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**NORTH LANARKSHIRE PROPERTIES LLP**

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**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

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**NORTH LANARKSHIRE PROPERTIES LLP**

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**INFORMATION**

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**Designated Members**

North Lanarkshire Council

NL Property Investments Limited

**LLP registered number**

SO304142

**Registered office**

The Civic Centre, Windmillhill Street, Motherwell, ML1 1AB

**Independent auditor**

French Duncan LLP, 133 Finnieston Street, Glasgow, G3 8HB

**Bankers**

Barclays PLC, 120 Bothwell Street, Glasgow, G2 7JT

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**NORTH LANARKSHIRE PROPERTIES LLP**

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## NORTH LANARKSHIRE PROPERTIES LLP

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### MEMBERS' REPORT FOR THE YEAR ENDED 31 MARCH 2021

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The members present their annual report together with the audited financial statements of North Lanarkshire Properties LLP (the LLP) for the year ended 31 March 2021.

#### **Principal activities and Review of the Business**

The principal activity of the LLP is the rental of property.

Turnover decreased by 3% to £6.22 million (2020 - £6.41 million).

Net assets increased by 6% to £37.9 million (2020 £35.6million) mainly attributable to a profit before tax in the year of £2.6million.

#### **Designated Members**

North Lanarkshire Council and NL Property Investments Limited were designated members of the LLP throughout the period.

#### **Members' capital and interests**

Each member's subscription to the capital of the LLP is determined by their share of the profit and is repayable following retirement from the LLP.

Details of changes in members' capital in the year ended 31 March 2021 are set out in the financial statements.

#### **Members' responsibilities statement**

The members are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 section 1A Small Entities 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Company law, (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008), requires 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, (as applied by 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 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 the 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 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 to enable them to ensure that the financial statements comply with the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008). They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the

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**NORTH LANARKSHIRE PROPERTIES LLP**

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**MEMBERS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2021**

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prevention and detection of fraud and other irregularities.

**Disclosure of information to auditor**


Each of the persons who are members at the time when this Members' report is approved has confirmed that:

- so far as that member is aware, there is no relevant audit information of which the LLP's auditor is unaware, and
- that member has taken all the steps that ought to have been taken as a member in order to be aware of any relevant audit information and to establish that the LLP's auditor is aware of that information.

**Auditor**

The Auditor, French Duncan LLP, have indicated their willingness to continue in office. The designated members will propose a motion appointing the auditors at a meeting of the members.

This report was approved by the members and signed on their behalf by:



.....  
**Mr Ian McNeil**  
**North Lanarkshire Council**

Date: 3-9-21



.....  
**Mr Pat O'Rourke**  
**NL Property Investments Limited**

Date: 3-9-21

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## NORTH LANARKSHIRE PROPERTIES LLP

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH LANARKSHIRE PROPERTIES LLP

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#### Opinion

We have audited the financial statements of North Lanarkshire Properties LLP (the 'LLP') for the year ended 31 March 2021, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the LLP's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, as applied to limited liability partnerships by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the LLP in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

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.

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.

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

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## NORTH LANARKSHIRE PROPERTIES LLP

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH LANARKSHIRE PROPERTIES LLP (CONTINUED)

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#### 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 contained within the Annual Report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 the Companies Act 2006, as applied to limited liability partnerships, requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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 page 1, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the LLP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.

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## NORTH LANARKSHIRE PROPERTIES LLP

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH LANARKSHIRE PROPERTIES LLP (CONTINUED)

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#### **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 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.

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:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the Responsible Individual ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the LLP through discussions with members and other management, and from our commercial knowledge;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the LLP, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal invoices; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed high level analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- inspecting any legal invoices;



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**NORTH LANARKSHIRE PROPERTIES LLP**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH LANARKSHIRE PROPERTIES LLP  
(CONTINUED)**

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There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance.

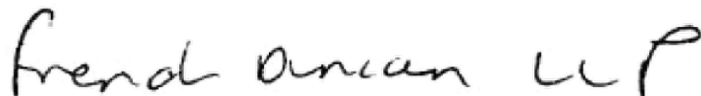
Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

**Use of our report**

This report is made solely to the LLP's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as applied by Part 12 of The Limited Liability Partnerships (Accounts and Audit) (Applications 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.



Thomas Bates (Senior statutory auditor)

for and on behalf of  
**French Duncan LLP**

Chartered Accountants and Statutory Auditor

133 Finnieston Street  
Glasgow  
G3 8HB

Date: 3 September 2021

**NORTH LANARKSHIRE PROPERTIES LLP**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2021 £	2020 £
Turnover	4	6,224,797	6,409,594
Administrative expenses		(3,486,723)	(3,896,500)
Exceptional items	11	(1,077,060)	-
Other operating income	5	2,481,893	330,001
Fair value movements	12	303,996	88,950
<b>Operating profit</b>		<b>4,446,903</b>	<b>2,932,045</b>
Interest receivable and similar income	8	3,518	62,296
Interest payable	9	(1,839,300)	(1,929,965)
Other finance cost		(1,000)	(8,000)
<b>Profit before tax</b>		<b>2,610,121</b>	<b>1,056,376</b>
<b>Profit for the year before members' remuneration and profit shares available for discretionary division among members</b>		<b>2,610,121</b>	<b>1,056,376</b>
<b>Other comprehensive income for the year</b>			
Actuarial (loss)/gain related to pension scheme	20	(357,000)	346,000
<b>Other comprehensive income for the year</b>		<b>(357,000)</b>	<b>346,000</b>
<b>Total comprehensive income for the year</b>		<b>2,253,121</b>	<b>1,402,376</b>

The notes on pages 11 to 24 form part of these financial statements.

**NORTH LANARKSHIRE PROPERTIES LLP**  
**REGISTERED NUMBER: SO304142**

**BALANCE SHEET**  
**AS AT 31 MARCH 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Investment property	12	<b>68,735,209</b>	67,818,542
		<u>68,735,209</u>	<u>67,818,542</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	13	<b>1,877,658</b>	1,134,992
Current asset investments	14	-	2,008,117
Cash at bank and in hand		<b>7,132,447</b>	5,119,805
		<u>9,010,105</u>	<u>8,262,914</u>
Creditors: Amounts Falling Due Within One Year	15	<b>(4,361,149)</b>	(4,114,612)
<b>Net current assets</b>		<u><b>4,648,956</b></u>	<u>4,148,302</u>
<b>Total assets less current liabilities</b>		<u><b>73,384,165</b></u>	<u>71,966,844</u>
Creditors: amounts falling due after more than one year	16	<b>(35,062,200)</b>	(36,320,000)
		<u><b>38,321,965</b></u>	<u>35,646,844</u>
Pension liability	20	<b>(449,000)</b>	(27,000)
<b>Net assets</b>		<u><u><b>37,872,965</b></u></u>	<u><u>35,619,844</u></u>

**NORTH LANARKSHIRE PROPERTIES LLP**  
**REGISTERED NUMBER: SO304142**

**BALANCE SHEET (CONTINUED)**  
**AS AT 31 MARCH 2021**

	Note	2021 £	2020 £
<b>Represented by:</b>			
<b>Loans and other debts due to members within one year</b>			
Other amounts	18	1,000	1,000
		1,000	1,000
<b>Members' other interests</b>			
Revaluation reserve classified as equity		23,247,908	23,077,522
Other reserves classified as equity		14,624,057	12,541,322
		37,871,965	35,618,844
		37,872,965	35,619,844
<b>Total members' interests</b>			
Loans and other debts due to members	18	1,000	1,000
Members' other interests		37,871,965	35,618,844
		37,872,965	35,619,844
		37,872,965	35,619,844

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

The financial statements were approved and authorised for issue by the members and were signed on their behalf by:

  
 .....  
**Mr Ian McNeil**  
**North Lanarkshire Council**  
 Designated member

  
 .....  
**Mr Pat O'Rourke**  
**NL Property Investments Limited**  
 Designated member

Date: 3-9-21

3-9-21

The notes on pages 11 to 24 form part of these financial statements.

NORTH LANARKSHIRE PROPERTIES LLP

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2021**

	Revaluation reserve £	Other reserves £	Total equity £
At 1 April 2020	23,077,522	12,541,322	35,618,844
<b>Comprehensive income for the year</b>			
Profit for year for discretionary division among members	-	2,610,121	2,610,121
Actuarial loss	-	(357,000)	(357,000)
<b>Other comprehensive income for the year</b>	-	(357,000)	(357,000)
<b>Total comprehensive income for the year</b>	-	2,253,121	2,253,121
Transfer to other reserves on disposal of property	(133,610)	133,610	-
Transfer of revaluation gain	303,996	(303,996)	-
<b>Total transactions with members</b>	170,386	(170,386)	-
<b>At 31 March 2021</b>	<b>23,247,908</b>	<b>14,624,057</b>	<b>37,871,965</b>

The notes on pages 11 to 24 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2020**

	Revaluation reserve £	Other reserves £	Total equity £
At 1 April 2019	23,498,616	10,717,852	34,216,468
<b>Comprehensive income for the year</b>			
Profit for year for discretionary division among members	-	1,056,376	1,056,376
Actuarial gain	-	346,000	346,000
<b>Other comprehensive income for the year</b>	-	346,000	346,000
<b>Total comprehensive income for the year</b>	-	1,402,376	1,402,376
Transfer to/from profit and loss account	(510,044)	510,044	-
Transfer of revaluation gain	88,950	(88,950)	-
<b>Total transactions with members</b>	(421,094)	421,094	-
<b>At 31 March 2020</b>	<b>23,077,522</b>	<b>12,541,322</b>	<b>35,618,844</b>

The notes on pages 11 to 24 form part of these financial statements.

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## NORTH LANARKSHIRE PROPERTIES LLP

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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#### 1. General information

The LLP is a limited liability partnership and is incorporated in Scotland. The address of its registered office is Civic Centre, Windmillhill Street, Motherwell, Lanarkshire, ML1 1AB. The address of its place of business is Suite G.3 Dalziel Building, 7 Scott Street, Motherwell, ML1 1PN

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investment properties which are carried at fair value, and in accordance with Financial Reporting Standard 102 section 1A Small Entities, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006 and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships".

The preparation of the financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also required management to exercise judgment in applying the LLP's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### 2.2 Going concern

After the national lockdown announced on 23 March 2020 as a result of the Covid 19 pandemic the LLP initially suffered a significant loss in revenues as tenants deferred rental payments. However despite economic uncertainty as a result of Covid 19 rental income has not been as negatively impacted as initially expected. The LLP has worked with tenants to put repayment plans in place, and initial cancellations of direct debits have been reinstated in most cases.

Given careful management of reserves over the years the LLP is in a strong cash position and sufficient cash reserves are available to manage the negative effects of the pandemic for the next twelve months. The LLP also withdrew short term investment funds of £2m to support the cashflow however this was not required during the year.

The property portfolio is financed by a term loan. Projections indicate the LLP will be in a position to repay all amounts due in respect of capital and interest on the term loan. As part of the term loan agreement, the LLP must comply with a forward looking debt service cover ratio which takes account of working capital movements. Although compliance with the covenant has been a concern in the past, the LLP was able to negotiate an easing of the compliance ratio with the bank, which has been accepted and extended into the year 21/22.

As part of the LLP's negotiations with its bankers, the controlling party North Lanarkshire Council, has provided a letter of comfort. The letter confirms that the Council will provide financial support to the LLP if required to ensure covenant compliance.

##### 2.3 Revenue

Turnover comprises revenue recognised by the LLP in respect of rental income and service charges recovered during the year.

##### 2.4 Operating leases: the LLP as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

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**2. Accounting policies (continued)**

**2.5 Investment property**

Investment property is carried at fair value determined annually by valuers from North Lanarkshire Council and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

**2.6 Debtors**

Short term debtors are measured at transaction price, less any impairment.

**2.7 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.8 Creditors**

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

**2.9 Government grants**

Grants relating to expenditure on investment properties are recognised in the Statement of comprehensive income under the performance model and in the period the related performance obligation is satisfied. The LLP believes this to be reflective of the nature of capital grants received.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

**2.10 Finance costs**

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

**2.11 Operating leases: the LLP as lessor**

Rental income from operating leases is credited to profit or loss on a straight line basis over the lease term.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

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**2. Accounting policies (continued)**

**2.12 Pensions**

**Defined benefit pension plan**

The LLP operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the Balance Sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the LLP's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

**2.13 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

**2.14 Borrowing costs**

All borrowing costs are recognised in profit or loss in the year in which they are incurred.



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**NORTH LANARKSHIRE PROPERTIES LLP**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**2. Accounting policies (continued)**

**2.15 Provisions for liabilities**

Provisions are made where an event has taken place that gives the LLP a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the LLP becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

**2.16 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the LLP but are presented separately due to their size or incidence.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

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

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. However, the nature of estimation means that actual outcomes could differ from these estimates. The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements:

**Provisions**

Provisions are recognised where the LLP has an obligation, as a result of a past event, that can be measured reliably and where the outcome is less than probable, but more than remote, no provision is recorded but a contingent liability is disclosed in the financial statements if material. The recording of provisions is an area which requires the exercise of management judgement relating to the nature, timing and probability of the liability and typically the LLP's balance sheet includes provisions for doubtful debts.

**Investment property valuation**

The LLP's investment properties are revalued annually by the Members. The valuation is subject to, among other factors, the nature of the property, its location and the expected future rental. As a result, the valuation of the investment properties incorporated into the financial statements is subject to a degree of uncertainty and is made on the basis of assumptions which may prove to be inaccurate, particularly in periods of volatility or low transaction flow in the market. If any of the assumptions used prove to be incorrect this could result in the valuation of the LLP's investment properties differing from the valuation incorporated into the financial statements and the difference could have a material effect on the financial statements.

The underlying fair values of Properties in the course of construction are reviewed annually.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

**Pension Liabilities**

The LLP has valued the pension liability using actuarial assumptions from a qualified actuary which have been reviewed and are considered reasonable and appropriate. Assumptions in respect of discount rates and inflation will vary from year to year, as will the value of assets and will be dependent on circumstances at the date of valuation.

Accounting policies in relation to these judgements and key sources of estimation uncertainty have been disclosed above.

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**NORTH LANARKSHIRE PROPERTIES LLP**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**4. Turnover**

An analysis of turnover by class of business is as follows:

	<b>2021</b>	<i>2020</i>
	<b>£</b>	<b>£</b>
Rental Income	<b>6,224,797</b>	6,409,594
	<u><b>6,224,797</b></u>	<u>6,409,594</u>

All turnover is wholly attributable to the principal activity of rental income and service charges of the LLP and arises solely within the United Kingdom.

**5. Other operating income**

	<b>2021</b>	<i>2020</i>
	<b>£</b>	<b>£</b>
Grants receivable	<b>2,160,464</b>	330,001
Profit on disposal of investment properties	<b>321,429</b>	-
	<u><b>2,481,893</b></u>	<u>330,001</u>

Grants receivable includes £1,860,464 in respect of funding for an investment property in the course of construction at the year end. Development costs have been included within Investment Property Additions.

A proportion of the grant may become repayable should any part of the property be sold within 15 years.

**6. Employees**

The average monthly number of employees during the year was 14 (2020 - 13).

**7. Information in relation to members**

	<b>2021</b>	<i>2020</i>
	<b>Number</b>	<b>Number</b>
The average number of members during the year was	<u><b>2</b></u>	<u>2</u>

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**8. Interest receivable**

	2021 £	2020 £
Other interest receivable	3,518	62,296
	<b>3,518</b>	<b>62,296</b>
	<b>3,518</b>	<b>62,296</b>

**9. Interest payable**

	2021 £	2020 £
Bank loan interest payable	1,839,300	1,929,965
	<b>1,839,300</b>	<b>1,929,965</b>
	<b>1,839,300</b>	<b>1,929,965</b>

**10. Other finance costs**

	2021 £	2020 £
Interest income on pension scheme assets	79,000	87,000
Net interest on net defined benefit liability	(80,000)	(95,000)
	<b>(1,000)</b>	<b>(8,000)</b>
	<b>(1,000)</b>	<b>(8,000)</b>

**11. Exceptional items**

	2021 £	2020 £
Impairment of investment property	1,077,060	-
	<b>1,077,060</b>	-
	<b>1,077,060</b>	-

During the year, costs of £2,098,302 were incurred in relation to an investment property in the course of construction. These costs are shown as additions in note 12. Based on a year end valuation of this property's expected value, an impairment charge has been recognised.

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**12. Investment property**

	<b>Freehold investment property £</b>
<b>Valuation</b>	
At 1 April 2020	<b>67,818,542</b>
Additions at cost	<b>2,098,302</b>
Disposals	<b>(408,571)</b>
Surplus on revaluation	<b>303,996</b>
Impairment of investment property	<b>(1,077,060)</b>
<b>At 31 March 2021</b>	<b>68,735,209</b>

Additions of £2,098,302 relate to an investment property in the course of construction at the year end. Based on a year end valuation of this property's expected value, an impairment charge has been recognised.

The 2021 valuations were made by Ian Martin and David Maxwell, Chartered Valuation Surveyors and members of the Royal Institute of Chartered Surveyors (RICS) at fair value. They are employed by North Lanarkshire Council, a designated member.

The surveyors have considered the impact of the COVID-19 pandemic and have not indicated a material uncertainty in the property valuation. A Summary of their report is as follows:-

"Covid 19: The situation is fast changing with new government, regulatory and market requirements appearing daily. It will take some time for the markets to recover and further time for the economy to recover. As yet there appears to be no measurable changes to yields on open market transactions. Given a combination of Government intervention and the market continuing to transact, there is no requirement to include a material uncertainty clause in this valuation."

**13. Debtors**

	<b>2021 £</b>	<b>2020 £</b>
Trade debtors	<b>719,807</b>	616,507
Other debtors	<b>1,157,851</b>	518,485
	<b>1,877,658</b>	1,134,992

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**14. Short term deposit**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Unlisted investments	-	2,008,117
	<u>-</u>	<u>2,008,117</u>
	<u><u>-</u></u>	<u><u>2,008,117</u></u>

During the current year the LLP closed the short term investment account.

**15. Creditors: Amounts falling due within one year**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Bank loans	<b>1,257,800</b>	1,145,800
Trade creditors	<b>783,617</b>	89,834
Other taxation and social security	-	155,616
Other creditors	<b>2,319,732</b>	2,723,362
	<u><b>4,361,149</b></u>	<u>4,114,612</u>
	<u><u><b>4,361,149</b></u></u>	<u><u>4,114,612</u></u>

Secured creditors amounted to £1,257,800 (2020 - 1,145,800). Details of security are included in note 16.

**16. Creditors: Amounts falling due after more than one year**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Bank loans	<b>35,062,200</b>	36,320,000
	<u><b>35,062,200</b></u>	<u>36,320,000</u>
	<u><u><b>35,062,200</b></u></u>	<u><u>36,320,000</u></u>

Secured creditors amounted to £35,062,200 (2020 - £36,320,000). Details of security are included in note 16.

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**17. Loans**

Analysis of the maturity of loans is given below:

	2021 £	2020 £
<b>Amounts falling due within one year</b>		
Bank loans	1,257,800	1,145,800
	<u>1,257,800</u>	<u>1,145,800</u>
<b>Amounts falling due 1-2 years</b>		
Bank loans	1,375,800	1,257,800
	<u>1,375,800</u>	<u>1,257,800</u>
<b>Amounts falling due 2-5 years</b>		
Bank loans	33,686,400	35,062,200
	<u>33,686,400</u>	<u>35,062,200</u>
	<u>36,320,000</u>	<u>37,465,800</u>

Interest is charged on the loan at 4.98%.

The bank loan is secured by a standard security on the LLP's investment properties and a floating charge over the assets of the LLP.

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**NORTH LANARKSHIRE PROPERTIES LLP**

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**18. Loans and other debts due to members**

	<b>2021</b>	<i>2020</i>
	<b>£</b>	<b>£</b>
Other amounts due to members	<b>1,000</b>	<i>1,000</i>
	<u><b>(1,000)</b></u>	<u><i>(1,000)</i></u>
	<u><u><b>(1,000)</b></u></u>	<u><u><i>(1,000)</i></u></u>

Loans and other debts due to members may be further analysed as follows:

	<b>2021</b>	<i>2020</i>
	<b>£</b>	<b>£</b>
Falling due after more than one year	<b>1,000</b>	<i>1,000</i>
	<u><b>(1,000)</b></u>	<u><i>(1,000)</i></u>
	<u><u><b>(1,000)</b></u></u>	<u><u><i>(1,000)</i></u></u>

Loans and other debts due to members rank equally with debts due to ordinary creditors in the event of a winding up.

**19. Contingent liabilities**

Grants receivable includes £1,860,464 in respect of an investment property in the course of construction at the year end. A proportion of the grant may become repayable should any part of the property be sold within 15 years.



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**20. Pension commitments**

The entity operates a Defined benefit pension scheme.

The contributions are determined by a qualified actuary on the basis of triennial valuations using the credit method. The most recent valuation was at 31 March 2020 which has been updated to reflect conditions at the balance sheet date. The assumptions that have the most significant effect on the results of the valuation are those relating to the rate for discounting fund assets and the rate of increase in salaries and pensions. It was assumed that the asset discounting rate would be 2.05 per cent per year, that salary increases would average 3.5% per cent per year and that present and future pensions would increase at the rate of 2.8 per cent per year. The contribution made for the year ended 31 March 2021 was £79,000. The agreed contribution rate for future years is 19.3%. Assumptions in respect of discount rates and inflation will vary from year to year, as will the value of assets and will be dependent on circumstances at the date of valuation.

Reconciliation of present value of plan liabilities:

	2021 £	2020 £
<b>Reconciliation of present value of plan liabilities</b>		
At the beginning of the year	27,000	283,000
Current service cost	143,000	150,000
Interest cost	1,000	8,000
Actuarial gains/losses	357,000	(346,000)
Contributions	(79,000)	(68,000)
<b>At the end of the year</b>	<b>449,000</b>	<b>27,000</b>
	2021 £	2020 £
Present value of plan liabilities	(449,000)	(27,000)
<b>Net pension scheme liability</b>	<b>(449,000)</b>	<b>(27,000)</b>

The amounts recognised in profit or loss are as follows:

	2021 £	2020 £
Current service cost	(143,000)	(150,000)
Interest on obligation	(80,000)	(95,000)
Interest income on plan assets	79,000	87,000
Past service cost	-	(82,000)
<b>Total</b>	<b>(144,000)</b>	<b>(240,000)</b>

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**20. Pension commitments (continued)**

Reconciliation of fair value of plan liabilities were as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Opening defined benefit obligation	<b>3,412,000</b>	3,737,000
Current service cost	<b>143,000</b>	150,000
Interest cost	<b>80,000</b>	95,000
Contributions by scheme participants	<b>26,000</b>	24,000
Benefits paid	<b>(19,000)</b>	(13,000)
Changes in financial assumptions	<b>1,099,000</b>	(431,000)
Changes in demographic assumptions	<b>(103,000)</b>	(141,000)
Other experience	<b>(359,000)</b>	(9,000)
<b>Closing defined benefit obligation</b>	<b>4,279,000</b>	3,412,000

Reconciliation of fair value of plan assets were as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Opening fair value of scheme assets	<b>3,385,000</b>	3,454,000
Interest income on plan assets	<b>79,000</b>	87,000
Contributions by employer	<b>79,000</b>	68,000
Contributions by scheme participants	<b>26,000</b>	24,000
Benefits paid and expense	<b>(19,000)</b>	(13,000)
Return on assets	<b>780,000</b>	(235,000)
Other experience	<b>(500,000)</b>	-
	<b>3,830,000</b>	3,385,000

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**21. Related party transactions**

During the year the LLP obtained goods and services from North Lanarkshire Council totalling £780,744 (2020 - £745,924). During the year the company received rent and management fees from North Lanarkshire Council totalling £521,445 (2020 - £491,340).

At the balance sheet date the LLP was owed £1,136,303 (2020 - £72,573) by North Lanarkshire Council.

At the balance sheet date the company owed £1,812,078 (2020 - £1,699,963) to North Lanarkshire Council.

**22. Controlling party**

The ultimate parent undertaking and controlling party is North Lanarkshire Council.

**23. Reconciliation of members' interests**

	EQUITY			DEBT		Total members' interests
	Members' other interests			Loans and other debts due to members less any amounts due from members in debtors		
	Revaluation reserve	Other reserves	Total	Other amounts	Total	Total
	£	£	£	£	£	£
Amounts due to members				1,000	1,000	
<b>Balance at 1 April 2019</b>	<b>23,498,616</b>	<b>10,717,852</b>	<b>34,216,468</b>	<b>1,000</b>	<b>1,000</b>	<b>34,217,468</b>
Profit for the year available for discretionary division among members	-	1,056,376	1,056,376	-	-	1,056,376
<b>Members' interests after profit for the year</b>	<b>23,498,616</b>	<b>11,774,228</b>	<b>35,272,844</b>	<b>1,000</b>	<b>1,000</b>	<b>35,273,844</b>
Movement in reserves	(421,094)	767,094	346,000	-	-	346,000
Amounts due to members				1,000	1,000	
<b>Balance at 31 March 2020</b>	<b>23,077,522</b>	<b>12,541,322</b>	<b>35,618,844</b>	<b>1,000</b>	<b>1,000</b>	<b>35,619,844</b>
Profit for the year available for discretionary division among members	-	2,610,121	2,610,121	-	-	2,610,121
<b>Members' interests after profit for the year</b>	<b>23,077,522</b>	<b>15,151,443</b>	<b>38,228,965</b>	<b>1,000</b>	<b>1,000</b>	<b>38,229,965</b>
Movement in reserves	170,386	(527,386)	(357,000)	-	-	(357,000)
Amounts due to members				1,000	1,000	
<b>Balance at 31 March 2021</b>	<b>23,247,908</b>	<b>14,624,057</b>	<b>37,871,965</b>	<b>1,000</b>	<b>1,000</b>	<b>37,872,965</b>

