

harcourt

waverton property llp

report and financial statements

year ended 5 April 2017

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Limited Liability Partnership Number OC371215

report and financial statements 2017

contents

members' report	1
independent auditor's report	3
profit and loss account	5
reconciliation of movements in members' funds	6
balance sheet	7
accounting policies	8
notes to the financial statements	10

members' report

year ended 5 April 2017

The members have pleasure in presenting their report and the financial statements of Waverton Property LLP for the year ended 5 April 2017.

activities

The principal activity of the partnership was the ongoing renovation of the property, Central Exchange in Birmingham, into a modular data centre and the future exploitation thereof.

review of the period

The LLP's loss for the financial period was £6,715,248 (2016 - £1,159,406). Based on management projections it is forecast that the LLP will generate profit once it commences exploitation of its principal asset.

designated members

The following members were designated members during the year:

Westgate Capital Limited

Tregunter Administrative Services Limited

future developments

Phase One renovation completed in 2014 and after the year end the Partnership has secured a tenant for the property. Development of the second phase of the works commenced in Q3 2017.

allocation of profits, drawings and financing

In accordance with the Members' Agreement, profits earned on a periodic basis are allocated each year either to the Ordinary Members and/or the Corporate Member proportionately to the amount of their respective capital interests.

Following each year end date, the Designated Members shall assess the future working capital and other financial requirements of the LLP. Any surplus cash shall be distributed within a reasonable period thereafter. No Ordinary Member shall be entitled to any drawings until such time as the Corporate Member has repaid its loan. Designated Members are not entitled to a share of profits or drawings.

The operating cash requirements of the LLP shall be met out of Members' initial contributions, no Member shall be required to make any further funding available after his or her admission as a member.

auditors

During the period, Shipleys LLP were appointed as auditors. A resolution to reappoint Shipleys LLP will be proposed at the next members' meeting.

members' report

year ended 5 April 2017

statement of members' responsibilities

The members are responsible for preparing the financial statements and members' report in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Legislation applicable to limited liability partnerships requires the members to prepare financial statements for each financial period which 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 those financial statements, the members are required to:

- select suitable accounting policies, as described on pages 8 and 9, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The members are responsible for keeping proper accounting records that 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 modified by the Limited Liability Partnership Regulations 2008. The members are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the members are aware:

- there is no relevant audit information of which the auditor is unaware, and
- the members have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

small llp provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 (as applied to limited liability partnerships by regulation 3 of the Limited Liability Partnerships Regulations 2008).

This report was approved by the Designated Members on 27 September 2017



Tregunter Administrative Services Limited
Designated Member



Westgate Capital Limited
Designated Member

Gilmoora House, 57-61 Mortimer Street, London W1W 8HS

independent auditor's report to the members of waverton property llp

year ended 5 April 2017

We have audited the financial statements of Waverton Property LLP for the year ended 5 April 2017 which comprise the profit and loss account, the reconciliation of members' interests, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 Section 1A 'The Financial Standard applicable in the UK and Republic of Ireland'.

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 to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 as amended by the Limited Liability Partnerships, Partnerships and Groups (Accounts and Audit) Regulations 2016. 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.

respective responsibilities of members and auditor

As explained more fully in the Statement of Members' Responsibilities the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standard for Auditors.

scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the limited liability partnership's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the designated members; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the members' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

opinion on financial statements

In our opinion the financial statements:

- ♦ give a true and fair view of the state of the LLP's affairs as at 5 April 2017 and of its loss for the year then ended;
- ♦ have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to smaller entities; 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.

matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 financial statements in accordance with the small limited liability partnerships' regime.



Joseph Kinton (senior statutory auditor)

For and on behalf of Shipleys LLP, Chartered Accountants and Statutory Auditors
10 Orange Street, Haymarket, London WC2H 7DQ

Shipleys LLP is a limited liability partnership registered in England and Wales (with registered number OC317129).

11 October 2017

profit and loss account
year ended 5 April 2017

	Notes	2017 £	2016 £
Turnover		-	-
Cost of sales		-	-
Gross (Loss)		-	-
Administrative Expenses		(6,416,830)	(1,096,919)
Operating (Loss)	1	(6,416,830)	(1,096,919)
Attributable to:			
Operating loss before exceptional items		(582,423)	(607,073)
Exceptional items		(5,834,407)	(489,846)
Interest Receivable and Similar Income		-	-
Interest Payable and Similar Charges		-	-
(Loss) for the financial period before members' remuneration and profit shares		(6,416,830)	(1,096,919)
Members' remuneration charged as an expense		(298,418)	(62,487)
(Loss) for the year available for discretionary division among members		(6,715,248)	(1,159,406)

The notes on pages 10 to 13 form part of these financial statements.

reconciliation of movements in members' funds**year ended 5 April 2017**

	Members' capital (classified as equity)	Other reserves £	Loans & other debtors due to members £	2017 total £
Members' interests at 6 April 2016	78,526,513	(7,378,372)	97,276	71,245,417
Members' remuneration charged as an expense, including employment and retirement benefit costs	-	-	298,418	298,418
(Loss) for the year available for discretionary division among members	-	(6,715,248)	-	(6,715,248)
Members' interests after loss for the year	78,526,513	(14,093,620)	395,694	64,828,587
Other division of profits	-	-	-	-
Introduced by members	-	-	1,059,835	1,059,835
Repayments of debt	-	-	-	-
Drawings	-	-	-	-
Amounts due to Members	-	-	1,912,284	-
Amounts due from Members	-	-	(456,755)	-
Members' Interests at 5 April 2017	78,526,513	(14,093,620)	1,455,529	65,888,422

year ended 5 April 2016 - restated

	Members' capital (classified as equity)	Other reserves £	Loans & other debtors due to members £	2016 total - restated £
Members' interests at 6 April 2015	78,526,513	(6,218,966)	(456,755)	71,850,792
Members' remuneration charged as an expense, including employment and retirement benefit costs	-	-	62,487	62,487
(Loss) for the year available for discretionary division among members	-	(1,159,406)	-	(1,159,406)
Members' interests after loss for the year	78,526,513	(7,378,372)	(394,268)	70,753,873
Other division of profits	-	-	-	-
Introduced by members	-	-	491,544	491,544
Repayments of debt	-	-	-	-
Drawings	-	-	-	-
Amounts due to Members	-	-	554,031	-
Amounts due from Members	-	-	(456,755)	-
Members' Interests at 5 April 2016	78,526,513	(7,378,372)	97,276	71,245,417

The notes on pages 10 to 13 form part of these financial statements.

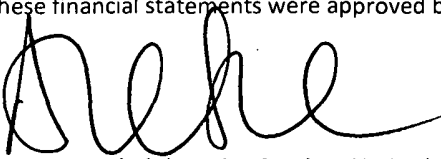
balance sheet

at 5 April 2017

	Notes	2017 £	2016 (restated) £
Non-Current Assets			
Tangible Fixed Assets	3	67,740,000	73,574,407
Investments	4	2	2
		<u>67,740,002</u>	<u>73,574,409</u>
Current Assets			
Debtors	5	460,419	456,675
Cash at Bank		603,403	55,596
		<u>1,063,822</u>	<u>512,271</u>
Creditors: Amounts falling due within 1 year	6	<u>(102,852)</u>	<u>(28,713)</u>
Net Current Assets		960,970	483,558
Provisions and other liabilities	7	<u>(2,355,795)</u>	<u>(2,355,795)</u>
Net Assets attributable to members		<u><u>66,345,177</u></u>	<u><u>71,702,172</u></u>
Represented by:			
Loans and other amounts due to members			
Other amounts		1,912,284	554,031
		<u>1,912,284</u>	<u>554,031</u>
Equity			
Members capital classified as equity		78,526,513	78,526,513
Other reserves		(14,093,620)	(7,378,372)
		<u>64,432,893</u>	<u>71,148,141</u>
		<u><u>66,345,177</u></u>	<u><u>71,702,172</u></u>
Total members' interests			
Amounts due to members		1,912,284	554,031
Amounts due from members		(456,755)	(456,755)
Members' other interests		64,432,893	71,148,141
		<u>65,888,422</u>	<u>71,245,417</u>

These financial statements have been prepared in accordance with the special provisions within Part 15 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 as modified by the Limited Liability Partnerships, Partnerships and Groups (Accounts and Audit) Regulations 2016.

These financial statements were approved by the members on 27/09/17 and are signed on their behalf by:


Tregunter Administrative Services Limited
 Designated Member


Westgate Capital Limited
 Designated Member

Registered Number OC371215

The notes on pages 10 to 13 form part of these financial statements.

accounting policies

year ended 5 April 2017

general information

Waverton Property LLP is a limited liability partnership incorporated in England and Wales, registered number OC371215. The registered office is Gilmoora House, 57-61 Mortimer Street, London W1W 8HS.

basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102 section 1A'), Companies Act 2006 as applied by LLPs and the Statement of Recommended Practice (SORP), Accounting by Limited Liability Partnerships, issued in January 2017.

The financial statements have been prepared on the historical cost basis except for the modification to the investment property as specified in the accounting policy below.

This is the first year in which the financial statements have been prepared under FRS 102 section 1A. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 12.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Waverton Property LLP has one subsidiary, Waverton Property OpCo Limited.

going concern

The LLP's loss for the financial period was £6,715,248 (2015 £1,159,406). Based on management projections it is forecast that the LLP will generate profit once it commences exploitation of its principal asset. The LLP has secured a tenant for the site post the balance sheet date which enables the members to have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

DS Capital (Birmingham) Limited is the Corporate Member of the LLP. The company has entered into a loan facility with Bank Winter & Co AG in order to finance its interest in the LLP. The loan is secured by legal charges dated 5 April 2013 granting a legal mortgage over the company's interest in its property lease as well as fixed charges over all present and future assets of the business.

The Corporate Member's forecasts and projections, taking account of likely changes in trading performance, show that the company should be able to operate within the terms of its current debt facility. The directors have a reasonable expectation that with the loan facility in place, the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

consolidation

In the opinion of the Members, the LLP and its subsidiary undertaking comprise a small group. The LLP has therefore taken advantage of the exemption provided under Section 398 of the Companies Act 2006 as modified by the Limited Liability Partnership Regulations 2008 not to prepare group accounts. The financial statements present the results of the LLP parent only and do not show the results of the group.

cash flow statement

The partnership is exempt from the requirement to prepare a cash flow statement.

turnover

Turnover represents the income accruing during the period from exploitation of the partnership's property asset in the form of rent, excluding VAT. Turnover which has been recognised but not invoiced by the balance sheet date is included in debtors as accrued income. Amounts invoiced in advance are included in deferred income.

accounting policies

year ended 5 April 2017

investment properties

Under the requirements of FRS102, the LLP is required to assess the value of the investment property and, where possible, account for it at fair value through the profit and loss account. FRS102 permits alternative valuation methods where the fair value cannot be ascertained without undue time and effort. Due to the specialist nature of the LLP's property asset, the LLP has adopted an alternative method, using the provisions of section 17 FRS102 in determining value.

investments

Investments are held at cost less provision for diminution in value. An impairment review is carried out on an annual basis.

taxation

The taxation payable on the LLP's profits is a personal liability of the members during the year.

members' participation rights

Members' participation rights are the rights of a member against the LLP that arise under the members' agreement (for example, in respect of amounts subscribed or otherwise contributed, remuneration and profits).

Members' participation rights in the earnings or assets of the LLP are analysed between those that are, from the LLP's perspective, either a financial liability or equity, in accordance with FRS 25 (IAS32) Financial Instruments: Disclosure and Presentation and UITF abstract 39 Members' shares in co-operative entities and similar instruments. A member's participation right results in a liability unless the right to any payment is discretionary on the part of the LLP.

Amounts subscribed or otherwise contributed by members, for example members' capital, are classed as equity if the LLP has an unconditional right to refuse payment to members. If the LLP does not have an unconditional right, such amounts are classified as liabilities.

Where profits are automatically divided as they arise, so the LLP does not have an unconditional right to refuse payment, the amounts arising that are due to members are in the nature of liabilities. They are therefore treated as an expense in the Profit and Loss Account in the relevant year. To the extent that they remain unpaid at the year end, they are shown as liabilities in the Balance Sheet.

Conversely, where profits are divided only after a decision by the LLP or its representative, so that the LLP has an unconditional right to refuse payment, such profits are classed as an appropriation of equity rather than as an expense. They are therefore shown as a residual amount available for discretionary division among members in the Profit and Loss Account and are equity appropriations in the Balance Sheet.

Other amounts applied to members, for example remuneration paid under an employment contract and interest on capital balances, are treated in the same way as all other divisions of profits, as described above, according to whether the LLP has, in each case, an unconditional right to refuse payment.

All amounts due to members that are classified as liabilities are presented in the Balance Sheet within 'Loans and other debts due to'. Amounts due to members that are classified as equity are shown in the Balance Sheet within 'Members' other interests'.

financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the LLP after deducting all of its liabilities.

notes to the financial statements

year ended 5 April 2017

1 operating profit

Operating profit is stated after charging / (crediting):		2017	2016
		£	£
Auditors' remuneration:	- audit services	5,000	5,000
Exceptional Administration Expenses	- impairment charge	5,834,407	489,846

2 employee information

The LLP had no employees and no members received any salaried remuneration from the LLP during the period. The average number of members in the period was 273 (2016: 273).

	2017	2016
	£	£
The profit/(loss) attributable to the member with the largest entitlement to profit/(loss) was:	(6,715,248)	(1,159,406)

3 tangible fixed assets

	Investment property	Total
	£	£
Cost		
At 5 April 2016	74,064,253	74,064,253
Additions	-	-
At 5 April 2017	74,064,253	74,064,253
Impairment		
At 5 April 2016	(489,846)	(489,846)
Charge for the year	(5,834,407)	(5,834,407)
At 5 April 2017	(6,324,253)	(6,324,253)
Net Book Value		
At 5 April 2016	73,574,407	73,574,407
At 5 April 2017	67,740,000	67,740,000

In accordance with the requirements of FRS102, the LLP assesses carrying value of the investment property on a depreciated replacement cost basis.

notes to the financial statements
year ended 5 April 2017

4 investments

	Investment in Subsidiary £
Cost	
At 5 April 2016	2
Additions	-
At 5 April 2017	2
Impairment	
At 5 April 2016	-
Charge for the year	-
At 5 April 2017	-
Net Book Value	
At 5 April 2016	2
At 5 April 2017	2

Non-current asset investments represent the LLP's interest in the entire issued ordinary share capital of Waverton Property OpCo Limited, a company incorporated in the UK and registered in England and Wales. Its loss for the period ended 5 April 2017 was £163,939 (2016: £580,562) and it had negative aggregate capital and reserves at that date of £733,706 (2016: £569,767).

After the year end the LLP's subsidiary ceased its trade and is in the process of being wound up.

5 debtors

	2017 £	2016 £
Trade debtors	(81)	(81)
Amounts due from members	456,755	456,755
Taxation and Social Security	3,745	-
	<u>460,419</u>	<u>456,675</u>

6 creditors: amounts falling due within one year

	2017 £	2016 £
Trade Creditors	32,496	163
Taxation and Social Security	-	4,529
Other Creditors	3,392	3,392
Accruals and deferred income	66,964	20,628
	<u>102,852</u>	<u>28,713</u>

Any loans and other debts due to members would rank after unsecured creditors in the event of a winding-up.

notes to the financial statements

year ended 5 April 2017

7 provisions and other liabilities

Waverton Property LLP has given security to Bank Winter & Co in respect of certain amounts payable in relation to the Corporate Member loan. The Developer (Aggmore Developments (Midlands) LLP) has undertaken to meet this cost, however at the balance sheet date, it was considered probable that the developer cannot meet these obligations. The LLP has an ongoing provision for the best estimate of the likely obligation (£2,355,795). This liability is likely to be paid on the earlier of a refinancing of the loan and the disposal of the property.

	2017	2016
	£	£
Balance at 5th April	2,355,795	2,355,795

8 contingent liability

The LLP is contracted to pay an annual Management Fee of 2% of the Partnerships' net assets to Harcourt Capital LLP (subject to a floor of 2% of the original Property Expenditure) for ongoing services provided in the monitoring of the property. The liability associated with this fee has been assumed by the Developer (Aggmore Developments (Midlands) LLP) whilst the Corporate Member debt is in place. The payment of this fee is contingent upon performance of the underlying data centre, allowing repayment of the associated bank debt thereby releasing security amounts to the Developer, Aggmore Developments (Midlands) LLP. As at the year end the conditions for payment of this fee have not yet been met and as such no amount has been recognised. It is anticipated that future performance will allow for the payment of this fee but this is not guaranteed or in the control of the Partnership.

9 members' interests

In June 2015 the LLP resolved to raise further funds from members by way of a debt facility from members. The agreed maximum facility was £630,000, and at the year end the amount drawn was £491,544. The debt has a repayment date of 31 December 2022 and carries an interest rate of 20% per annum (payable on repayment). Interest accrued on this in the year to 5th April 2017, disclosed as members' remuneration charged as an expense, is £110,806 (2016: £62,487).

In March 2016 the LLP resolved to raise further funds from members by way of a further debt facility from members. The agreed maximum facility was £1,250,000, and at the year end the amount drawn was £1,059,835. The debt has a repayment date of 31 December 2022 and carries an interest rate of 20% per annum (payable on repayment). Interest accrued on this in the year to 5th April 2017, disclosed as members' remuneration charged as an expense, is £187,612.

notes to the financial statements

year ended 5 April 2017

10 related party transactions

Harcourt Capital LLP

Harcourt Capital LLP is the parent entity of Tregunter Administrative Services Limited, Westgate Capital Limited and DS Capital (Birmingham) Limited, all of which are members of the LLP. Tregunter Administrative Services Limited is entitled to an annual administration fee of £10,000 and a designated member fee of £5,000 from the LLP. In the period the partnership was charged £10,000 (2016: £10,000) and £5,000 (2016: £5,000) in respect of the above mentioned services. £nil was outstanding as at the balance sheet date (2016: £nil). Westgate Capital Limited is entitled to an annual designated member fee of £5,000 from the LLP. In the period the partnership was charged £5,000 (2016: £5,000) in respect of services provided by the company. £nil was outstanding at the year end (2016: £nil).

During the year Harcourt Capital LLP made payments of £1,625 (2016: £nil) on behalf of the LLP. As at the year-end £nil (2016: £nil) remained outstanding.

Oxygen Ventures Limited

Oxygen Ventures Limited is the operator of the LLP. Mrs E V Myers and Mrs L J Avigdor are directors and shareholders of Oxygen Ventures, and are also members of Harcourt Capital LLP. During the period Oxygen Ventures Limited was entitled to operator fees from the partnership of £20,000 (2016: £20,000). At the year end £nil was outstanding (2016: £nil).

Waverton Property OpCo Limited

During the period, Waverton Property LLP (the parent company) was entitled to rental fees and recharges from the company of £nil (2016: £56,999). At the year end £695,375 remained outstanding (2016: £595,624), against which a provision for bad debt has been made for the full amount. Waverton Property OpCo Limited was entitled to receive an annual management fee of £10,000 from the partnership (2016: £10,000). As at the year-end £nil remained unpaid (2016: £nil).

11 controlling party

Waverton Property LLP is under the control of its members. Due to its economic interest in the partnership and the right of veto held by the Corporate Member, the partnership is considered to be a subsidiary of DS Capital (Birmingham) Limited, the immediate parent company incorporated in England and Wales. The ultimate parent entity is Harcourt Capital LLP, incorporated in England and Wales.

12 transition to FRS 102 section 1A

These are the first financial statements that comply with FRS 102 Section 1A. The LLP transitioned to FRS 102 on 6 April 2015. No transitional adjustments were required on adoption of the new standard.

13 prior period restatement

The prior period financial statements incorrectly showed an additional amount of £62,487 within loans and other amounts due to members and members' other reserves. The figures have been restated, and there is no net effect on net assets or profit and loss from this restatement.