

## Earls Way Halesowen LLP

Members report and unaudited Financial Statements

Year ended

5 April 2017

Registered number OC351786



# Earls Way Halesowen LLP

## Annual report and unaudited financial statements for the year ended 5 April 2017

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### Members

J S Leek  
J A Leek

### Registered office

79A, Westfield Road, Edgbaston, Birmingham, B15 3JF

### Limited liability partnership number

OC351786

### Accountants

BDO LLP, Two Snowhill, Birmingham, B4 6GA

# Earls Way Halesowen LLP

## Report of the members for the year ended 5 April 2017

The members present their report together with the unaudited financial statements of the Limited Liability Partnership for the year ended 5 April 2017.

### Principal activities

The principal activity during the year was that of commercial property developers.

### Results

The results for the year are shown on page 4 of the financial statements. The members have not prepared a business review statement as, in the members' opinion, the partnership qualifies as small.

### Designated members

The members during the year were:

J S Leek  
J A Leek

### Members' responsibilities

The members are responsible for preparing the members' report and financial statements in accordance with applicable law and regulation

The Limited Liability Partnerships (Accounts & Audit) (Application of the Companies Act 2006) Regulations 2008 require the members to prepare accounts for each financial year. Under these regulations the members have elected to prepare the financial statements in accordance with United Kingdom Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under these regulations 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 Limited Liability Partnership and of the profit or loss of the Limited Liability Partnership for that period.

In preparing the accounts, the members are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Limited Liability Partnership will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the Limited Liability Partnership's transactions, disclose with reasonable accuracy at any time the financial position of the Limited Liability Partnership, and enable them to ensure that the financial statements comply with the Limited Liability Partnerships (Accounts & Audit) (Application of the Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the Limited Liability Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In preparing this members' report advantage has been taken of the small entities' exemption as applied to Limited Liability Partnerships.

This members' report was approved on

J S Leek  
Designated Member  
DATE

23.10.17

# Earls Way Halesowen LLP

## Chartered accountants' report on the unaudited financial statements

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### Chartered accountants' report to the members on the preparation of the unaudited financial statements of Earls Way Halesowen LLP for the year ended 5 April 2017.

In order to assist you to fulfil your duties under the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008, we have prepared for your approval the financial statements of Earls Way Halesowen LLP for the year ended 5 April 2017 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes from the Limited Liability Partnership's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance/>

This report is made solely to the members of Earls Way Halesowen LLP, as a body, in accordance with the terms of our engagement letter dated 29 September 2015. Our work has been undertaken solely to prepare for your approval the accounts of Earls Way Halesowen LLP and state those matters that we have agreed to state to the limited liability partnership's members, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Limited Liability Partnership and the Limited Liability Partnership's members as a body for our work or for this report.

It is your duty to ensure that Earls Way Halesowen LLP has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and profits of Earls Way Halesowen LLP. You consider that Earls Way Halesowen LLP is exempt from the statutory audit requirement for the year

We have not been instructed to carry out an audit or a review of the financial statements of Earls Way Halesowen LLP. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.



**BDO LLP**  
*Chartered Accountants*  
Birmingham  
United Kingdom

DATE 24.10.17.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

# Earls Way Halesowen LLP

## Statement of comprehensive income for the year ended 5 April 2017

	Notes	Year ended 5 April 2017 £	Period ended 5 April 2016 £
<b>Income received</b>		<b>230,508</b>	213,629
Administrative expenses		(5,064)	(5,974)
Change in fair value of investment property	5	775,000	-
<b>Operating profit</b>		<b>1,000,444</b>	207,655
Interest payable and similar charges	3	(26,664)	(29,785)
<b>Profit for the financial year before members' profit shares, available for division among members</b>	4	<b>973,780</b>	177,870
<b>Average profit per member</b>		<b>486,890</b>	88,935

No members received any salaries or remuneration.

The results above are in respect of continuing activities.

The notes on pages 6 to 10 form part of these financial statements.

# Earls Way Halesowen LLP

## Balance sheet at 5 April 2017

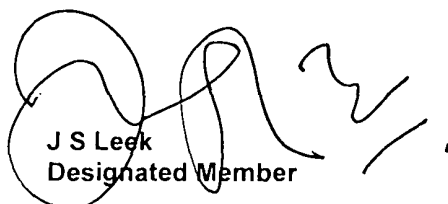
	Notes	2017 £	2017 £	2016 £	2016 £
<b>Fixed assets</b>					
Investment property	5		4,700,000		3,925,000
<b>Current assets</b>					
Cash at bank and in hand		73,897		49,476	
<b>Creditors – amounts falling due within one year</b>	6	(83,463)		(74,732)	
<b>Net current (liabilities)</b>			(9,566)		(25,256)
<b>Total assets less current liabilities</b>			4,690,434		3,899,744
<b>Creditors amounts falling due after more than one year</b>	7		(930,000)		(995,000)
<b>Net assets attributable to members</b>			3,760,434		2,904,744
<b>Total members' interest</b>					
Members' capital	9		1,320,000		1,320,000
Loans and other debts due to members	9		492,254		411,564
Revaluation reserve	9		1,948,180		1,173,180
			3,760,434		2,904,744

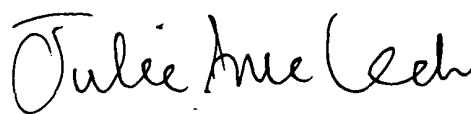
For the period ending 5 April 2017 the LLP was entitled to exemption from audit under section 477 of the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) relating to small LLPs.

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

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

These financial statements were approved by the members and authorised for issue on

  
J S Leek  
Designated Member

  
J A Leek  
Designated member

The notes on pages 6 to 10 form part of these financial statements.

# Earls Way Halesowen LLP

## LLP statement of changes in equity for the year ended 5 April 2017

	Members' capital classified as equity £	Other reserve £	Equity attributable to the members £
<b>At 6 April 2015</b>	1,320,000	1,511,462	2,831,462
<b>Comprehensive income for the year</b>			
Profit for the year and total comprehensive income for the year	-	88,935	88,935
<b>Total comprehensive income for the year</b>	-	88,935	88,935
<b>Contributions by and distributions to members</b>			
Repaid to members	-	(15,653)	(15,653)
<b>Total contributions by and distributions to members</b>	-	(15,653)	(15,653)
<b>At 5 April 2016</b>	1,320,000	1,584,744	2,904,744
<b>Comprehensive income for the year</b>			
Profit for the year and total comprehensive income for the year	-	973,780	973,780
<b>Total comprehensive income for the year</b>	-	973,780	973,780
<b>Contributions by and distributions to members</b>			
Repaid to members	-	(118,090)	(118,090)
<b>Total contributions by and distributions to members</b>	-	(118,090)	(118,090)
<b>At 5 April 2017</b>	1,320,000	2,440,434	3,760,434

The notes on pages 6 to 10 form part of these financial statements.

# Earls Way Halesowen LLP

Notes forming part of the unaudited financial statements for the year ended 5 April 2017

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## 1 Principal accounting policies

Earls Way Halesowen LLP is a Limited Liability Partnership ('LLP') incorporated in England & Wales under the Limited Liability Partnerships Act 2000. The address of the registered office is given on the contents page and the nature of the entity's operations and its principal activities are set out in the members' report.

The financial statements have been prepared in accordance with FRS 102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, including the Statement of Recommended Practice (2017), 'Accounting by Limited Liability Partnerships'.

Information on the impact of first-time adoption of FRS102 is given in note 11.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the LLP's accounting policies (see note 2).

The LLP has taken advantage of the disclosure exemptions available to small entities in preparing these financial statements.

These financial statements have been prepared in the LLP's functional currency, pounds sterling.

The following principal accounting policies have been applied consistently:

### ***Going concern***

The financial statements have been prepared on the going concern basis which the members believe to be appropriate.

### ***Turnover***

Income received, which excludes VAT, represents property rental and insurance recharged. Annual rentals receivable under operating leases are recognised in turnover on a straight-line basis over the term of the lease. All income received is made within the UK.

### ***Investment properties***

Investment property is carried at fair value determined annually by external valuers 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 profit or loss.

### ***Financial instruments***

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. The LLP's cash at bank, trade and other debtors and trade creditors, other creditors and accruals are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

### ***Taxation***

The activities of the LLP do not give rise to a taxation charge or credit in the LLP, since the taxation liability is reflected in the accounts of the members according to their membership share.



# Earls Way Halesowen LLP

Notes forming part of the unaudited financial statements for the year ended 5 April 2017

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## 1 Principal accounting policies *(continued)*

### ***Profit allocations***

Profit allocations are recognised in the year in which they are declared and become a present obligation of the LLP. Unallocated profits are recognised in equity ('other reserves'). The statutory profit for the financial year available for discretionary division among members will be allocated subsequent to the approval of the financial statements, subject to the discretion of the members as a body. Any losses are not allocated to members but must be eliminated by future profits before profit allocations recommence.

### ***Members' capital***

Initial capital contributions ('principal capital') of each of the members are amounts as set out in the LLP agreement. Further members shall contribute upon admission to the LLP such capital as determined by the members as a body.

No member can withdraw or receive back any part of their principal capital contribution account except for in specific circumstances as detailed in the LLP deed and approved by the members as a body. Members' principal capital is therefore classified as equity.

Subsequent capital is repaid to members shortly after ceasing to be a member of the LLP, or at such other time as is determined by the members as a body. Members' subsequent capital is therefore classified as a liability due within one year. There is no opportunity for the appreciation of capital subscribed.

The activities of the LLP do not give rise to a taxation charge or credit in the LLP, since the taxation liability is reflected in the accounts of the members according to membership share.

## 2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the members have had to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historic experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities and are not readily apparent from other sources. Actual results may differ from these estimates. The judgements, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

### **Investment property**

Investment property are valued annually using a yield methodology. This uses market rental values capitalised at the market capitalisation rate but there is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself.

# Earls Way Halesowen LLP

Notes forming part of the unaudited financial statements for the year ended 5 April 2017

## 3 Interest payable and similar charges

	2017 £	2016 £
Bank interest	<u>26,664</u>	<u>29,785</u>

## 4 Members' share of profits

Profits are shared among the members after the end of the year in accordance with agreed profit sharing arrangements. Members are required to make their own provision for pensions and tax from their profit shares. The average number of members during the year was 2.

Profits attributable to the member with the largest entitlement was £964,042.

## 5 Fixed assets

	Investment property £
<i>Valuation</i>	
At 6 April 2016	3,925,000
Revaluation	775,000
At 5 April 2017	<u>4,700,000</u>

The investment property was revalued at an open market value by Andrew Dixon & Company on 5 April 2017.

The surplus on revaluation of investment property arising of £775,000 has been credited to the profit and loss for the year.

If investment property had been accounted for under the historic cost accounting rules, the property would have been included as follows:

	2017 £	2016 £
Historic cost	<u>2,751,820</u>	<u>2,751,820</u>

# Earls Way Halesowen LLP

Notes forming part of the unaudited financial statements for the year ended 5 April 2017

6	Creditors: amounts falling due within one year	2017 £	2016 £
	Tax and social security	23,373	20,934
	Accruals	4,263	4,453
	Deferred income	55,827	49,345
		<u>83,463</u>	<u>74,732</u>

7	Creditors: amounts falling due after more than one year	2017 £	2016 £
	Bank loan (secured)	<u>930,000</u>	<u>995,000</u>

The bank loan is secured by a charge over the investment property and is due for repayment on the 8<sup>th</sup> anniversary of drawdown, being 8 June 2019. Interest is charged at 2.25% over libor.

## 8 Financial instruments

The LLP's financial instruments may be analysed as follows:

	2017 £	2016 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<u>73,897</u>	<u>49,476</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>990,090</u>	<u>1,048,798</u>

Financial assets measured at amortised cost comprise cash at bank and in hand.

Financial liabilities measured at amortised cost comprise bank loan, accruals, and deferred income.

# Earls Way Halesowen LLP

Notes forming part of the unaudited financial statements for the year ended 5 April 2017

## 9 Members' Interests

	EQUITY				DEBT			Total members' interest
	Members' other interests				Loans and other debts due to members less any amounts due from members in debtors			
	Members' capital classified as equity	Merger reserve	Other reserves	Total	Members' capital classified as a liability	Other amounts	Total	
	£	£	£	£	£	£	£	Total 2015 £
Amounts due to members	1,320,000	-	1,173,180	2,493,180	-	411,564	411,564	2,904,744
Amounts due from members	-	-	-	-	-	-	-	-
Balance at 6 April 2016	1,320,000	-	1,173,180	2,493,180	-	411,564	411,564	2,904,744
Profit for the financial year available for division among members	-	-	775,000	775,000	-	198,780	198,780	973,780
Repayment to members	-	-	-	-	-	(118,090)	(118,090)	(118,090)
Amounts due to members	-	-	775,000	775,000	-	80,690	80,690	855,690
Balance at 5 April 2017	1,320,000	-	1,948,180	3,268,180	-	492,254	492,254	3,760,434

## 10 Controlling party

The partnership is controlled by J S Leek.

## 11 First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

The page which follows does not  
form part of the statutory  
financial statements of the undertaking

# Earls Way Halesowen LLP

## Detailed profit and loss account for the year ended 5 April 2017

	Year ended 5 April		Period ended 5 April	
	2017	2017	2016	2016
	£	£	£	£
Rent received		230,508		213,629
Insurance recharged		3,085		3,108
<b>Total income</b>		<b>233,593</b>		<b>216,737</b>
<i>Administrative expenses</i>				
Accountancy fees	(1,800)		(1,800)	
Legal and professional fees	(2,750)		(3,271)	
Insurance	(3,085)		(3,108)	
Sundry expenses	(500)		(883)	
Bank charges	(14)		(20)	
		<b>(8,149)</b>		<b>(9,082)</b>
Change in fair value of investment property		775,000		-
<b>Operating profit</b>		<b>1,000,444</b>		<b>207,655</b>
<i>Interest payable and similar charges</i>				
Bank interest paid	(26,664)		(29,785)	
		<b>(26,664)</b>		<b>(29,785)</b>
<b>Profit for the year available to members</b>		<b>973,780</b>		<b>177,870</b>