	**238**	51
	238	51

8. Cash and cash equivalents

	2021 £'000	2020 £'000
Cash and cash equivalents	**977**	–

9. Trade and other payables

	2021 £'000	2020 £'000
Amounts owed in less than one year:		
Land creditor	**2,852**	–
Trade payable	**318**	–
Accrued liabilities and deferred income	**410**	7
	3,580	7

Development land payables of have been secured against the LLP's land as at 31 March 2021. Other payables are unsecured.

Accruals and deferred income include £nil (2020: £nil) deferred income. There was no contract liability or deferred income as at 31 March 2021.

10. Financial Instruments

The business and the execution of the LLP's strategy are subject to a number of risks and uncertainties. The key business risks and uncertainties affecting the LLP are considered to relate to the strength and volatility of the UK housing market. This includes changes to the UK housing market and the economic cycle affecting consumer confidence and the availability of mortgage finance. The members monitor Government and Industry data on housing prices, sales volumes and construction commencement data thus enabling anticipation of market changes and facility to adjust build programmes, sales releases and purchaser incentives accordingly. Given the straightforward nature of the business, the members are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Capital risk management

The LLP's objectives when managing capital are to safeguard the LLP's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

10. *Financial Instruments (continued)*

Financial risk factors

(a) Market risk

(i) Foreign exchange risk

All material activities of the LLP take place within the UK and consequently there is little direct exchange risk.

(ii) Price risk

The LLP is affected by the level of UK house prices. These are in turn affected by factors such as mortgage availability, employment levels, interest rates, consumer confidence.

(iii) Interest rate risk

The LLP's income and operating cash flows are substantially independent of changes in market interest rates. The LLP's interest rate risk arises from movement in cash and cash equivalents, amounts owed by joint venture partners and long-term borrowings. Borrowings issued at variable rates expose the LLP to cash flow interest rate risk.

(b) Credit risk

Credit risk arises from cash and cash equivalents, deposits, amounts by from joint venture partners and borrowings with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The LLP has a credit risk exposure to the providers of its banking facilities. These are primarily provided by Barclays Bank plc and management does not expect any material losses from non-performance of any counter parties, including in respect of receivables not yet due.

(c) Liquidity risk

In accordance with IFRS 9 'Financial instruments: recognition and measurement', the LLP has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements set out in the standard. No such embedded derivatives have been identified.

Fair value of financial instruments

The LLP's financial instruments comprise of cash and cash equivalents, trade and other receivables excluding prepayments, financial liabilities – borrowings, trade and other payables excluding deferred income, VAT and social security taxes. There is no difference between the book value and the fair value of the LLP's financial assets and financial liabilities.

11. Trade and other payables

	2021	2020
	£'000	£'000
Amounts owed in more than one year:		
Development land payables	**9,165**	-
Amounts owed to joint venture partners	**14,763**	2,117
	23,928	2,117

Amounts owed to related parties bear interest at 3.5% above Bank of England base rate and are secured against the LLP's developments.

Development land payables have been secured against the LLP's land as at 31 March 2021.

12. Trade and other payables (continued)

Changes in liabilities arising from financing activities:

	2021	2020
	£'000	£'000
Balance at 1 April		
Current	–	–
Non-current	**2,117**	–
	2,117	–
Repayment of borrowings	–	–
Increase on joint venture loan	**12,291**	2,103
Interest on joint venture loan	**355**	14
Balance at 31 March	**14,763**	2,117
Current	–	–
Non-current	**14,763**	2,117

13. Members' capital

	£'000
Subscribed capital	
As at 1 April 2020	–
Capital subscribed	–
At 31 March 2021	–

14. Related party transactions

At the end of the year, there was £14,393,986 (2020: £2,088,654) loan payable due to both Vistry Linden Limited £7,196,993 (2020: £1,044,327) and Citizen New Homes Limited £7,196,993 (2020: £1,044,327). Loan interest payable of £368,984 (2020: £14,244) was accrued at the year end, split equally between both of the JV Partners.

During the year Vistry Linden Limited received fees for the management of the Joint Venture of £390,600 (2020: £nil) and a service fee of £4,250,061 (2020: £nil) relating to land crystallisation fees charged.

In addition to the above transactions, during the year, the total trading expenditure made by the LLP to subsidiaries of Vistry Group Plc amounted to £1,685,679 (2019: £nil). The resulting liability amounted to £76,975 (2019: £nil).

All related party balances with the exception of the loans are unsecured.

15. Guarantees and contingent liabilities

Disputes arise in the normal course of business, some of which lead to litigation or arbitration procedures. The members make proper provision in the financial statements when they believe a liability exists. Whilst the outcome of disputes and arbitration is never certain, the members believe that the resolution of all existing actions will not have a material adverse effect on the LLP's financial position.

16. Post balance sheet events

No matters have arisen since the year end that requires disclosure in the financial statements.

17. Controlling party

Lea Castle JV LLP is jointly owned Vistry Linden Limited and Citizen New Homes Limited with both companies sharing equal control.