

NORTH LANARKSHIRE PROPERTIES LLP

FINANCIAL STATEMENTS

31 MARCH 2024

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 auditors

Armstrong Watson Audit Limited, 1st Floor 24 Blythswood Square, Glasgow, G2 4BG

Bankers

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

NORTH LANARKSHIRE PROPERTIES LLP

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NORTH LANARKSHIRE PROPERTIES LLP

MEMBERS' REPORT FOR THE YEAR ENDED 31 MARCH 2024

The members present their annual report together with the audited financial statements of North Lanarkshire Properties LLP (the "LLP") for the ended 31 March 2024.

Principal activities

The LLP was incorporated on 29 October 2012 and commenced trading on that date.

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

Turnover increased by 0.75% to £6.72m (2023: £6.67m).

Net assets increased by 2.3% to £48.8m (2023: £47.70m), mainly attributable to a profit before tax and pensions in the year of £1.17m (2023: £7.36m).

Designated Members

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

Members' capital and interests

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

Details of changes in members' capital in the ended 31 March 2024 are set out in the Reconciliation of members' interests.

Members' responsibilities statement

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

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 judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

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

Disclosure of information to auditors

NORTH LANARKSHIRE PROPERTIES LLP

**MEMBERS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

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 auditors are 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 auditors are aware of that information.

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

Tom Fisher

Tom Fisher (Sep 19, 2024 17:55 GMT+1)

Mr Tom Fisher
North Lanarkshire Council
Designated member

Date: 19/09/2024

Gary Robinson

Gary Robinson (Sep 20, 2024 12:10 GMT+1)

Mr Gary Robinson
NL Property Investments Limited
Designated member

Date: 20/09/2024

NORTH LANARKSHIRE PROPERTIES LLP

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 2024, 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' (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 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, as applied to limited liability partnerships by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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.

NORTH LANARKSHIRE PROPERTIES LLP

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

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 1, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

NORTH LANARKSHIRE PROPERTIES LLP

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

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 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 LLP 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 LLP'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 LLP's finance system to identify unusual transactions that may indicate override of controls;
- reviewed key judgements and estimates for any evidence of management bias.
- 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:

- 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

NORTH LANARKSHIRE PROPERTIES LLP

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

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 20, 2024 12:22 GMT+1)

Martin Johnston CA (Senior statutory auditor)
for and on behalf of

Armstrong Watson Audit Limited

Chartered Accountants and Statutory Auditors
Glasgow

Date: 20/09/2024

NORTH LANARKSHIRE PROPERTIES LLP

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2024**

	Note	2024 £	2023 £
Turnover		6,696,007	6,667,268
Gross profit		6,696,007	6,667,268
Administrative expenses		(3,888,025)	(3,542,573)
Other operating income	4	26,454	(40,517)
Fair value movements		(260,000)	5,802,449
Operating profit		2,574,436	8,886,627
Interest receivable and similar income		368,148	177,281
Interest payable and similar expenses		(1,745,266)	(1,704,627)
Other finance income		78,000	1,000
Profit before tax		1,275,318	7,360,281
Profit for the year before members' remuneration and profit shares available for discretionary division among members		1,275,318	7,360,281
Other comprehensive income for the year			
Actuarial gain/(loss) related to the pension scheme		(75,000)	76,000
Other comprehensive income for the year		(75,000)	76,000
Total comprehensive income for the year		1,200,318	7,436,281

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

NORTH LANARKSHIRE PROPERTIES LLP
REGISTERED NUMBER: SO304142

BALANCE SHEET
AS AT 31 MARCH 2024

	Note	2024 £	2023 £
Fixed assets			
Investment property	7	73,946,025	74,206,025
		<u>73,946,025</u>	<u>74,206,025</u>
Current assets			
Debtors: amounts falling due within one year	8	659,912	509,979
Cash at bank and in hand		7,087,814	9,165,799
		<u>7,747,726</u>	<u>9,675,778</u>
Creditors: Amounts Falling Due Within One Year	9	(3,553,858)	(36,177,314)
Net current assets/(liabilities)		<u>4,193,868</u>	<u>(26,501,536)</u>
Total assets less current liabilities		<u>78,139,893</u>	<u>47,704,489</u>
Creditors: amounts falling due after more than one year	10	(29,235,085)	-
		<u>48,904,808</u>	<u>47,704,489</u>
Net assets		<u><u>48,904,808</u></u>	<u><u>47,704,489</u></u>

NORTH LANARKSHIRE PROPERTIES LLP
REGISTERED NUMBER: SO304142

BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2024

	Note	2024 £	2023 £
Represented by:			
Loans and other debts due to members within one year			
Members' capital classified as a liability		1,000	1,000
		1,000	1,000
Members' other interests			
Revaluation reserve classified as equity	30,087,266		30,087,266
Other reserves classified as equity	18,816,542		17,616,223
		48,903,808	47,703,489
		48,904,808	47,704,489
Total members' interests			
Loans and other debts due to members	12	1,000	1,000
Members' other interests		48,903,808	47,703,489
		48,904,808	47,704,489

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

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

Tom Fisher
Tom Fisher (Sep 19, 2024 17:55 GMT+1)

Gary Robinson
Gary Robinson (Sep 20, 2024 12:10 GMT+1)

Mr Tom Fisher
North Lanarkshire Council
 Designated member

Mr Gary Robinson
NL Property Investments Limited
 Designated member

Date: 19/09/2024

Date: 20/09/2024

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

NORTH LANARKSHIRE PROPERTIES LLP

RECONCILIATION OF MEMBERS' INTERESTS
FOR THE YEAR ENDED 31 MARCH 2024

	EQUITY			DEBT		Total members' interests
	Members' other interests			Loans and other debts due to members less any amounts due from members in debtors		
	Revaluation reserve	Other reserves	Total	Members' capital (classified as debt)	Total	Total
	£	£	£	£	£	£
Amounts due to members				1,000	1,000	
Balance at 1 April 2022	24,284,817	15,982,391	40,267,208	1,000	1,000	40,268,208
Profit for the year available for discretionary division among members	-	7,360,281	7,360,281	-	-	7,360,281
Members' interests after profit for the year	24,284,817	23,342,672	47,627,489	1,000	1,000	47,628,489
Movement in reserves	5,802,449	(5,726,449)	76,000	-	-	76,000
Amounts due to members				1,000	1,000	
Balance at 31 March 2023	30,087,266	17,616,223	47,703,489	1,000	1,000	47,704,489
Profit for the year available for discretionary division among members	-	1,275,319	1,275,319	-	-	1,275,319
Members' interests after profit for the year	30,087,266	18,891,542	48,978,808	1,000	1,000	48,979,808
Movement in reserves	-	(75,000)	(75,000)	-	-	(75,000)
Amounts due to members				1,000	1,000	
Balance at 31 March 2024	30,087,266	18,816,542	48,903,808	1,000	1,000	48,904,808

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

There are no existing restrictions or limitations which impact the ability of the members of the LLP to reduce the amount of Members' other interests.

NORTH LANARKSHIRE PROPERTIES LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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 unless otherwise specified within these accounting policies and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and the requirements of the Companies Act 2006. The disclosure requirements of Section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the LLP's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

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.

2.3 Revenue

Turnover comprises rental income, service charges and other property related income. 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.

NORTH LANARKSHIRE PROPERTIES LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

2.4 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.

2.5 Operating leases: the LLP as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 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 the capital grants received.

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

2.7 Interest income

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

2.8 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.

2.9 Borrowing costs

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

NORTH LANARKSHIRE PROPERTIES LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

2.10 Pensions

Defined benefit pension plan

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

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

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

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

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

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

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

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

2.11 Division and distribution of profits

A division of profits is the mechanism by which the profits of an LLP become a debt due to members. A division may be automatic or discretionary, may relate to some or all of the profits for a financial period and may take place during or after the end of a financial period.

An automatic division of profits is one where the LLP does not have an unconditional right to avoid making a division of an amount of profits based on the members' agreement in force at the time, whereas a discretionary division of profits requires a decision to be made by the LLP, which it has the unconditional right to avoid making.

The LLP divides profits discretely. Discretionary divisions of profits are recognised as amounts due to members, although may be used to offset amounts which have been drawn by members, which are recognised as loan assets repayable.

Profits of the LLP which are not yet divided among the members are shown under 'Other reserves' on the Balance sheet, pending a discretionary decision to divide the profits.

NORTH LANARKSHIRE PROPERTIES LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

2.12 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 full portfolio 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.

2.13 Debtors

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

2.14 Cash and cash equivalents

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

2.15 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.

NORTH LANARKSHIRE PROPERTIES LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

3. Judgments 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 includes provision for doubtful debts.

Investment Property Valuation

The LLP's investment properties are revalued annually by RICS registered valuers. The valuation is subject to 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 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. 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.

NORTH LANARKSHIRE PROPERTIES LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

4. Other operating income

	2024	2023
	£	£
Other operating income	26,454	1,516
Profit on disposal of tangible assets	-	(42,033)
	26,454	(40,517)

5. Employees

The average monthly number of employees, including directors, during the year was 10 (2023 - 12).

6. Other finance costs

	2024	2023
	£	£
Net interest on net defined benefit liability	78,000	1,000
	78,000	1,000

NORTH LANARKSHIRE PROPERTIES LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

7. Investment property

	Freehold investment property £
Valuation	
At 1 April 2023	74,206,025
Surplus on revaluation	(260,000)
At 31 March 2024	<u>73,946,025</u>

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 2024. The valuation carried out was an update to the full valuation on all properties in the portfolio for the period ended 31 March 2023. The 2024 valuations were carried out in line with the RICS Valuation - Global Standards 2024. 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.

NORTH LANARKSHIRE PROPERTIES LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

8. Debtors

	2024	2023
	£	£
Trade debtors	562,101	505,436
Other debtors	97,810	4,543
	<u>659,911</u>	<u>509,979</u>

9. Creditors: Amounts falling due within one year

	2024	2023
	£	£
Bank loans	500,000	33,686,400
Trade creditors	552,634	391,645
Other taxation and social security	70,332	1,761
Other creditors	2,430,892	2,097,508
	<u>3,553,858</u>	<u>36,177,314</u>

As at 31 March 2024, secured creditors falling due within 1 year amounted to £500,000 (2023: £33,686,400). Details of security are included in note 11.

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

	2024	2023
	£	£
Bank loans	29,235,085	-
	<u>29,235,085</u>	<u>-</u>

As at 31 March 2024, secured creditors falling due after more than 1 year amounted to £29,235,000 (2023: £Nil). Details of security are included in note 11.

NORTH LANARKSHIRE PROPERTIES LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

11. Loans

Analysis of the maturity of loans is given below:

	2024	2023
	£	£
Amounts falling due within one year		
Bank loans	500,000	33,686,400
	<u>500,000</u>	<u>33,686,400</u>
Amounts falling due 1-2 years		
Bank loans	500,000	-
	<u>500,000</u>	<u>-</u>
Amounts falling due 2-5 years		
Bank loans	28,735,085	-
	<u>28,735,085</u>	<u>-</u>
	<u><u>29,735,085</u></u>	<u><u>33,686,400</u></u>

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. The loan is comprised of two separate balances one which incurs fixed interest of 6.20% per annum, and the other which incurred a variable rate of interest of 6.73% in the period ended 31/03/2024. The loan is due for repayment on 31 October 2028.

NORTH LANARKSHIRE PROPERTIES LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

12. Loans and other debts due to members

	2024	2023
	£	£
Members' capital treated as debt	1,000	1,000
	<u>1,000</u>	<u>1,000</u>
	<u>1,000</u>	<u>1,000</u>

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

	2024	2023
	£	£
Falling due after more than one year	1,000	1,000
	<u>1,000</u>	<u>1,000</u>
	<u>1,000</u>	<u>1,000</u>

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

NORTH LANARKSHIRE PROPERTIES LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

13. 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 2024 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 4.85% per year, that salary increases would average 3.45% per year and that present and future pensions would increase at a rate of 2.75% per year. The contribution for the year ended 31 March 2024 was £56,000. The agreed contribution rate for 2024/25 and 2025/26 is 6.5%, rising to 17.5% in 2026/27. 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.

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 present value of plan liabilities:

	2024	2023
	£	£
Reconciliation of present value of plan liabilities		
At the beginning of the year	2,539,000	4,127,000
Current service cost	59,000	137,000
Interest cost	122,000	115,000
Contributions	18,000	19,000
Benefits paid	(22,000)	(31,000)
Changes in financial assumptions	(163,000)	(1,969,000)
Changes in demographic assumptions	(68,000)	(27,000)
Other experience	(197,000)	168,000
At the end of the year	2,288,000	2,539,000

NORTH LANARKSHIRE PROPERTIES LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

13. Pension commitments (continued)

Reconciliation of present value of plan assets:

	2024 £	2023 £
At the beginning of the year	2,539,000	4,127,000
Interest income	200,000	116,000
Contributions by employer	56,000	60,000
Contributions by scheme participants	1,800	19,000
Benefits paid	(22,000)	(31,000)
Other experience	(112,000)	-
Return on assets	215,000	(182,000)
Derecognition of surplus	(589,800)	(1,570,000)
At the end of the year	2,288,000	2,539,000

Composition of plan assets:

	2024 %	2023 %
Equities	58	60
Bonds	27	28
Property	10	10
Cash	5	2
Total plan assets	100	100

The return on the plan assets for the year to 31 March 2024 was 9.9% (2023: -1.6%).

	2024 £	2023 £
Fair value of plan assets	2,288,000	2,539,000
Present value of plan liabilities	(2,288,000)	(2,539,000)
Net pension scheme liability	-	-

The amounts recognised in profit or loss are as follows:

	2024 £	2023 £
Current service cost	(59,000)	(137,000)
Interest on obligation	78,000	1,000
Total	19,000	(136,000)

NORTH LANARKSHIRE PROPERTIES LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

13. Pension commitments (continued)

The cumulative amount of actuarial gains and losses recognised in the Statement of comprehensive income was £Nil (2023 - £Nil).

The entity expects to contribute £NIL to its Defined benefit pension scheme in 2025.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2024	2023
	%	%
Discount rate	4.85	4.75
Future salary increases	3.45	3.65
Pension Increase rate (CPI)	2.75	2.95
Mortality rates		
- for a male aged 65 now	16.5	19.3
- at 65 for a male aged 45 now	20.2	20.5
- for a female aged 65 now	23.6	22.2
- at 65 for a female member aged 45 now	25.2	24.2
	=====	=====

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2022 model, with a 25% weighting of 2022 data, 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% per annum for both males and females.

NORTH LANARKSHIRE PROPERTIES LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

14. Contingent assets and liabilities

Contingent assets

North Lanarkshire Properties LLP have incurred a share of repair costs recharged from North Lanarkshire Council in respect of a property held by the LLP as at 31 March 2024. It is expected that ownership of this property will be transferred to North Lanarkshire Council post year end and that North Lanarkshire Properties LLP will receive an element of reimbursement of these costs. It is not certain as to the value of this reimbursement at this stage however the directors are of the view that as the reimbursement arises from a past event and due to the expected likelihood of this transaction occurring that it should be disclosed as a contingent asset within the financial statements.

Contingent liabilities

Grants were received and recognised in the year ended 31/03/2022 totalling £2,092,792 in relation to assisting with the construction of a property which was completed in the year ended 31/03/2022. A proportion of the grant may become repayable should any part of the property be sold within 15 years of the date of completion.

The directors are aware of the recent findings within the UK property sector in respect of Reinforced Autoclaved Aerated Concrete (RAAC). A review of the LLP's property estate is being conducted however to the best of the directors current knowledge there is no RAAC within the area of title of the LLP's estate. Should RAAC be identified within the title of the LLP's estate from this review the directors are committed to taking remedial action to manage or correct this. As such this represents a contingent liability of unknown quantum at this time.

15. Related party transactions

During the year the LLP obtained goods and services from North Lanarkshire Council totalling £3,238,244 (2023: £727,525). During the year the partnership received rent and fees from North Lanarkshire Council totalling £341,156 (2023: £1,042,996).

At the balance sheet date the LLP was owed £126,959 (2023: £58,475) by North Lanarkshire Council.

At the balance sheet date the partnership owed £1,414,529 (2023: £1,364,279) to North Lanarkshire Council.

16. Controlling party

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

NORTH LANARKSHIRE PROPERTIES LLP

**DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2024**

	Note	2024 £	2023 £
Turnover		6,696,007	6,667,267
Gross profit		<u>6,696,007</u>	<u>6,667,267</u>
Other operating income		<u>26,454</u>	<u>(40,517)</u>
Less: overheads			
Administration expenses		(3,888,024)	(3,542,571)
Fair value movements		(260,000)	5,802,449
Operating profit		<u>2,574,437</u>	8,886,628
Interest receivable		368,147	177,280
Interest payable		(1,745,266)	(1,704,627)
Other finance income		78,000	1,000
Profit before members' remuneration and profit shares available for discretionary division among members		<u>1,275,318</u>	<u>7,360,281</u>
Profit for the financial year available for discretionary division among members		<u><u>1,275,318</u></u>	<u><u>7,360,281</u></u>

NORTH LANARKSHIRE PROPERTIES LLP

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2024**

	2024	2023
	£	£
Turnover		
Rental income	6,106,513	6,066,038
Other property associated income	589,494	601,229
	<u>6,696,007</u>	<u>6,667,267</u>
	<u><u>6,696,007</u></u>	<u><u>6,667,267</u></u>
	2024	2023
	£	£
Other operating income		
Other operating income	26,454	1,516
Profit on disposal of fixed assets	-	(42,033)
	<u>26,454</u>	<u>(40,517)</u>
	<u><u>26,454</u></u>	<u><u>(40,517)</u></u>

NORTH LANARKSHIRE PROPERTIES LLP

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2024**

	2024	2023
	£	£
Administration expenses		
Staff salaries	371,047	371,038
Staff national insurance	39,598	38,421
Staff pension costs - defined benefit schemes	1,742	5,575
Staff pension current service costs (DB)	59,000	137,000
Staff training	94,416	81,958
Staff welfare	-	182
Hotels, travel and subsistence	4,350	3,764
Printing, postage and stationery	1,777	689
Telephone and fax	18,117	111,608
Computer costs	163,989	33,727
General office expenses	4,851	8,060
Advertising and promotion	450	1,252
Legal and professional	360,514	228,813
Auditors' remuneration	23,275	51,825
Bank charges	234,554	228,289
Sundry expenses	(4,027)	2,836
Rent - operating leases	-	27,973
Rates	373,797	562,051
Water	105,319	115,006
Light and heat	315,984	240,491
Cleaning	179,118	163,733
Service charges	191,510	189,902
Insurances	170,032	140,870
Repairs and maintenance	902,476	598,591
Movement in bad debt provision	49,406	(20,592)
Janitorial costs	19,573	41,638
Security & patrols contracts	68,505	66,542
Property costs	10,990	14,682
Management expenses	127,661	96,647
	3,888,024	3,542,571
	3,888,024	3,542,571
	2024	2023
	£	£
Interest receivable		
Bank interest receivable	368,147	177,280
	368,147	177,280
	368,147	177,280

NORTH LANARKSHIRE PROPERTIES LLP

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2024**

	2024	2023
	£	£
Interest payable		
Bank loan interest payable	1,745,266	1,704,627
	<u>1,745,266</u>	<u>1,704,627</u>
	<u>1,745,266</u>	<u>1,704,627</u>
	2024	2023
	£	£
Other finance income		
Interest on pension scheme liabilities	78,000	1,000
	<u>78,000</u>	<u>1,000</u>
	<u>78,000</u>	<u>1,000</u>