CREST NICHOLSON BIOREGIONAL QUINTAIN LIMITED LIABILITY PARTNERSHIP

ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS

31 OCTOBER 2022

Registered No. OC317320

CREST NICHOLSON BIOREGIONAL QUINTAIN LLP
MEMBERS' REPORT

The Members have pleasure in submitting their report together with the financial statements for the year ended 31 October 2022.

Principal Activities and Business Review
The principal activity of Crest Nicholson BioRegional Quintain Limited Liability Partnership ('Crest Nicholson BioRegional Quintain LLP', the 'LLP' or the 'partnership') is the development of freehold land at the former Brighton Station goods yard, New England Street, Brighton. The development was completed during 2011.

Future Developments
Currently, no further development opportunities are being considered by the Partnership. The Partnership holds an available for sale asset, which has an expected redemption date between 14 and 15 years. The future of the Partnership will be reviewed on the disposal of the available for sale asset.

Key performance indicators
Key financial statistics are given below:

	2022	2021
	£000	£000
Loss for the financial year	467	2,996

Exceptional item
The partnership recognised an exceptional item relating to combustible materials of £385,000 (2021: £3,000,000) following an independent fire engineers report recommending works and an increase in build costs. Further information is supplied in note 2 to the financial statements.

Results and Financial Position
The partnership had no revenue in the year (2021: £nil). Loss for the financial year was £467,000 (2021: £2,996,000). The partnership had net liabilities at 31 October 2022 of £3,301,000 (2021: £2,834,000).

Risk management
The main risk to the partnership is financial loss due to under recovery of the financial assets at fair value through profit and loss, and the combustible materials remediation works costing more than forecast, The valuation of financial assets at fair value through profit and loss is discussed within note 6 of these financial statements. The Members do not forecast any material costs to arise from this risk.

Members
The Members during the year and up to the date of signing the financial statements were as follows:
Crest Nicholson (South East) Limited ("Crest")
BQL Brighton Limited ("BioRegional")

Policy with regard to subscription of Capital, drawings and repayment of Capital
No profits of the LLP shall be drawn without the prior written agreement of both Members (except in circumstances where one Member has acquired a further share in the capital of the LLP, in which case the additional funder shall be entitled to withdraw an amount equal to its additional contributions without the consent of the non-funder subject to an appropriate adjustment to its share).

No Member shall be entitled to withdraw funds in excess of the share of profits applicable to its share for any accounting period. In the event that any such excess withdrawal is made, that Member shall repay the excess drawings to the LLP immediately together with interest on the excess at the default interest rate.

If the Members unanimously agree that further funding is required for the purposes of the project, such additional funding shall (unless otherwise agreed between the Parties) be provided by the Members.

Detailed arrangements for repayment of capital exist to cover resignation by a Member, where this results in the appointment of a replacement Member, or in the winding up of the LLP.

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

CREST NICHOLSON BIOREGIONAL QUINTAIN LLP
MEMBERS' REPORT (continued)

Company law, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations"), 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, as applied to limited liability partnerships, 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, as applied to limited liability partnerships.

Audit exemption
For the year ending 31 October 2022 the LLP was entitled to exemption from audit under section 477 of the Companies Act 2006 as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) relating to small LLPs.

The members acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

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

Approved by the Members and signed on their behalf.

Duncan Cooper
On behalf of Designated Member Crest Nicholson (South East) Limited

Crest House
Pyrcroft Road
Chertsey
Surrey
KT16 9GN

13 July 2023

CREST NICHOLSON BIOREGIONAL QUINTAIN LLP
INCOME STATEMENT
For the year ended 31 October 2022

	Note	2022 Pre-exceptional item £000	2022 Exceptional Item (note 2) £000	2022 Total £000	2021 Pre-exceptional item £000	2021 Exceptional Item (note 2) £000	2021 Total £000
Revenue		-	-	-	-	-	-
Cost of sales		-	(385)	(385)	2	(3,000)	(2,998)
Gross profit/(loss)		-	(385)	(385)	2	(3,000)	(2,998)
Administrative expenses		(84)	-	(84)	-	-	-
Operating (loss)/profit		(84)	(385)	(469)	2	(3,000)	(2,998)
Finance income	4	2	-	2	2	-	2
(Loss)/profit for the year before Members' remuneration		(82)	(385)	(467)	4	(3,000)	(2,996)
Members' remuneration	5	-	-	-	-	-	-
(Loss)/profit for the year available for discretionary		(82)	(385)	(467)	4	(3,000)	(2,996)

The notes on pages 6 to 11 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

	2022 £000	2021 £000
Loss for the year available for discretionary division among Members	(467)	(2,996)
Total comprehensive expense attributable to equity shareholders	(467)	(2,996)

The notes on pages 6 to 11 form part of these financial statements.

CREST NICHOLSON BIOREGIONAL QUINTAIN LLP
STATEMENT OF FINANCIAL POSITION
As at 31 October 2022

	Note	2022 £000	2021 £000
ASSETS			
Non-current assets			
Financial assets at fair value through profit and loss	6	43	41
		43	41
Current assets			
Cash and cash equivalents		161	161
		161	161
Total assets		204	202
LIABILITIES			
Non-current liabilities			
Provisions	7	-	(3,000)
		-	(3,000)
Current liabilities			
Trade and other payables	8	(320)	(36)
Provisions	7	(3,185)	-
		(3,505)	(36)
Total liabilities		(3,505)	(3,036)
NET LIABILITIES ATTRIBUTABLE TO MEMBERS		**(3,301)**	**(2,834)**
REPRESENTED BY:			
Loans and other debts due to Members within one year			
Loans and other debts due to Members		(3,301)	(2,834)
TOTAL MEMBERS' INTERESTS		**(3,301)**	**(2,834)**

For the year ending 31 October 2022 the LLP was entitled to exemption from audit under section 477 of the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) relating to small LLPs.

The members acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

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

The financial statements on pages 4 to 11 were approved by the Members on13 July 2023 and signed on its behalf by:

Duncan Cooper
On behalf of Designated Member Crest Nicholson (South East) Limited

CREST NICHOLSON BIOREGIONAL QUINTAIN LLP
STATEMENT OF CASH FLOWS
For the year ended 31 October 2022

	Note	2022 £000	2021 £000
Cash flows from operating activities			
Loss for the year		(467)	(2,996)
Adjustments for:			
Finance income	**4**	(2)	(2)
Operating loss before changes in working capital and provisions		(469)	(2,998)
Increase in trade and other payables and provisions		469	3,001
Cash generated from operations		-	3
Net increase in cash and cash equivalents		-	3
Cash and cash equivalents at the beginning of the year		161	158
Cash and cash equivalents at end of the year		**161**	**161**

CREST NICHOLSON BIOREGIONAL QUINTAIN LLP
STATEMENT OF CHANGES IN MEMBERS INTERESTS

	Members capital and other amounts classified as debt £000	Total Members' interest £000
Members' interests at 1 November 2020	162	162
Loss for the financial year available for discretionary division among Members	(2,996)	(2,996)
Members' interests at 31 October 2021	(2,834)	(2,834)
Loss for the financial year available for discretionary division among Members	(467)	(467)
Members' interests at 31 October 2022	(3,301)	(3,301)

CREST NICHOLSON BIOREGIONAL QUINTAIN LLP
NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

Basis of preparation
Crest Nicholson Bioregional Quintain LLP is a partnership incorporated in the UK. The address of the registered office is 500 Dashwood Lang Road, Bourne Business Park, Addlestone, Surrey KT15 2HJ.

The financial statements have been prepared and approved by the Members in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and have been prepared on the historical cost basis as well as in accordance with the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" (LLP SORP).

The preparation of financial statements in conformity with IFRSs requires management to make assumptions and judgements that affect the application of policies and reported amounts within the financial statements. Assumptions and judgements are based on experience and other factors that management consider reasonable under the circumstances. Actual results may differ from these estimates.

The financial statements are presented in pounds sterling and amounts stated are denominated in thousands (£000). The functional currency of the partnership is considered to be pounds sterling because that is the currency of the primary economic environment in which it operates. The accounting policies have been applied consistently in dealing with items which are considered material. Assets and liabilities are stated at amortised cost, which equals their fair value.

The financial statements have been prepared on the going concern basis. The partnership has net liabilities of £2,834,000 which relate to amounts due to the Members. These amounts will not be recalled within twelve months from the date the Members approve these financial statements, as agreed with the Members. The Members will continue to provide such funds and financial support to enable the partnership for twelve months from the date the Members approved these financial statements to trade and meet its liabilities as they fall due, and Members are prevented by the terms of the partnership agreement from withdrawing any sums which could cause a going concern issue for the partnership.

Standards and interpretations effective for the first time
There were no new standards, amendments or interpretations that were adopted by the partnership and effective for the first time for the financial year beginning 1 November 2021 that had a material impact on the partnership.

The adoption of the amendments in the year did not have a material impact on the financial statements.

Standards and interpretations in issue but not yet effective
There are a number of standards, amendments and interpretations that have been published that are not mandatory for the 31 October 2022 reporting period and have not been early adopted by the partnership. The partnership does not expect that the adoption of these standards, amendments and interpretations will have a material impact on the financial statements of the partnership in future periods.

The principal accounting policies adopted are set out below, these have been applied consistently in the current and prior year.

Financial assets
Financial assets are initially recognised at fair value and subsequently classified into one of the following measurement categories:

- measured at amortised cost;
- measured subsequently at fair value through profit or loss (FVTPL); and
- measured subsequently at fair value through other comprehensive income (FVOCI).

The classification of financial assets depends on the partnership's business model for managing the asset and the contractual terms of the cash flows. Assets that are held for the collection of contractual cash flows that represent solely payments of principal and interest are measured at amortised cost, with any interest income recognised in the income statement using the effective interest rate method. Financial assets that do not meet the criteria to be measured at amortised cost are classified by the partnership as measured at FVTPL. Fair value gains and losses on financial assets measured at FVTPL are recognised in the income statement and presented within net operating expenses. The partnership currently has no financial assets measured at FVOCI.

CREST NICHOLSON BIOREGIONAL QUINTAIN LLP
NOTES TO THE FINANCIAL STATEMENTS
1 Accounting policies (continued)

Financial assets at fair value through profit and loss
Financial assets at fair value through profit and loss (which comprise shared equity receivables) are classified as being held to collect and initially recognised at fair value. Changes in fair value relating to the expected recoverable amount are recognised in the income statement as a finance income or expense.

Cash and cash equivalents
Cash and cash equivalents are cash balances in hand and in the bank and are carried in the statement of financial position at nominal value.

Financial liabilities
Financial liabilities are initially recognised at fair value and subsequently classified into one of the following measurement categories:

- measured at amortised cost; and
- measured subsequently at fair value through profit or loss (FVTPL).

Non-derivative financial liabilities are measured at FVTPL when they are considered held for trading or designated as such on initial recognition. The partnership has no non-derivative financial liabilities measured at FVTPL.

Trade and other payables
Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method. Trade and other payables on deferred terms are initially recorded at their fair value, with the discount to nominal value being charged to the income statement as interest expense over the duration of the deferred payment.

Members' capital
The capital requirements of the partnership are determined from time to time by the partnership. No interest is paid on capital. On leaving the partnership a Member's capital is repaid, subject to a valuation formula agreed between the Members.

Taxation and deferred tax
Taxation on all partnership profits is solely the liability of individual Members. Consequently neither taxation nor related deferred taxation arising in the Partnership are accounted for in these financial statements. Amounts retained for tax are treated in the same way as other profits of the partnership and so are included in 'Members' interests' or in 'Loans and other debts due to Members' depending on whether or not division of profits has occurred.

Members' remuneration and drawings
Remuneration is paid to certain Members under a contract for services or other contractual arrangements. Such remuneration together with related employment costs is included as an expense in the profit and loss account under the heading Members' remuneration charged as an expense. Members receive monthly drawings on account of their share of profits earned. Profits may be allocated at any time, but at the latest immediately after the financial statements have been approved by the Members.

Critical accounting estimates and judgements
The preparation of the financial statements requires Members to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses and related disclosures. In applying the partnership's accounting policies, the key judgements that have a significant impact on the financial statements, include those involving estimates which are described below and the judgement to present certain items as exceptional (see note 2).

Estimates and associated assumptions affecting the financial statements are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based or as a result of new information. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The Members consider the key sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying value of assets and liabilities is the combustible materials provision.

Combustible materials
The combustible materials provision requires a number of key estimates and judgements in its calculation. If it is deemed that the costs are probable and can be reliably measured then, as per IAS 37, a provision is recorded. The key estimates applied to this provision include the costs of replacement materials, works to complete and disruption to customers, along with the timing of forecast expenditure. If forecast remediation costs on buildings currently provided for are 10% higher than provided, the exceptional items charge in the income statement would be £280,000 higher. If further works are identified this could also increase the required provision, but the potential quantity of this change cannot be readily determined without further investigative work. See note 2 and 7 for additional details.

CREST NICHOLSON BIOREGIONAL QUINTAIN LLP
NOTES TO THE FINANCIAL STATEMENTS (continued)

2 Exceptional item

Exceptional items are those which, in the opinion of the Members, are material by size and/or non-recurring in nature and therefore require separate disclosure within the income statement in order to assist the users of the financial statements in understanding what the members consider to be the underlying business performance of the Partnership. Where appropriate, a material reversal of these amounts will be reflected through exceptional items.

	2022	2021
Cost of sales	**£000**	**£000**
Combustible materials charge	385	3,000

Following the latest Government guidance notes in respect of combustible materials, fire risk and protection, and regulatory compliance on completed developments the Partnership recorded an exceptional charge of £385,000 in the year. In the prior year, the Partnership recorded an exceptional charge of £3,000,000. The charge reflects the costs associated with recommended works following an intrusive survey by a fire engineer in the year. Due to the material nature of the charge, it has been recognised as an exceptional item. See note 6 for additional information.

3 Average number of employees

The partnership had no employees during the year (2021: nil).

4 Finance income

	2022	2021
	£000	**£000**
Imputed interest on financial assets at fair value through profit and loss (note 6)	2	2
	2	2

5 Members' remuneration charged as an expense

No Members remuneration was paid in the year (2021: £nil).

6 Financial assets at fair value through profit and loss

	2022	2021
	£000	**£000**
At beginning of the year	41	39
Imputed interest	2	2
At end of the year	43	41
Of which:		
Non-current assets	43	41
Current assets	-	-
	43	41

Financial assets at fair value through profit and loss (FVTPL) are carried at fair value and categorised as level 3 (inputs not based on observable market data) within the hierarchical classification of IFRS 13 Revised.

FVTPL comprise shared equity loans secured by way of a second charge on the property. The loans can be repaid at any time within the loan agreement, the amount of which is dependent on the market value of the asset at the date of repayment. The assets are recorded at fair value, being the estimated amount receivable by the partnership, discounted to present day values.

The fair value of future anticipated cash receipts takes into account Members' views of an appropriate discount rate (incorporating purchaser default rate), future house price movements and the expected timing of receipts. These assumptions are given below and are reviewed at each year end.

CREST NICHOLSON BIOREGIONAL QUINTAIN LLP
NOTES TO THE FINANCIAL STATEMENTS (continued)

	2022	2021
Assumptions		
Discount rate, incorporating default rate	10.5%	10.5%
House price inflation for the next two (2021: two) years	3.0%	3.0%
Timing of receipt	14 to 15 years	14 to 15 years

Sensitivity – effect on value of other financial assets (less)/more	**2022** Increase assumptions by 1 % / 1 year **£000**	**2022** Increase assumptions by 1 % / 1 year **£000**
Discount rate, incorporating default rate	1	(1)
House price inflation for the next three years	1	(1)
Timing of receipt	(2)	2

The difference between the anticipated future receipt and the initial fair value is charged over the estimated deferred term to financing, with the financial asset increasing to its full expected cash settlement value on the anticipated receipt date. The imputed interest credited to financing for the year ended 31 October 2022 was £2,000 (2021: £2,000).

At initial recognition, the fair values of the assets are calculated using a discount rate, appropriate to the class of assets, which reflects market conditions at the date of entering into the transaction. The Members consider at the end of each reporting period whether the initial market discount rate still reflects up to date market conditions. If a revision is required, the fair values of the assets are re-measured at the present value of the revised future cash flows using this revised discount rate. The difference between these values and the carrying values of the assets are recorded against the carrying value of the assets and recognised directly in the statement of comprehensive income.

7 Provisions

Combustible materials provision	**2022 £000**	**2021 £000**
At beginning of the year	3,000	-
Provided in the year	385	3,000
Utilised in the year	(200)	-
At end of the year	3,185	3,000
Of which:		
Non-current	-	3,000
Current	3,185	-
	3,185	3,000

Following the latest Government guidance notes in respect of combustible materials, fire risk and protection, and regulatory compliance on completed developments, the Partnership recorded an exceptional charge of £385,000 (2021: £3,000,000). The charge reflected the costs associated with recommended works following an intrusive survey by an independent fire engineer in the year and an increase in build costs.

The partnership remains the freeholder of the building requiring remedial works and as such has a legal obligation at the statement of financial position date to remedy the defects identified.

The remaining provision of £3.2m represents the partnership's best estimate of costs at 31 October 2022. The partnership recognises that Government guidance in this area is evolving over time and that assumptions may require revising.

The partnership expects to have completed the required remedies within the next 12 months. The partnership is reviewing the recoverability of costs incurred from third parties where it has a contractual right of recourse. See note 2 for income statement disclosure.

CREST NICHOLSON BIOREGIONAL QUINTAIN LLP
NOTES TO THE FINANCIAL STATEMENTS (continued)

8 Trade and other payables

	2022	2021
	£000	£000
Other trade payables	-	-
Amounts due to Members	320	36
	320	36

9 Financial risk management

The partnership's financial instruments comprise cash, other financial assets and trade and other payables. The main objective of the partnership's policy towards financial instruments is to maximise returns on the partnership's cash balances, manage the partnership's working capital requirements and finance the partnership's ongoing operations.

Capital management
The Partnership's policies seek to ensure that there is sufficient working capital to meet the Partnership's commitments as they fall due.

Financial risk
The main risks associated with the partnership's financial instruments are credit risk and liquidity risk.

Credit risk
Credit risk is the risk of financial loss to the partnership if a customer or other counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the partnership's cash deposits, as other financial assets are secured on land and buildings.

The partnership has cash deposits of £161,000 (2021: £161,000) which are held by Nat West Bank, being one of the UK's leading financial institutions. The security and suitability of the bank is monitored by the partnership on a regular basis.

FVTPL assets, as described in Note 6, of £43,000 (2021: £41,000) are receivables on extended terms granted as part of a sales transaction and are secured by way of a legal charge on the relevant property and therefore credit risk is considered low.

Liquidity risk
Liquidity risk is the risk that the partnership will not be able to meet its financial obligations as they fall due.

Fair values
Financial assets
The partnership's financial assets comprise cash equivalents and financial assets at fair value through profit and loss. The carrying amount of financial assets equate to their fair value and comprises:

	2022	2021
	£000	£000
Financial assets at amortised cost:		
Sterling cash deposits	161	161
Financial assets at fair value through profit and loss	43	41
Total financial assets	204	202

Financial liabilities
The partnership's financial liabilities comprise accruals. The carrying amount of financial liabilities equate to their fair value and comprises:

	2022	2021
	£000	£000
Other trade payables	-	-
Amounts due to Members	320	36
Total financial liabilities	320	36

10 Related party transactions

At 31 October 2022 there is an other payable amount of £320,000 due to Members (2021: £36,000) within one year and loans and other debts of £3,301,000 due to the Members within one year (2021: 2,834,000).

11 Controlling Members

Crest Nicholson BioRegional Quintain LLP is jointly controlled by Crest Nicholson (South East) Limited and BQL Brighton Limited. No one Member has overall control.

CREST NICHOLSON BIOREGIONAL QUINTAIN LLP
NOTES TO THE FINANCIAL STATEMENTS (continued)

11 Post balance sheet events

Since the year ended 31 October 2022 the Partnership has recovered £2.2m in relation to combustible materials from third parties.