

Registered Number: SO304142

NORTH LANARKSHIRE PROPERTIES LLP

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

NORTH LANARKSHIRE PROPERTIES LLP

INFORMATION

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

Armstrong Watson Audit Limited, 24 Blythswood Square, Glasgow, G2 4BG

Bankers

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

NORTH LANARKSHIRE PROPERTIES LLP

CONTENTS

	Page
Members' report	4 – 5
Independent Auditor's report	6 – 9
Statement of comprehensive income	10
Balance sheet	11 – 12
Statement of changes in equity	13 - 14
Notes to the financial statements	15 – 28
Reconciliation of members' interests	28

NORTH LANARKSHIRE PROPERTIES LLP

MEMBERS' REPORT FOR THE YEAR ENDED 31 MARCH 2022

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 2022.

Principal activities and review of business

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

Turnover increased by 2.0% to £6.35M (2021 - £6.22M).

Net assets increased by 5.8% to £40.2M (2021 - £37.9M) mainly attributable to a profit before tax and pensions in the year of £1.83M (2021 - £2.61M).

Designated Members

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

Members' capital and interests

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

Details in changes in members' capital in the year ended 31 March 2022 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" and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships".

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.

NORTH LANARKSHIRE PROPERTIES LLP

MEMBERS' REPORT
FOR THE YEAR ENDED 31 MARCH 2022

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 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

Following the resignation of the incumbent Auditors, French Duncan LLP, members reviewed its audit requirements and consequently completed a tender process from suitably qualified audit firms.

Armstrong Watson Audit Limited were successfully appointed in this role.

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

Nicole Paterson

Nicole Paterson (Sep 30, 2022 14:15 GMT+1)

Ms Nicole Paterson
North Lanarkshire Council
Date: 30/09/2022

1

Tom Fisher (Sep 30, 2022 15:28 GMT+1)

Mr Tom Fisher
NL Properties Investments Ltd
Date: 30/09/2022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORTH LANARKSHIRE PROPERTIES LLP

Opinion

We have audited the financial statements of North Lanarkshire Properties LLP (the 'LLP') for the year ended 31 March 2022, which comprise the Statement of comprehensive income, the Balance sheet, the Reconciliation of members' interests 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' and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships". (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 2022 and of its result 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 Auditors' 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORTH LANARKSHIRE PROPERTIES LLP

Other Information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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 4, 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORTH LANARKSHIRE PROPERTIES LLP

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 engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and knowledge of the Company to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management and review of appropriate industry knowledge. Key laws and regulations we identified during the audit were the UK Companies Act 2006 and tax legislation, UK employment legislation, UK health and safety legislation and relevant common law in respect of commercial leasing practices;
- we assessed the extent of compliance with the laws and regulations identified above by making enquiries of management; 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 analytical procedures as a risk assessment tool to identify any unusual or unexpected relationships;
- tested journal entries recorded on the Company's finance system to identify unusual transactions that may indicate override of controls;
- reviewed key judgements and estimates for any evidence of management bias; and
- reviewed the application of accounting policies with focus on those with heightened estimation uncertainty.

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

NORTH LANARKSHIRE PROPERTIES LLP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORTH LANARKSHIRE PROPERTIES LLP

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management to identify actual and potential litigation and claims.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

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. This description forms part of our Auditors' 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 Auditors' 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.

Martin Johnston

Martin Johnston (Sep 30, 2022 16:07 GMT+1)

Martin Johnston

Armstrong Watson Audit Limited
Chartered Accountants and Statutory Auditor
1st Floor 24 Blythswood Square
Glasgow
G2 4BG

Date: 30/09/2022

NORTH LANARKSHIRE PROPERTIES LLP

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022**

	Note	2022 £	2021 £
Turnover	4	6,349,393	6,224,797
Administration Expenses		(3,987,521)	(3,486,723)
Exceptional Items	11	-	(1,077,060)
Other Operating Income	5	117,600	2,481,893
Fair Value Movements	12	1,143,802	303,996
Operating Profit		3,623,274	4,446,903
Interest Receivable and similar income	8	9,798	3,518
Interest Payable	9	(1,794,830)	(1,839,300)
Other Finance cost		(10,000)	(1,000)
Profit Before Tax		1,828,242	2,610,121
Profit for the year before members' remuneration and profit shares available for discretionary division among Members		1,828,242	2,610,121
Other Comprehensive Income for the Year			
Actuarial gain/ (loss) related to pension scheme	19	567,000	(357,000)
Other Comprehensive Income for the Year		567,000	(357,000)
Total Comprehensive Income for the Year		2,395,242	2,253,121

The notes on pages 15 to 28 form part of these financial statements.

NORTH LANARKSHIRE PROPERTIES LLP

**BALANCE SHEET
FOR THE YEAR ENDED 31 MARCH 2022**

	Note	2022 £	2021 £
Fixed Assets			
Investment Property	12	<u>68,945,609</u>	<u>68,735,209</u>
		68,945,609	68,735,209
Current Assets			
Debtors: amounts falling due within one year	13	839,685	1,877,658
Cash at bank and in hand		<u>9,100,867</u>	<u>7,132,447</u>
		9,940,552	9,010,105
Creditors: Amounts Falling Due Within One Year	14	<u>(4,931,554)</u>	<u>(4,361,149)</u>
Net Current Assets		5,008,998	4,648,956
Total Assets less Current Liabilities		<u>73,954,607</u>	<u>73,384,165</u>
Creditors: amounts falling due after more than one year	15	(33,686,400)	(35,062,200)
		<u>40,268,207</u>	<u>38,321,965</u>
Pension Asset/(Liability)	19	-	(449,000)
Net assets		<u>40,268,207</u>	<u>37,872,965</u>

NORTH LANARKSHIRE PROPERTIES LLP

**BALANCE SHEET
FOR THE YEAR ENDED 31 MARCH 2022**

	Note	2022 £	2021 £
Represented by:			
Loans and other debts due to members within one year			
Other Amounts	17	1,000	1,000
		1,000	1,000
Members' Other Interests			
Revaluation Reserve classified as equity	24,284,818		23,247,908
Other Reserves classified as equity	15,982,389		14,624,057
		40,267,207	37,871,965
		40,268,207	37,872,965
Total members' interests			
Loans and other debts due to members	17	1,000	1,000
Members Other interests		40,267,207	37,871,965
		40,268,207	37,872,965

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

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

Nicole Paterson

Nicole Paterson (Sep 30, 2022 14:15 GMT+1)

North Lanarkshire Council

Designated Member

Date: 30/09/2022

Tom Fisher

Tom Fisher (Sep 30, 2022 15:28 GMT+1)

NL Property Investments Ltd

Designated Member

Date: 30/09/2022

The notes on pages 15 to 28 form part of these financial statements.

NORTH LANARKSHIRE PROPERTIES LLP

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Revaluation Reserve £	Other Reserves £	Total Equity £
At 1 April 2021	23,247,908	14,624,057	37,871,965
Comprehensive Income for the year			
Profit for year for discretionary division among members	-	1,828,242	1,828,242
Other comprehensive income for the year			
Actuarial gain	-	567,000	567,000
Total comprehensive income for the year	-	2,395,242	2,395,242
Transfer to other reserves on disposal of property	(106,892)	106,892	-
Transfer of revaluation gain	1,143,802	(1,143,802)	-
Total transactions with members	1,036,910	(1,036,910)	-
At 31 March 2022	24,284,818	15,982,389	40,267,207

The notes on pages 15 to 28 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
Comprehensive Income for the year			
Profit for year for discretionary division among members	-	2,610,121	2,610,121
Actuarial loss	-	(357,000)	(357,000)
Other comprehensive income for the year	-	(357,000)	(357,000)
Total comprehensive income for the year	-	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)	-
Total transactions with members	170,386	(170,386)	-
At 31 March 2021	23,247,908	14,624,057	37,871,965

The notes on pages 15 to 28 form part of these financial statements

NORTH LANARKSHIRE PROPERTIES LLP

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

1. General information

The LLP is a limited liability partnership and is incorporated in Scotland. The LLP's registration number is SO304142 and the registered office address is Civic Centre, Windmillhill Street, Motherwell, Lanarkshire, ML1 1AB. The address of its place of business is Suite G03 Dalziel building, 7 Scott Street, Motherwell, ML1 1PN.

These financial statements have been presented in Pounds Sterling, rounded to the nearest pound, as this is the currency of the primary economic environment in which the entity operates.

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 judgement in applying the LLP's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future.

The directors have prepared cash flow forecasts for a period beyond 12 months from the date of approval of these financial statements which indicate that the LLP will have sufficient funds, through its operating cash flows and cash reserves to meet its liabilities as they fall due for that period. As a result, the directors continue to adopt the going concern basis in preparing the financial statements.

The property portfolio is financed by a term loan. Projections indicate the LLP will be able to continue to service the debt through capital and interest payments. 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. The LLP is in regular contact with the loan provider to ensure covenant compliance is closely monitored and communicated. Moreover a letter of comfort has been provided by NLC to the loan provider which states that if required they would provide financial support to NLP to ensure covenant compliance.

NORTH LANARKSHIRE PROPERTIES LLP

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

2.2 Going concern (continued)

The term loan is due for repayment in October 2023. At the date of signing the financial statements. The LLP has begun the process of re-financing the loan. The directors are comfortable that this exercise will be concluded prior to the repayment date of the loan in 2023.

2.3 Revenue

Turnover comprises rental income and service charges. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the LLP and the income can be reliably measured over the period of the lease. Income is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Income is recognised in the period in which the rental service is provided, when the income and the associated costs can be measured reliably, and it is probable that consideration will be received in respect of the rental service provided.

2.4 Investment property

Investment property is carried at fair value determined annually by valuers from North Lanarkshire Council with subcontracted valuers BNP Paribas being utilised in the current year's update valuation. Values are 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.

2.5 Debtors

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

2.6 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 the acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.7 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.

2.8 Financial instruments

The LLP only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2021

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.

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 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 FRS102 fair value hierarchy and in accordance with the LLP's policy for similarly held assets. This includes the use of appropriate valuation techniques.

NORTH LANARKSHIRE PROPERTIES LLP

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2021**

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 of plan assets, less amounts included in net interest, are disclosed as "Remeasurement of net defined benefit liability".

The cost of the defined pension plan, recognised in the 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.

2.15 Provision 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 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 ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2021**

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 provision for doubtful debts.

Investment Property Valuation

The LLP's investment properties are revalued annually by the valuers from North Lanarkshire Council with subcontracted valuers BNP Parabis being utilised in the current year's update valuation. The valuation is subject to, among other factors, the nature of the property, its location and expected future rental income. 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. There is a degree of judgement involved in that the value of the investment properties will ultimately be determined by the market.

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 Liability

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.

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.

Where the performance of the scheme in any given period results in a surplus position at the year end, management consider the likelihood that the Partnership will receive future economic benefits via reduced contributions or rebates from the scheme.

NORTH LANARKSHIRE PROPERTIES LLP

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2021**

If these benefits can be reliably quantified and receipt is considered highly probable the value of the recognised asset is restricted to only those amounts deemed as recoverable.

Where the economic benefit cannot be reliably quantified or the timing of receipt is uncertain, management have determined that no asset will be recognised. Management consider this policy to be prudent and aligned with the requirements of FRS 102.

4. Turnover

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

	2022	2021
	£	£
Rental Income	6,349,393	6,224,797
	6,349,393	6,224,797

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

	2022	2021
	£	£
Grants receivable	232,237	2,160,464
Miscellaneous Income	755	-
Profit/Loss on disposal of investment properties	(115,392)	321,429
	117,600	2,481,893

Grants receivable includes £232,237 in respect of funding for an investment property which was completed in the year. Development costs have been included within Investment Property Additions.

A proportion of the grant may become repayable should any part of the properties for which the grant was received is sold within 15 years of the completion of the property. See note 18 for further details.

NORTH LANARKSHIRE PROPERTIES LLP

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2021**

6. Employees

The average number of employees during the year was 14 (2021 – 14).

7. Information in relation to members

	2022	2021
The average number of members during the year was	2	2

8. Interest receivable

	2022	2021
	£	£
Other interest receivable	9,798	3,518
	9,798	3,518

9. Interest payables

	2022	2021
	£	£
Bank loan interest payable	1,794,830	1,839,300
	1,794,830	1,839,300

10. Other finance costs

	2022	2021
	£	£
Interest income on pension scheme assets	79,000	79,000
Net interest on defined benefit liability	(89,000)	(80,000)
	(10,000)	(1,000)

11. Exceptional items

	2022	2021
	£	£
Impairment of investment property	-	1,077,060
	-	1,077,060

During the previous year, costs of £2,098,302 were incurred in relation to an investment property in the course of construction. Based on a valuation carried out in the previous year of this property's expected value, an impairment charge was recognised of £1,077,060.

NORTH LANARKSHIRE PROPERTIES LLP

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2021**

12. Investment property

	Freehold Investment Property £
Valuation	
At 1 April 2021	68,735,209
Additions at cost	294,489
Disposals	(1,227,892)
Gain on revaluation	1,143,802
As at March 2022	68,945,609

The most recent valuation of the property portfolio was carried out by BNP Paribas Real Estate, Chartered Valuation Surveyors and members of the Royal Institute of Chartered Surveyors (RICS) at fair value. The date of the valuation was 31 March 2022. The valuation carried out was an update valuation of the full valuation previously carried out in 2019 with prior update valuations being carried out in 2021 and 2020 also. The 2022 update valuations were carried out in line with Valuation Practice Statement 4 of the RICS Valuation – Global Standards 2020. The properties were valued on the basis of Fair Value with reference to up to date tenancy information. Values are 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.

In the current year 14 properties previously under construction were completed and became available to let in February 2022. The properties were valued at £958,000.

13. Debtors

	2022 £	2021 £
Trade Debtors	839,685	719,807
Other Debtors	-	1,157,851
	839,685	1,877,658

NORTH LANARKSHIRE PROPERTIES LLP

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2021**

14. Creditors: Amounts falling due within one year

	2022	2021
	£	£
Bank Loans	1,375,800	1,257,800
Trade creditors	1,125,249	783,617
Other creditors	2,385,923	2,319,732
Taxation and social security	44,581	-
	4,931,554	4,361,149

Secured creditors amounted to £1,375,800 (2021 - £1,257,800). Details of security are included in note 16.

15. Creditors: Amounts falling due after more than one year

	2022	2021
	£	£
Bank Loans	33,686,400	35,062,200
	33,686,400	35,062,200

Secured creditors amounted to £33,686,400 (2021 - £35,062,200). Details of security are included in note 16.

16. Loans

Analysis of the maturity of loans is given below:

	2022	2021
	£	£
Amounts falling due within one year		
Bank Loans	1,375,800	1,257,800
	1,375,800	1,257,800
Amounts falling due 1-2 years		
Bank Loans	33,686,400	1,375,800
	33,686,400	1,375,800
Amounts falling due 3-5		
Bank Loans	-	33,686,400
	-	33,686,400
	35,062,200	36,320,000

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. Interest is charged on the loan at 4.98% per annum. The loan is due for repayment 31 October 2023

NORTH LANARKSHIRE PROPERTIES LLP

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2021**

17. Loans and other debts due to members

	2022	2021
	£	£
Other amounts due to members	1,000	1,000
	1,000	1,000

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

	2022	2021
	£	£
Falling due after more than one year	1,000	1,000
	1,000	1,000

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

18. Contingent liabilities

Grants have been received and recognised in the prior year and the current year totalling £2,092,792 in relation to assisting with the construction of a property which has been completed in the year. A proportion of the grant may become repayable should any part of the property be sold within 15 years of the date of completion.

19. Pension commitments

The entity is a member of the Strathclyde Pension Fund, a defined benefit scheme which provides benefits based on the final pensionable salary, the assets of which are held in a separate trustee administered fund. The pension costs are assessed with the advice of independent qualified actuaries, using the projected unit method.

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 2022 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 2.75% per year, that salary increases would average 3.85% per year and that present and future pensions would increase at a rate of 3.15% per year. The contribution for the year ended 31 March 2022 was £70,000. 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.

NORTH LANARKSHIRE PROPERTIES LLP

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2021**

19. Pension commitments (continued)

In line with the stated accounting policy and having given due consideration to the requirements of FRS 102, the Directors have determined that recognition of the net pension asset within the financial statements is not appropriate given the lack of quantifiable economic benefit the LLP expects to receive, and the undeterminable timing of any inflow should it arise.

Reconciliation of defined benefit obligation:

	2022	2021
	£	£
At the beginning of the year	449,000	27,000
Current service cost	178,000	143,000
Interest cost	10,000	1,000
Actuarial gains/losses	(632,000)	357,000
Contributions	(70,000)	(79,000)
Impact of irrecoverable surplus	65,000	
	-	449,000

	2022	2021
	£	£
Present value of plan liabilities	-	(449,000)
Net Pension Scheme Liability	-	(449,000)

The amounts recognised in the profit or loss are as follows:

	2022	2021
	£	£
Current service cost	(178,000)	(143,000)
Interest on obligation	(89,000)	(80,000)
Interest income on plan assets	79,000	79,000
Past service cost	-	-
	(188,000)	(144,000)

NORTH LANARKSHIRE PROPERTIES LLP

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2021**

19. Pension commitments (continued)

Reconciliation of fair value plan liabilities were as follows:

	2022	2021
	£	£
Opening defined benefit obligation	4,279,000	3,412,000
Current service cost	178,000	143,000
Interest cost	89,000	80,000
Contributions by scheme participants	23,000	26,000
Benefits paid	(30,000)	(19,000)
Changes in financial assumptions	(394,000)	1,099,000
Changes in demographic assumptions	(25,000)	(103,000)
Other experience	7,000	(359,000)
	4,127,000	4,279,000

Reconciliation of fair value of plan assets were as follows:

	2022	2021
	£	£
Opening fair value of scheme assets	3,830,000	3,385,000
Interest income on plan assets	79,000	79,000
Contributions by employer	70,000	79,000
Contributions by scheme participants	23,000	26,000
Benefits paid and expense	(30,000)	(19,000)
Return on assets	220,000	780,000
Other experience	-	(500,000)
Impact of irrecoverable surplus	(65,000)	-
	4,127,000	3,830,000

The LLP's plan assets are categorised as follows:

Period ended	31/03/2022	31/03/2021
	% per annum	% per annum
Equities	64%	66%
Bonds	24%	23%
Property	10%	9%
Cash	2%	2%

NORTH LANARKSHIRE PROPERTIES LLP

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2021**

20. Pension commitments (continued)

The return on plan assets for the period to 31 March 2022 was 7.7%.

The assumptions and other data that have the most significant effect on the determination of the contribution levels of the scheme are as follows:

Period ended	31/03/2022	31/03/2021
	% per annum	% per annum
Pension Increase rate (CPI)	3.15%	2.80%
Salary increase rate	3.85%	3.50%
Discount rate	2.75%	2.05%

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. for both males and females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	19.6 years	22.4 years
Future pensioners	21.0 years	24.5 years

The contributions paid by the LLP are set by the Fund following each actuarial valuation based on an allocated percentage of anticipated payroll costs of the LLP.

20. Related party transactions

During the year the LLP obtained goods and services from North Lanarkshire Council totalling £776,683 (2021 – 780,744). During the year the company received rent and fees from North Lanarkshire Council totalling £1,434,539 (2021 – £521,455).

At the balance sheet date the LLP was owed £287,053 (2021 – £1,136,303) by North Lanarkshire Council.

At the balance sheet date the company owed £2,254,370 (2021 - £1,812,078) to North Lanarkshire Council.

21. Controlling party

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

NORTH LANARKSHIRE PROPERTIES LLP

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2021**

22. Reconciliation of members' interests

	EQUITY			DEBT		Total members interests
	Members' Other Interests		Total	Loans and other debts due to members less any amounts due from members in debtors		
	Revaluation Reserve £	Other Reserves £		£	Other Amounts £	Total £
Amounts due to members				1,000	1,000	
Balance at 1 April 2020	23,077,522	12,541,322	35,618,844	1,000	1,000	35,619,844
Profit for the year available for discretionary division among members	-	2,610,121	2,610,121	-	-	2,610,121
Members interests after profit for the year	23,077,522	15,151,443	38,228,965	1,000	1,000	38,229,965
Movement in reserves	170,386	(527,386)	(357,000)	-	-	(357,000)
Amounts due to members	-	-	-	1,000	1,000	-
Balance at 31 March 2021	23,247,908	14,624,057	37,871,965	1,000	1,000	37,872,965
Profit for the year available for discretionary division among members	-	2,395,242	2,395,242	-	-	2,395,242
Members interests after profit for the year	23,247,908	17,019,299	40,267,207	1,000	1,000	40,268,207
Movement in reserves	1,036,910	(1,036,910)	-	-	-	-
Amounts due to members	-	-	-	1,000	1,000	-
Balance at 31 March 2022	24,284,818	15,982,389	40,267,207	1,000	1,000	40,268,207