

Public Document Pack

Southend-on-Sea City Council

Legal & Democratic Services

Executive Director: John Williams

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21 March 2022

THE SHAREHOLDER BOARD - MONDAY, 21ST MARCH, 2022 SUPPLEMENTARY REPORT PACK 2: PORTERS PLACE UPDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2021

Please find enclosed, for consideration at the next meeting of the Shareholder Board taking place on Monday, 21st March, 2022, the following updated report that was unavailable when the agenda was printed.

Agenda Item No

3 LLP Budget/Reserved Matters Application Extension Request and LLP Financial Statements Year End March 2021 (Pages 1 - 18)

Revised Appendix – Porters Place LLP Financial Statements Year End March 2021 attached

Rob Harris
Principal Democratic Services

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Limited Liability Partnership Registration No: OC427026

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Porters Place Southend-on-Sea LLP

Annual Report and Financial Statements

Year ended 31 March 2021

Porters Place Southend-on-Sea LLP
Year ended 31 March 2021

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Legal and Administrative Details

Designated Members	Southend on Sea Borough Council Swan BQ Limited
Registered office	Pilgrim House High Street Billericay Essex CM12 9XY
External Auditor	Grant Thornton UK LLP 30 Finsbury Square London EC2A 1AG
Solicitors	Devonshires Solicitors LLP 30 Finsbury Circus London EC2M 7DT
Bankers	Royal Bank of Scotland plc 29 East Walk Basildon Essex SS14 1HD
Limited Liability Partnership Registration No	OC427026

Porters Place Southend-on-Sea LLP
Year ended 31 March 2021

Members' Report

The Members present their audited report on Porters Place Southend-on-Sea LLP (the "Partnership") for the year ended 31 March 2021.

The Partnership is a joint venture whose Designated Members are Swan BQ Limited and Southend on Sea Borough Council. The relevant percentages of each Member's interest are 50% respectively. Control is exercised pursuant to a Limited Liability Partnership Agreement dated 24 April 2019. The Partnership is for a fixed 30-year term.

Principal Activity

The principal activity of the Partnership is that of property development and the provision of new neighbourhood facilities at a development formerly known as the Queensway estate, Southend, Essex. The development known as Better Queensway will comprise of up to 1760 homes, a realigned Queensway road, improved public realm and commercial uses.

The site is being developed in 4 phases. Phase 1 is due to complete in 2026, with a total of 415 residential units. An outline planning application was approved in March 2021, and a reserved matters application for Phase 1 is due to be submitted in November 2021.

Results

The Partnership has recorded a profit of £837,000 (2020 restated: £507,000 profit) in the year. The profit relates to the fair valuing of drawn Junior Loan Facilities offset by administration fees incurred by the Partnership in the year.

Key Performance Indicators

During the year the Partnership incurred costs relating to the masterplan of the scheme and preparation for planning permission, and as such all associated costs were capitalised against the development.

KPI	2020/21	2019/20
Work in progress	£4,557,000	£1,836,000
Junior Loan Facilities – balance drawn	£4,500,000	£1,500,000

Going Concern

On the basis of their assessment of the Partnership's funding arrangements, trading prospects and other aspects of its financial position, the Members have a reasonable expectation that the Partnership will be able to continue in operational existence for the foreseeable future, being a period of not less than 12 months from the date of approval of these financial statements and therefore has adopted the going concern basis of preparation in these financial statements. The ongoing recovery from Covid19 has been modelled and mitigations developed as part of the projects approach to risk management. The Partnership has sufficient funding through existing facilities to achieve detailed planning permission for Phase 1 and will seek further external funding once full planning permission is granted. The Partnership will utilise the remainder of the Junior Loan Facilities across the next 24 months.

Risk Management

The Partnership has developed a risk register. It is reviewed and updated by the Board of Members on a quarterly basis. The principal risks affecting the Partnership at the current stage of its business are general economic slowdown leading to a forecast drop in property sales, recruiting and retaining key personnel and employment of contractors and planning /development risk related to the development of site.

The ongoing recovery from Covid-19 and trade in a post Brexit operating environment continues to be monitored by the Directors but is not currently expected to materially impact the Company's prospects and opportunities.

Approved by the Board of Members and signed on their behalf by:

Jeremy Vickers
For Swan BQ Limited
Designated Member
(insert date)

Porters Place Southend-on-Sea LLP
Year ended 31 March 2021

Members' Responsibilities Statement

The Members are responsible for preparing the financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the 2008 Regulations) require the Members to prepare financial statements for each financial year. Under that law the Members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting' Standard applicable in the UK and Republic of Ireland). The financial statements are required by law to 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with the 2008 Regulations. 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.

The members confirm that:

- so far as each member is aware, there is no relevant audit information of which the LLP's auditor is unaware; and
- the members have taken all the steps that they ought to have taken as members in order to make themselves aware of any relevant audit information and to establish that the LLP's auditor is aware of that information.

The members are responsible for the maintenance and integrity of the corporate and financial information included on the LLP's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdiction.

Approved by the Board of Members and signed on their behalf by:

Jeremy Vickers
For Swan BQ Limited
Designated Member
(insert date)

Independent auditor's report to the members of Porters Place Southend-on-Sea LLP

Opinion

We have audited the financial statements of Porters Place Southend-on-Sea LLP (the 'limited liability partnership') for the year ended 31 March 2021, which comprise the Statement of Comprehensive Income, the Reconciliation of Members' Interests, the Statement of Financial Position, the statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 March 2021 and of its loss 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.

Basis for opinion

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

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the limited liability partnership's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the limited liability partnership to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the limited liability partnership's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the limited liability partnership's financial resources or ability to continue operations over the going concern period.

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 limited liability partnership'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. In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

The members are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Independent auditor's report to the members of Porters Place Southend-on-Sea LLP (cont)

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.

Responsibilities of members for the financial statements

As explained more fully in the members' responsibilities statement, 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 limited liability partnership'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 limited liability partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures can detect irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the limited liability partnership and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting framework FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and Companies Act 2006.
- We assessed the susceptibility of the limited liability partnership's financial statements to material misstatement, including how fraud might occur and the risk of management override of controls. Audit procedures performed by the engagement team included:
 - Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
 - Challenge assumptions and judgements made by management in its significant accounting estimates;
 - Identifying and testing journal entries; and
 - Identifying and testing related party transactions.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation.

Independent auditor's report to the members of Porters Place Southend-on-Sea LLP (cont)

- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the limited liability partnership's operations, including the nature of its income sources and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
 - the limited liability partnership's control environment, including management's knowledge of relevant laws and regulations and how the company is complying with those laws and regulations, the adequacy of procedures for authorisation of transactions, and procedures to ensure that possible breaches of law and regulations are appropriately resolved.
- We enquired of management and the Board of Directors about the company's policies and procedures relating to the identification, evaluation and compliance with laws and regulations and the detection and response to the risks of fraud and the establishment of internal controls to mitigate risks related to fraud or noncompliance with laws and regulations.
- We enquired of management and the Board of Directors, whether they were aware of any instances or noncompliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations.

Use of our report

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the limited liability partnership'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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Joanne Love LLB FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
Date

Porters Place Southend-on-Sea LLP
Year ended 31 March 2021

Statement of Comprehensive Income

	Notes	Year ended 31 March 2021	23 April 2019 to 31 March 2020 Restated (see note 18)
		£'000	£'000
Administrative expenses		(15)	(9)
Operating loss	7	(15)	(9)
Fair Value of financial instrument	8	852	516
Profit on ordinary activities before members' remuneration and profit shares		837	507
Members' remuneration charged as an expense		-	-
Profit for the financial year being total comprehensive expense for the year		837	507

All of the Partnership's operations are classified as continuing. There were no gains or losses in either year other than those included in the Statement of Comprehensive Income above.

The notes on pages 10 to 15 form part of these financial statements.

Reconciliation of Members' Interests

	Members' capital (classified as equity)	Other reserves	Total	Members' capital (classified as debt)	Other amounts	Total	Total Members' Interests
Profit for the financial year Restated		507	507		-	-	507
Introduced members Restated				492	-	492	492
Balance at 31 March 2020 Restated		507	507	492	-	492	999
Profit for the financial year		837	837	-	-	-	837
Introduced members				1,074	-	1,074	1,074
Balance at 31 March 2021		1,344	1,344	1,566	-	1,566	2,910

Porters Place Southend-on-Sea LLP
Year ended 31 March 2021

Statement of Financial Position

	Notes	2021 £'000	2020 £'000 Restated (see note 18)
Current assets			
Work in progress	9	4,557	1,835
Debtors: amounts receivable in less than one year	10	94	148
Cash at bank and in hand		87	54
		4,738	2,037
Creditors: amounts falling due within one year	11	(262)	(546)
Net current assets attributable to members		4,476	1,491
Creditors: amounts due after more than one year	12	(1,566)	(492)
Net assets		2,910	999
Represented by:			
Loans and other debts due to members after more than one year			
Members' capital classified as debt	13	1,566	492
Members' other interests			
Other reserves		1,344	507
		2,910	999
Total Members' interests			
Loans and other debts due to members		1,566	492
Members' other interests		1,344	507
		2,910	999

The notes on pages 10 to 15 form part of these financial statements.

These financial statements were approved and authorised for issue by the Members on (insert date) and were signed on its behalf by:

Jeremy Vickers
For Swan BQ Limited
Designated member

Limited Liability Partnership Registration Number: OC427026

Porters Place Southend-on-Sea LLP
Year ended 31 March 2021

Statement of Cash Flows

	Note	2021 £'000	2020 £'000 Restated
Net cash outflow from operating activities	A	(2,967)	(1,446)
Net cash inflow from financing activities	B	3,000	1,500
Net change in cash		<u>33</u>	<u>54</u>
Cash at beginning of the year		54	-
Cash at end of the year		<u>87</u>	<u>54</u>

A. Reconciliation of loss to net cash outflow from operating activities

	2021 £'000	2020 £'000 Restated
Profit for the financial year	837	507
<i>Add back:</i>		
(Increase) in work in progress	(2,722)	(1,835)
Movement in fair value of financial instruments	(852)	(516)
Decrease / (increase) in debtors	54	(148)
(Decrease) / increase in creditors	(284)	546
Net cash outflow from operating activities	<u>(2,967)</u>	<u>(1,446)</u>

B. Net cash inflow from financing activities

	2021 £'000	2020 £'000
Increase in Junior Loan Facilities – Southend BC	1,500	750
Increase in Junior Loan Facilities – Swan Housing Association	1,500	750
Net cash inflow from financing activities	<u>3,000</u>	<u>1,500</u>

The notes on pages 10 to 15 form part of these financial statements

Porters Place Southend-on-Sea LLP
Year ended 31 March 2021

Notes to the Financial Statements

1. Partnership Information

The financial statements for Porters Place Southend-on-Sea LLP for the year ended 31 March 2021 were authorised for issue by the Board of Members on (insert date). Porters Place Southend-on-Sea LLP is incorporated and domiciled in England and Wales. The Partnership's registered office is Pilgrim House, High Street, Billericay, Essex, CM12 9XY. The average number of members in the year was two.

2. Basis of Preparation

The financial statements have been prepared 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'), Companies Act 2006 as applied by LLPs and the Statement of Recommended Practice (SORP), Accounting by Limited Liability Partnerships, December 2018. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below. The financial statements have been prepared on an historical cost basis.

Going concern

On the basis of their assessment of the Partnership's funding arrangements, trading prospects and other aspects of its financial position, the Members have a reasonable expectation that the Partnership will be able to continue in operational existence for the foreseeable future, being a period of not less than 12 months from the date of approval of these financial statements and therefore has adopted the going concern basis of preparation in these financial statements. The ongoing recovery from Covid19 has been modelled and mitigations developed as part of the projects approach to risk management. The Partnership has sufficient funding through existing facilities to achieve detailed planning permission for Phase 1 and will seek further external funding once full planning permission is granted. The Partnership will utilise the remainder of the Junior Loan Facilities across the next 24 months.

3. Significant judgements and estimates

The preparation of the Partnership's financial statements in conformity with FRS 102 requires the Members to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the year end and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following are considered significant judgements or key sources of estimation uncertainty:

- The assessment that work in progress is carried at the lower of cost or net realisable value. Management assesses the net realisable value of schemes using publicly available information and forecasts an overall profit for the scheme after allowing for all further costs of completion and subsequent disposal of the housing properties.
- A judgement regarding financial instrument classification. The Partnership's loans are required to be classified as either basic or non-basic financial instruments in accordance with the conditions set out under FRS102 section 11.9. Management have assessed the loans to be basic. Refer to note 4, 12 and 13 for further details.

4. Principal Accounting Policies

Expenditure

Net operating expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms.

Capitalisation of interest costs

Interest on borrowings is capitalised in respect of work in progress relating to regeneration schemes under construction up to the date of completion of each phase. The interest capitalised is either on borrowings specifically financing a scheme or on net borrowings to the extent that they are deemed to be financing a scheme. This treatment applies irrespective of the original purpose for which the loan was raised.

VAT

Porters Place Southend-on-Sea LLP
Year ended 31 March 2021

The Partnership is registered for VAT and consequently its expenditure on taxable activities is shown exclusive of VAT.

Notes to the Financial Statements (cont)

Work in progress

Work in progress consists of costs incurred on the regeneration project. This is held at the lower of cost or estimated selling price less costs to complete and sell. Assessing net realisable value requires use of estimation techniques. In making this assessment, management considers publicly available information and internal forecasts on future sales activity. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Trade creditors

Trade creditors on normal terms are not interest bearing and are stated at amortised cost.

Financial Instruments

Financial instruments are required to be classified as either basic or non-basic in accordance with FRS102 section 11.9.

Members have concluded that the Junior Loan Facilities should be reported as non-basic. On inception of the loan, the interest rate charged by the Members to the Partnership was below market rate. The interest charged by Members to the Partnership is reset on the anniversary of the initial loan drawdown and this has also been assessed to be below market rate. Management have assessed what a reasonable market rate would have been at inception and each subsequent interest notification event and have applied this market rate to fair value the drawn Junior Loan Facilities. At each year end date, the carry value of the loans has been recalculated, with any gain or loss recognised in the Statement of Comprehensive Income.

Members' drawings

It is the Members' intention over the lifetime of the joint venture established through the LLP that they shall share in the Net Profits generated by the joint venture equally. Drawings are treated as payments on account of profit allocation and are only repayable to the LLP in so far as there are insufficient profits to allocate against such drawings. Any drawings in excess of total profits allocated would be included within 'amounts due from members' within debtors.

A meeting of the Management Board shall take place not later than three months before the end of each Financial Year End to consider and thereafter authorise an interim distribution of the Net Profit (if any) for that Financial Year to the JV partners in equal proportions before the end the Financial Year.

Members' contribution

Aside from initial capital contributions, Members' contribution is via debt funding on a pari passu basis.

Taxation

Tax to be paid on the profits arising in the LLP are a personal tax liability of the members of the LLP and therefore are not included as a tax charge or provision within these financial statements. Tax as presented within these financial statements represents tax arising from other group undertakings.

5. Members' remuneration

None of the Members received any remuneration (2020: nil) or other benefits for their qualifying services to the Partnership. The Partnership did not provide a retirement benefits scheme for its Members in the current year.

6. Staff numbers and costs

The Partnership had no employees during the year (2020: nil).

Notes to the Financial Statements (cont)**7. Operating profit**

	Year ended 31 March 2021 £'000	23 April 2019 to 31 March 2020 £'000
Operating loss is stated after charging:		
Auditor's remuneration for the audit of the financial statements of the Partnership	(15)	(9)
	<u> </u>	<u> </u>

8. Interest payable and similar charges

	2021 £'000	2020 £'000 Restated
On Junior Loan Facilities	(72)	(5)
Movement in fair value of financial instruments	852	516
	<u> </u>	<u> </u>
	780	511
Less: interest capitalised on work in progress	72	5
	<u> </u>	<u> </u>
	852	516
	<u> </u>	<u> </u>

9. Work in progress

	2021 £'000	2020 £'000
Project development costs	4,480	1,830
Capitalised interest	77	5
	<u> </u>	<u> </u>
	4,557	1,835
	<u> </u>	<u> </u>

10. Debtors

	2021 £'000	2020 £'000
VAT receivable	70	130
Other debtors	-	17
Prepayments	24	1
	<u> </u>	<u> </u>
	94	148
	<u> </u>	<u> </u>

Notes to the Financial Statements (cont)**11. Creditors: amounts falling due within one year**

	2021 £'000	2020 £'000
Trade creditors	153	521
Accruals	109	25
	<u>262</u>	<u>546</u>

12. Creditors: amounts falling due after one year

	2021 £'000	2020 £'000 Restated
Junior Loan Facility at fair value from:		
- Swan Housing Association Limited	1,566	492
	<u>1,566</u>	<u>492</u>

The Junior Loan Facility is for £14,999,999 with accrued interest paid quarterly, from Swan Housing Association Limited, being the ultimate parent undertaking of Swan BQ Limited, a designated member of the Partnership. Maturity of the facility is the earlier of 12 months following the completion of the sale of the final residential unit; or 31 December 2034. The purpose of this facility and the Junior Loan Facility from Southend on Sea Borough Council (see note 13) is to fund the development at Better Queensway through the planning phase.

In relation to the Junior Loan Facility described above, the rate of interest is 2.40% per annum, however the loan have since been reclassified as non-basic, with a market interest rate of 9.6% applied, based on the fair valuation exercise done by Centrus on what the market rate loan for the Partnership would be.

This Junior Loan Facility is ranked equally with a similar facility from Southend on Sea Borough Council (see note 13) and in the event of a winding up liquidation will be ranked above all other creditors.

13. Members' capital classified as debt

	2021 £'000	2020 £'000 Restated
Junior Loan Facility at fair value from:		
- Southend on Sea Borough Council	1,566	492
	<u>1,566</u>	<u>492</u>

The Junior Loan Facility is for £14,999,999 with accrued interest paid quarterly, from Southend on Sea Borough Council, a designated member of the Partnership. Maturity of the facility is the earlier of 12 months following the completion of the sale of the final residential unit; or 31 December 2034. The purpose of this facility and the Junior Loan Facility from Swan Housing Association Limited (see note 12) is to fund the development at Better Queensway through the planning phase.

In relation to the Junior Loan Facility described above, the rate of interest is 2.40% per annum, however the loan have since been reclassified as non-basic, with a market interest rate of 9.6% applied, based on the fair valuation exercise done by Centrus on what the market rate loan for the Partnership would be.

Porters Place Southend-on-Sea LLP
Year ended 31 March 2021

This Junior Loan Facility is ranked equally with a similar facility from Swan Housing Association Limited (see note 12) and in the event of a winding up liquidation will be ranked above all other creditors.

Notes to the Financial Statements (cont)

14. Analysis of changes in net debt

	At 1 April 2020 Restated	Cash flows	Fair value adjustment	At 31 March 2021
	£'000	£'000	£'000	£'000
Cash and cash equivalents				
Cash at bank and in hand	54	33	-	87
	<u>54</u>	<u>33</u>	<u>-</u>	<u>87</u>
Borrowings				
Debt due after one year	(1,500)	(3,000)	-	(4,500)
Fair value adjustment	516	-	852	1,368
	<u>(930)</u>	<u>(2,967)</u>	<u>852</u>	<u>(3,045)</u>

15. Members' transactions

Transactions with the controlling parties during the year were as follows

	Professional Fees		Interest Paid	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Southend on Sea Borough Council	50	50	36	2
Swan BQ Limited	-	-	-	-
	<u>50</u>	<u>50</u>	<u>36</u>	<u>2</u>

16. Control

In the opinion of the members there is no ultimate controlling party, as the Members' interest of both Southend on Sea Borough Council and Swan BQ Limited is equal.

17. Related parties

Swan New Homes Limited is considered to be a related part by virtue of being under the same common control as Swan BQ Limited. During the year the LLP was charged £589,759 (2020: £540,612) from Swan New Homes

Porters Place Southend-on-Sea LLP
Year ended 31 March 2021

Limited relating to project development costs. At the 31 March 2021 there was £58,976 (2020: £117,952) due to Swan New Homes Limited.

Notes to the Financial Statements (cont)

18. Prior Year Adjustments - Reconciliation of previous reported figures

The Junior Loan Facilities from Swan Housing Association and Southend on Sea Borough Council had been classified as basic financial instruments in the FY2020 financial statements and as such recognised at their drawn value of £750,000 each. These two loans have since been reclassified as non-basic, with a market interest rate of 9.6% applied, based on the fair valuation exercise done by Centrus on what the market rate loan for the Partnership would be.

Fair valuing the FY2020 loans with an interest rate of 9.6% has reduced the carrying value of the loans by a total of £516,000 with a corresponding recognition of this amount in the Statement of Comprehensive Income.

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