

Aberdeen NHT 2014 LLP

**Members' report and financial
statements**

Registered number SO304764

30 June 2018



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Members' report

The members present their Members' report and financial statements for the year ended 30 June 2018.

Principal activities

The principal activity of the firm is property investment.

Business review

The LLP was formed as part of the National Housing Trust initiative, which is a collaborative agreement between The Scottish Futures Trust, participating Local Authorities and a Developer to deliver housing at mid-market rent levels.

Results

The loss for the financial year amounted to £1,379,891 (2017: loss £53,104). The increase in loss is principally owing to the amounts written off investment property of £1,349,320 following a review of the carrying value.

Policy regarding members' drawings and the subscription and repayment of Members' capital

The Developer, Stewart Milne Group Limited, was contracted to build 54 properties on behalf of the LLP. At practical completion these properties were purchased by the LLP, this purchase being funded; 70% via a loan from Aberdeen City Council, 5% via an A loan note from the Developer and 25% in the form a B Loan Note from the Developer.

The ranking of the LLP funding, interest pertaining to this funding (where applicable) and the subsequent repayment is prioritised as follows:

- 70% Aberdeen City Council
- 5% Developer A Loan Note
- 25% Developer B Loan Note

Any annual surpluses generated by the LLP will be allocated to members at the discretion of the members of the LLP.

Designated members

The designated members who held office during the year and up to the date of this report were as follows:

The Scottish Futures Trust Investments Limited

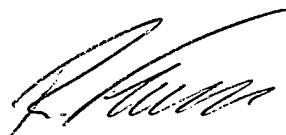
Aberdeen City Council

Stewart Milne Group Limited

Disclosure of information to auditor

The members who held office at the date of approval of this Members' report confirm that, so far as they are each aware, there is no relevant audit information of which the firm's auditor is unaware; and each member has taken all the steps that he/she ought to have taken as a member to make himself aware of any relevant audit information and to establish that the firm's auditor is aware of that information.

Signed on behalf of the members



Richard Fawcus
Designated member

Peregrine House
Mosscroft Avenue
Westhill Business Park
Westhill
Aberdeen
AB32 6JQ

16 OCTOBER 2019

Statement of members' responsibilities in respect of the Members' report and the financial statements

The members are responsible for preparing the Members' Report 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 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under Regulation 8 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and of its profit or loss 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the LLP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.

Under Regulation 6 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, 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 its financial statements comply with those regulations. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the LLP and to prevent and detect fraud and other irregularities.



Independent auditor's report to the members of Aberdeen NHT 2014 LLP

Opinion

We have audited the financial statements of Aberdeen NHT 2014 LLP ("the LLP") for the year ended 30 June 2018 which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view, of the state of affairs of the LLP as at 30 June 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the LLP in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the valuation of Investment property and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardized firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The members have prepared the financial statements on the going concern basis as they do not intend to liquidate the LLP or to cease its operations, and as they have concluded that the LLP's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the members' conclusions, we considered the inherent risks to the LLP's business model, including the impact of Brexit, and analysed how those risks might affect the LLP's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the LLP will continue in operation.

Other information

The members are responsible for the other information, which comprises the members' report. 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 conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.



Independent auditor's report to the members of Aberdeen NHT 2014 LLP (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 as applied to limited liability partnerships we are required to report 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 financial statements in accordance with the small limited liability partnerships' regime.

We have nothing to report in these respects.

Members' responsibilities

As explained more fully in their statement set out on page 2, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the members of the LLP, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by Regulation 39 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's members, as a body, for our audit work, for this report, or for the opinions we have formed.

David Derbyshire (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

37 Albyn Place

Aberdeen

AB10 1JB

16 October 2019

Income Statement
for the year ended 30 June 2018

| | <i>Note</i> | 2018 £ | 2017 £ |
|--|-------------|-------------------------|-------------------------|
| Turnover | 4 | 373,085 | 280,955 |
| Cost of sales | | (93,412) | (75,984) |
| Gross profit | | 279,673 | 204,971 |
| Amounts written off investment property | 8 | (1,349,320) | - |
| Profit for the financial year before members' remuneration and profit shares | | (1,069,647) | 204,971 |
| Members' remuneration charged as an expense | 7 | (310,244) | (258,075) |
| Results for the financial year available for discretionary division among members | 11 | (1,379,891) | (53,104) |

Statement of Financial Position
at 30 June 2018

| | <i>Note</i> | 2018 | 2017 |
|---|-------------|--------------------|------------------|
| | | £ | £ |
| Fixed assets | | | |
| Investment property | 8 | 8,560,000 | 9,909,320 |
| Current assets | | | |
| Debtors | 9 | 106,707 | 100,331 |
| | | <u>106,707</u> | <u>100,331</u> |
| Creditors: amounts falling due within one year | 10 | <u>(77,808)</u> | <u>(75,439)</u> |
| Net current liabilities | | 28,899 | 24,892 |
| Net assets attributable to members | | 8,588,899 | 9,934,212 |
| Represented by: | | | |
| Loans and other debts due to members | | | |
| Other amounts | 11 | 10,044,262 | 10,009,684 |
| Members' other interests | | | |
| Members' capital classified as equity | 11 | 3,603 | 3,603 |
| Other reserves classified as equity | 11 | (1,458,966) | (79,075) |
| | | <u>(1,455,363)</u> | <u>(75,472)</u> |
| Equity | | 8,588,899 | 9,934,212 |
| Total members' interests | | | |
| Loans and other debts due to members | 11 | 10,044,262 | 10,009,684 |
| Members' other interests | 11 | (1,455,363) | (75,472) |
| Amounts due from members (included within debtors) | 11 | (3) | (3) |
| | | <u>8,588,896</u> | <u>9,934,209</u> |

These financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies' regime and in accordance with FRS 102 Section 1A – small entities.

These financial statements were approved by the board of members on **16 OCTOBER** 2019 and were signed on its behalf by:



Richard Fawcus
Designated member

Statement of Changes in Equity

| | Members' capital classified as equity £ | Other reserves classified as equity £ | Total members' other interests £ |
|---|---|---|--|
| Balance at 1 July 2016 | 3,603 | (25,971) | (22,368) |
| Total comprehensive expense for the year | | | |
| Loss for the year | - | (53,104) | (53,104) |
| | <hr/> | <hr/> | <hr/> |
| Balance at 30 June 2017 | 3,603 | (79,075) | (75,472) |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| | Members' capital classified as equity £ | Other reserves classified as equity £ | Total members' other interests £ |
| Balance at 1 July 2017 | 3,603 | (79,075) | (75,472) |
| Total comprehensive expense for the year | | | |
| Loss for the year | - | (1,379,891) | (1,379,891) |
| | <hr/> | <hr/> | <hr/> |
| Balance at 30 June 2018 | 3,603 | (1,458,966) | (1,455,363) |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

Notes

(forming part of the financial statements)

1 Statutory information

Aberdeen NHT 2014 LLP is a Limited Liability Partnership, domiciled in Scotland, registration number SO304764. The registered office is Peregrine House, Mosscroft Avenue, Westhill Business Park, Westhill, Aberdeen, United Kingdom, AB32 6JQ.

2 Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 (Section 1 A – small entities) - 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, issued in July 2014.

The financial statements are presented in Sterling (£).

Under FRS 102 Section 1A – small entities the LLP is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

3 Accounting policies

Going concern

The LLP meets its day to day working capital requirements through member loan facilities.

The LLP's forecasts and projections, taking account of possible changes in trading performances show that the LLP should be able to operate within the level of its facility including paying its current liabilities as they fall due.

The members, having made due and careful enquiry and preparing forecasts, are of the opinion that the LLP has adequate working capital to execute its operations over the next 12 months from the date of the financial statements. The members, therefore, have made an informed judgement, at the time of approving the financial statements, that there is a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. As a result, the members have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition

- i. investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise; and
- ii. no depreciation is provided in respect of investment properties applying the fair value model.

If a reliable measure is not available without undue cost or effort for an item of investment property, this item is thereafter accounted for as tangible fixed assets in accordance with section 17 until a reliable measure of fair value becomes available.

Interest bearing borrowings

Immediately after issue, debt is stated at the fair value of the consideration received on the issue of the capital instrument after deduction of issue costs. The finance cost of the debt is allocated to periods over the term of the debt at a constant rate on the carrying amount.

Notes (continued)

4 Turnover

Turnover comprises wholly of rentals receivable from housing property and is recorded at the fair value of consideration receivable, net of VAT. Turnover for services provided is recognised straight line over the contract period unless a more systematic basis is appropriate.

5 Members and employees

The average number of employees during the year was nil (2017: nil).

None of the members received remuneration in respect of their services to the LLP.

6 Auditor's remuneration

| | 2018 £ | 2017 £ |
|------------------------|-----------|-----------|
| Auditor's remuneration | 3,500 | 3,000 |

7 Members' remuneration charged as an expense

| | 2018 £ | 2017 £ |
|----------------------------------|-----------|-----------|
| Interest payable on member loans | 310,244 | 258,075 |

8 Investment property

| | Investment property £ |
|---------------------|-----------------------------|
| <i>Valuation</i> | |
| At 1 July 2017 | 9,909,320 |
| Loss on revaluation | (1,349,320) |
| At 30 June 2018 | 8,560,000 |

£8,560,000 of investment property fair value is based on a valuation by an external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and class of property being valued.

The valuation is based on market prices for similar properties within the similar location.

Any gain or loss arising from a change in fair value is recognised in profit or loss. Rental income from investment property is accounted for as described in the revenue recognition accounting policy.

9 Debtors

| | 2018 £ | 2017 £ |
|--------------------------|-----------|-----------|
| Other debtors | 106,704 | 100,328 |
| Amounts due from members | 3 | 3 |
| | 106,707 | 100,331 |

Notes (continued)

10 Creditors: amounts falling due within one year

| | 2018 £ | 2017 £ |
|-----------------|-----------|-----------|
| Other creditors | 77,808 | 75,439 |

11 Total members interests

| | Members' capital (classified as equity) £ | Other reserve £ | Total £ | Loans and other debts due to members less amounts due from members in debtors £ | 2018 £ | 2017 £ |
|--|---|--------------------|-------------|--|-------------|-----------|
| Amounts due to members | - | - | - | 10,009,684 | - | - |
| Amounts due from members | - | - | - | (3) | - | - |
| Balance at start of year | 3,603 | (79,075) | (75,472) | 10,009,681 | 9,934,209 | 6,373,816 |
| Members' remuneration charged as an expense | - | - | - | 310,244 | 310,244 | 258,075 |
| Loss for the financial year for discretionary division among members | - | (1,379,891) | (1,379,891) | - | (1,379,891) | (53,104) |
| Members' interests after profit/(loss) for the year | 3,603 | (1,458,966) | (1,455,363) | 10,319,925 | 8,864,562 | 6,578,787 |
| Repayments of debt | - | - | - | (275,666) | (275,666) | (171,528) |
| Introduced by members | - | - | - | - | - | 3,526,950 |
| Amounts due to members | - | - | - | 10,044,262 | - | - |
| Amounts due from members | - | - | - | (3) | - | - |
| Balance at end of the year | 3,603 | (1,458,966) | (1,455,363) | 10,044,259 | 8,588,896 | 9,934,209 |

Loans and other amounts due to members include £9,895,912 (2017: £9,861,334) in relation to loans to the members and £148,350 (2017: 148,350) in respect of trading balances at the year end.

Members' remuneration charged as an expense includes interest payable on member loans of £310,244 (2017: £258,075).

The partnership agreement with the subsequent agreed variations sets out the rules for allocating profit between partners.

In the event of winding up, any surplus assets of the LLP, after payment of all monies due to the creditors, are split between members in proportion to their respective shares.

No legally enforceable protection on the event of winding up is afforded to creditors.

Notes (continued)

12 Information in relation to members

| | 2018 Number | 2017 Number |
|---|------------------------|----------------|
| Average number of members during the year | <u>3</u> | <u>3</u> |

13 Related party transactions

Throughout the year the partnership was controlled by the members.

During the year the LLP entered into a transaction with Stewart Milne Group Limited, a member of the LLP, to purchase properties with a total value of £nil (2017: £3,520,000).

£41,262 (2017: £35,047) is owed to Stewart Milne Group Limited at the balance sheet date in respect of administrative costs paid by Stewart Milne Group Limited on behalf of the LLP.

The LLP had the following balances due to members at the year end in respect of loans and related interest:

| | Principal £ | Interest £ | 2018 Reten- tion £ | Total £ | Principal £ | Interest £ | 2017 Reten- tion £ | Total £ |
|-----------------------------|------------------|----------------|-----------------------------|-------------------|------------------|----------------|-----------------------------|-------------------|
| Stewart Milne Group Limited | 3,018,602 | 66,186 | - | 3,084,788 | 3,018,602 | 31,572 | - | 3,050,174 |
| Aberdeen City Council | 6,742,367 | 68,757 | 148,350 | 6,959,474 | 6,742,367 | 68,793 | 148,350 | 6,959,510 |
| | <u>9,760,969</u> | <u>134,943</u> | <u>148,350</u> | <u>10,044,262</u> | <u>9,760,969</u> | <u>100,365</u> | <u>148,350</u> | <u>10,009,684</u> |