

Limited Liability Partnership Registration No. OC351063 (England and Wales)

ACTON GARDENS LLP
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018



ACTON GARDENS LLP

MEMBERS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2018

The Members present their audited report on Acton Gardens LLP (the "Partnership") for the year ended 30 September 2018.

The Partnership is a joint venture whose Designated Members (the "Members") are Countryside Properties (UK) Limited and L&Q New Homes Limited. The relevant percentage of each Member's interest is 50% respectively. Control is exercised pursuant to a Limited Liability Partnership Agreement dated 25 March 2011.

Business activities

The principal activity of the Partnership is that of property development and the provision of new neighbourhood facilities at South Acton, Ealing.

The Partnership entered into a Development Agreement with Ealing Borough Council on 25 March 2011, for the acquisition and re-development of circa 52 acres of land on the South Acton Estate adjacent to Bollo Bridge Road, South Acton, Ealing.

The site is to be developed in up to 21 phases and is known as Acton Gardens. It will ultimately comprise of up to 3,463 new homes together with associated infrastructure and community facilities. There is a 50% allocation on a habitable room basis to affordable housing which will be delivered through a Registered Provider.

Construction activity is live across Phases 6, 7 and 9. Phases 1 to 5 are now sales complete.

Trading performance and financial position

Revenue for the financial year reduced by 19.9% to £88.9m (2017: £111.0m). Profit on ordinary activities before interest and members' remuneration reduced by 9.5% to £19.1m (2017: £21.1m).

Total members' interests as at 30 September 2018 were £27.1m (2017: £3.5m).

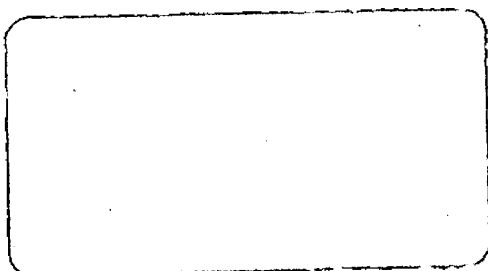
During the year a discretionary profit distribution of £6.1m (2017: £27.5m) was made to Members in the Partnership ratios.

Overview of the market

Overall demand for housing of all tenures remains strong across all areas of operation. Mortgage availability and the recently announced extension of Help to Buy until 2023 have ensured that demand from first time buyers has remained robust.

However, some stresses in the UK housing market started to emerge during the year, with property sales in the second-hand market slowing, particularly at higher price points as a result of the impact of increased Stamp Duty together with the uncertain macro-economic backdrop.

At the same time, according to the National House-Building Council (NHBC), 2017 was the best year for new builds in the decade since the financial crisis, with builders delivering 160,000 new homes, up by six per cent on 2016. Government and all-party recognition of the need for additional housing continued to be strong during the year, with nearly 200,000 new homes in 2018 and the Government's stated annual target of 300,000 new homes.



ACTON GARDENS LLP

MEMBERS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

Strategy

The Partnership's principal objective is to deliver growth year on year, through responsible development.

Principal risks and uncertainties

The main business risks identified are:

Adverse macroeconomic conditions

A decline in the macroeconomic conditions, or conditions in the UK residential property market, can reduce the propensity to buy homes. Higher unemployment, interest rates and inflation can affect consumer confidence and reduce demand for new homes. Constraints on mortgage availability, or higher costs of mortgage funding, may make it more difficult to sell homes.

To mitigate the risk, forward sales, cash flow and work in progress are carefully monitored to give the Partnership time to react to changing market conditions.

Adverse changes in Government policy and regulation

Adverse changes to Government policy in areas such as tax, housing, the environment and building regulations may result in increased costs and/or delays. Failure to comply with laws and regulations could expose the Partnership to penalties and reputational damage.

To mitigate this risk, the potential impact of changes in Government policy and new laws and regulations are monitored and communicated throughout the business. Detailed policies and procedures are in place to address the prevailing regulations.

Constraints on construction resources

Costs may increase beyond budget due to the reduced availability of skilled labour, or shortages of sub-contractors or building materials at competitive prices to support the Partnership's forecast.

To mitigate the risk, the Partnership optimises the use of standard house types and design to maximise buying power. Use of strategic suppliers to leverage volume price reductions and minimise unforeseen disruption. Robust contract terms control costs.

Programme delay (including rising project complexity)

Failure to secure timely planning permission on economically viable terms or poor project forecasting, unforeseen operational delays due to technical issues, disputes with third party contractors or suppliers, bad weather or changes in purchaser requirements may cause delay or potentially termination of project.

To mitigate this risk, the budgeted programme is monitored weekly.

Inability to source and develop suitable land

Competition or poor planning may result in a failure to procure land in the right location, at the right price at the right time.

To mitigate this risk, a robust land appraisal process ensures each phase is financially viable and consistent with the Partnership's strategy.

Inadequate Health, Safety and Environmental procedures

A deterioration in the Partnership's health, safety & environmental standards could put employees, contractors or the general public at risk of injury or death and could lead to litigation or penalties or damage the Partnership's reputation.

To mitigate the risk, procedures, training and reporting are all carefully monitored to ensure that high standards are maintained. An environmental risk assessment is carried out prior to any land acquisition. Appropriate insurance is in place to cover the risks associated with housebuilding.

ACTON GARDENS LLP

MEMBERS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

Financial risk management

The key financial risks affecting the Partnership are as follows:

Liquidity risk

The Partnership finances its operations through a mixture of equity (Members capital and reserves) and debt (loans from Members). The Partnership manages its liquidity risk by monitoring its funding headroom against requirements based on short term and long term cash flow forecasts.

Housing market risk

The Partnership is affected by price fluctuations in the UK housing market. These are in turn affected by the wider economic conditions such as mortgage availability and associated interest rates, employment and consumer confidence.

Credit risk

The Partnership's exposure to credit risk is limited for housebuilding activities by the fact that the Partnership typically receives cash at the point of legal completion of its sales.

The Partnership's remaining credit risk predominantly arises from receivables under construction contracts and cash and cash equivalents.

Key performance indicators (KPIs)

The Members consider the Partnership's KPIs are revenue, profit before interest and tax and net assets, which are disclosed in the results and financial position section of the Members' Report.

Members' capital

Pursuant to the Limited Liability Partnership Agreement dated 25 March 2011, the Partnership had no secured funding by way of non-interest bearing loans from the Members to finance the development at the balance sheet date.

Members' drawings including the allocation of profits and distributions to Members are pursuant to the Partnership Agreement which makes provision for the working capital requirements of the Partnership in priority to Members' drawings and/or distributions and repayment of Members' Loans. Unallocated profits are included in the profit and loss reserves within Members' Interests.

Members' drawings, contributions and repayments

The Members have confirmed that they will continue to fund the Partnership's future cash requirements and as such it is considered that there is a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Members continue to adopt the going concern basis in preparing the financial statements.

Designated members

The Designated Members who were in office during the year and up to the date of signing the financial statements were:

L&Q New Homes Limited
Countryside Properties (UK) Limited

Future outlook and prospects

The Members believe that the Partnership remains well placed to continue to develop its site at Acton Gardens.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and accordingly shall be deemed to be reappointed as auditor for a further term.

ACTON GARDENS LLP

MEMBERS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

Statement of disclosure of information to auditors

So far as the Members are aware, there is no relevant audit information of which the Partnership's auditors are unaware. Additionally, the Members have taken all the necessary steps that they ought to have taken as Members in order to make themselves aware of all relevant audit information and to establish that the Partnership's auditors are aware of that information.

On behalf of the Members



.....
Countryside Properties (UK) Limited

Designated Member

26 March 2019

ACTON GARDENS LLP

MEMBERS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2018

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

Company law, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations"), requires the members to prepare financial statements for each financial year. Under that law the members have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law, as applied to limited liability partnerships, the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the limited liability partnership and of the profit or loss of the limited liability partnership for that period. In preparing the financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the limited liability partnership will continue in business.

The members are also responsible for safeguarding the assets of the limited liability partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the limited liability partnership's transactions and disclose with reasonable accuracy at any time the financial position of the limited liability partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to limited liability partnerships by the Regulations.

ACTON GARDENS LLP

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ACTON GARDENS LLP

Report on the audit of the financial statements

Opinion

In our opinion, Acton Gardens LLP's financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 30 September 2018 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); 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.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 30 September 2018; the income statement, the reconciliation of members' interests, the statement of cash flows; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained 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, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the limited liability partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the limited liability partnership's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, which is currently due to occur on 29 March 2019, are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

ACTON GARDENS LLP

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF ACTON GARDENS LLP

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the members for the financial statements

As explained more fully in the Members' Responsibilities Statement set out on page [5], the members are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The members are also responsible for such internal control as they 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.

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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the members of the partnership as a body in accordance with 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 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

ACTON GARDENS LLP

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF ACTON GARDENS LLP

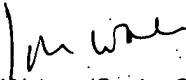
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 as applicable to limited liability partnerships we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the limited liability partnership, 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.

We have no exceptions to report arising from this responsibility.


John Waters (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

26 March 2019

ACTON GARDENS LLP

INCOME STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Note	2018 £	2017 £
Revenue	3	88,931,372	111,026,983
Cost of sales		(69,762,650)	(89,827,626)
Gross profit		19,168,722	21,199,357
Administrative expenses		(88,327)	(85,057)
Operating profit	4	19,080,395	21,114,300
Interest receivable and similar income	6	-	50
Profit for the financial year before members' remuneration and profit shares		19,080,395	21,114,350
Members' remuneration charged as an expense	5	-	-
Profit for the financial year available for discretionary division among members		19,080,395	21,114,350

The income statement has been prepared on the basis that all operations are continuing operations.

ACTON GARDENS LLP

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2018

	Note	2018		2017	
		£	£	£	£
Fixed assets					
Property, plant and equipment	7		15,600		-
Current assets					
Inventories	9	53,024,718		31,321,551	
Trade and other receivables	10	4,525,311		4,048,249	
Cash at bank and in hand		8,777,045		8,734,734	
		<u>66,327,074</u>		<u>44,104,534</u>	
Creditors: amounts falling due within one year	11	<u>(35,729,525)</u>		<u>(37,990,184)</u>	
Net current assets			30,597,549		6,114,350
Total assets less current liabilities			<u>30,613,149</u>		<u>6,114,350</u>
Represented by:					
Members' other interests					
Members' capital classified as equity			11,532,754		-
Other reserves classified as equity			19,080,395		6,114,350
Total			<u>30,613,149</u>		<u>6,114,350</u>
Total members' interests					
Amounts due from members			(3,811,577)		(3,098,429)
Loans and other debts due to members			254,069		458,594
Members' other interests			30,613,149		6,114,350
			<u>27,055,641</u>		<u>3,474,515</u>

The notes on pages 14 to 24 form part of these financial statements.

The financial statements on pages 9 to 24 were approved by the members on 26/03/19 and signed on its behalf by



.....
Countryside Properties (UK) Limited
Designated member

Limited Liability Partnership Registration No. OC351063

ACTON GARDENS LLP

RECONCILIATION OF MEMBERS' INTERESTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Members' capital classified as equity £	Other reserves classified as equity £	Total £	Other amounts £	Total £
Amount due to members				458,594	
Amount due from members				(3,098,429)	
Members' interests at 1 October 2017	-	6,114,351	6,114,351	(2,639,835)	3,474,516
Profit for the financial year available for discretionary division among members	-	19,080,395	19,080,395	-	19,080,395
Members' interests after profit for the year	-	25,194,746	25,194,746	(2,639,835)	22,554,911
Distribution of profits	-	(6,114,351)	(6,114,351)	-	(6,114,351)
Introduced by members	11,532,754	-	11,532,754	-	11,532,754
Other movements	-	-	-	(917,673)	(917,673)
Members' interests at 30 September 2018	11,532,754	19,080,395	30,613,149	(3,557,508)	27,055,641
Amounts due to members				254,069	
Amounts due from members				(3,811,577)	
				(3,557,508)	

ACTON GARDENS LLP

RECONCILIATION OF MEMBERS' INTERESTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Members' capital classified as equity £	Other reserves classified as equity £	Total £	Other amounts £	Total £
Members' interests at 1 October 2016	16,346,224	12,485,916	12,485,916	(115,796)	12,370,120
Profit for the financial year available for discretionary division among members	-	21,114,350	21,114,350	-	21,114,350
Members' interests after profit for the year	16,346,224	33,600,266	33,600,266	(115,796)	33,484,470
Distribution of profits	-	(27,485,916)	(27,485,916)	-	(27,485,916)
Introduced by members	9,118,964	-	-	-	-
Repayments of capital	(25,465,188)	-	-	-	-
Other movements	-	-	-	(2,524,039)	(2,524,039)
Members' interests at 30 September 2017	-	6,114,350	6,114,350	(2,639,835)	3,474,515
Amounts due to members				458,594	
Amounts due from members				(3,098,429)	
				(2,639,835)	

ACTON GARDENS LLP

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Note	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	14	(5,359,454)		44,579,944	
Investing activities					
Purchase of property, plant and equipment		(16,640)		-	
Interest received		-		50	
Net cash (used in)/generated from investing activities		(16,640)		50	
Financing activities					
Capital introduced by members (classified as debt or equity)		11,532,754		9,118,964	
Repayment of capital or debt to members		-		(25,465,188)	
Members discretionary profit distribution		(6,114,350)		(27,485,917)	
Net cash generated from/(used in) financing activities		5,418,404		(43,832,141)	
Net increase in cash and cash equivalents		42,310		747,853	
Cash and cash equivalents at beginning of year		8,734,734		7,986,881	
Cash and cash equivalents at end of year		<u>8,777,045</u>		<u>8,734,734</u>	

ACTON GARDENS LLP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies

1.1 Limited liability partnership information

Acton Gardens LLP is a housebuilding business.

The Limited Liability Partnership is a joint venture whose Designated Members are Countryside Properties (UK) Limited and L&Q New Homes Limited. The Limited Liability Partnership is incorporated in England and Wales and domiciled in the United Kingdom. The address of its registered office is Countryside House, The Drive, Brentwood, Essex, CM13 3AT.

1.2 Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" issued in January 2017, together with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements have been prepared on a going concern basis, in Sterling, which is the functional currency of the Partnership, and under the historical cost convention. The principal accounting policies adopted are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Partnership's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

ACTON GARDENS LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies

(Continued)

1.3 Revenue

Revenue comprises the fair value of the consideration received or receivable, net of applicable Value Added Tax, Stamp Duty Land Tax, rebates and discounts. Revenue and profit are recognised as set out below.

Private housing

Revenue is recognised in the Income Statement on legal completion at the fair value of the consideration received.

Cash incentives

Cash incentives are considered to be a discount from the purchase price offered to the acquirer and are therefore accounted for as a reduction to revenue.

Affordable housing contracts and design and build contracting

Contract revenue and costs are recognised in accordance with FRS 102.

Where the outcome of a long-term contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is normally measured by surveys of work performed to date. Variations in contract work, claims and incentive payments are included to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

Where the outcome of a long-term contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately in the Income Statement within cost of sales.

Cost of sales

In certain instances, property may be accepted in part consideration for a sale of a residential property. The fair value is established by independent surveyors, reduced for the cost to sell. Net proceeds generated from the subsequent sale of part-exchange properties are recorded as a reduction to cost of sales. The original sale is recorded in the normal way, with the fair value of the exchanged property replacing cash receipts.

For sales of private housing, the Partnership determines the value of inventory charged to cost of sales based on the total budgeted cost of developing the site. Once the total expected costs of development are established they are allocated to individual plots to achieve a build cost per plot. These costs are recognised within cost of sales when the related revenue is recognised in accordance with the Partnership's revenue recognition policy.

To the extent that additional costs or savings are identified as the site progresses, these are recognised over the remaining plots unless they are specific to a particular plot, in which case they are recognised in the Income Statement at the point of sale.

As outlined above, costs in relation to the sale of affordable housing and design and build contracts are recognised in accordance with FRS 102.

ACTON GARDENS LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies

(Continued)

1.4 Members' participating interests

Members' participation interests 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 interests 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 section 22 of FRS 102. A member's participation interests including amounts subscribed or otherwise contributed by members, for example members' capital, are classed as liabilities unless the LLP has an unconditional right to refuse payment to members, in which case they are classified as equity.

All amounts due to members that are classified as liabilities are presented within 'amounts due to members' and, where such an amount relates to current year profits, they are recognised within 'Members' remuneration charged as an expense' in arriving at the relevant year's result. Undivided amounts that are classified as equity are shown within 'Members' other interests'. Amounts recoverable from members are presented as debtors and shown as 'amounts due from members'.

1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	20 per cent to 25 per cent
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.6 Impairment of non-current assets

At each reporting period end date, the limited liability partnership reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the limited liability partnership estimates the recoverable amount of the cash-generating unit to which the asset belongs.

ACTON GARDENS LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Inventories held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

ACTON GARDENS LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies

(Continued)

1.9 Financial instruments

The Partnership classifies its financial assets as loans and receivables.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Financial assets are derecognised only when the contractual rights to the cash flows from the financial asset expire or the Partnership transfers substantially all risk and rewards.

Loan and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Partnership's loans and receivables comprise 'trade and other receivables' and 'cash at bank and in hand' in the Statement of Financial Position.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less any provision for impairment. A provision for impairment is established when the carrying value of the receivable exceeds the present value of the future cash flows discounted using the original effective interest rate. The carrying value of the receivable is reduced and any impairment loss is recognised in the Income Statement. If collection is expected in one year or less, receivables are classified as current assets. If not, they are classified as non-current assets.

Impairment of financial assets

The Partnership assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event or events has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Financial liabilities

Financial liabilities are classified according to the substance of each contractual agreement.

Trade payables

Trade payables on normal terms are not interest bearing and are stated initially at their fair value and subsequently at amortised cost.

Where land is purchased on deferred settlement terms the land and associated liability are discounted to their fair value. The discount to fair value is amortised over the period of the credit term and charged to finance costs using the effective interest rate method. Changes in estimates of the final payment due are capitalised into inventory and, in due course, to cost of sales in the Income Statement.

Trade payables also include liabilities in respect of land overage where the Partnership is committed to make contractual payments to land vendors related to the performance of the development in the future. Land overage is estimated based on expected future cash flows in relation to relevant developments and, where payment will take place in more than one year, is discounted.

Deposits received from customers relating to sales of new properties are classified within current trade payables.

Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are classified as non-current liabilities.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies

(Continued)

1.10 Members' loans

The Members' loans have been classified as equity in accordance with Statement of Recommended Practice "Accounting by Limited Liability Partnerships" (issued March 2010).

Members' loans included within Members' Capital are repayable on demand, subject to the consent of all Members and on the disposal of the underlying net assets of the Partnership and may therefore fall due after more than one year.

Members' loans rank in priority to other unsecured creditors in the event of a winding-up.

2 Critical accounting estimates and judgements

In the application of the Limited Liability Partnership's accounting policies, the Members are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical accounting judgements

In the process of applying the Partnership's accounting policies, which are described in note 1, the Members have made no individual judgements that have a significant impact on the financial statements, apart from those involving estimates which are described below.

Key sources of estimation uncertainty

Estimates and underlying assumptions affecting the financial statements are based on historical experience and other relevant factors and are reviewed on an ongoing basis. This approach forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based or as a result of new information. Such changes are recognised in the year in which the estimate is revised.

The key assumptions about the future and key sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying value of assets and liabilities are described below.

Estimation of site profitability and carrying value of inventory

In order to determine the profit or loss that the Partnership recognises on its developments and construction contracts in a specific period, the Partnership allocates the total cost of each development or construction contract between the proportion completing in the period and the proportion to complete in a future period. The assessment of the total costs to be incurred requires a degree of estimation due to the long-term nature of the Partnership's activities and because actual costs are subject to market fluctuations. Partnership management has established internal controls to review and ensure the appropriateness of estimates made on an individual development or contract basis. No plausible change in estimates would result in a material change to the Partnership's results. As an illustration, a change in margins of 5% would have changed gross profits by an estimated £1.0m.

3 Revenue

All of the Partnership's revenues are derived in the United Kingdom and from its housebuilding and related development activities.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

4 Operating profit

	2018	2017
	£	£
Operating profit for the year is stated after charging:		
Fees payable to the Partnership's auditors for the audit of the Partnership's financial statements	17,000	17,000
Depreciation of owned property, plant and equipment	1,040	-
Cost of inventories recognised as an expense	68,842,529	88,899,007

The Limited Liability Partnership had no employees during the financial year (2017: Nil).

5 Members' remuneration charged as an expense

	2018	2017
	Number	Number
The average number of members during the year was	2	2

The representatives of the Members did not receive any remuneration in respect of services provided to the Limited Liability Partnership in the current or prior year.

6 Interest receivable and similar income

	2018	2017
	£	£
Interest on bank deposits	-	50

7 Property, plant and equipment

	Plant and machinery
	£
Cost	
At 1 October 2017	-
Additions	16,640
At 30 September 2018	16,640
Depreciation and impairment	
At 1 October 2017	-
Depreciation charged in the year	1,040
At 30 September 2018	1,040
Carrying amount	
At 30 September 2018	15,600
At 30 September 2017	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

8 Financial instruments

	2018	2017
	£	£
Financial assets at amortised cost		
Cash at bank and in hand	8,777,045	8,734,734
Trade and other receivables	4,525,311	3,138,773
	<u>13,302,356</u>	<u>11,873,507</u>
Financial liabilities at amortised cost		
Trade and other creditors	<u>35,487,377</u>	<u>37,990,144</u>

9 Inventories

	2018	2017
	£	£
Land	-	942,556
Development work in progress	51,155,050	29,962,526
Completed properties unlet, unsold or awaiting sale completion	1,869,668	416,469
	<u>53,024,718</u>	<u>31,321,551</u>

10 Trade and other receivables

	2018	2017
	£	£
Amounts falling due within one year:		
Trade receivables	713,734	40,344
Amounts due from members	2,733,973	2,470,745
Other receivables	-	909,476
	<u>3,447,707</u>	<u>3,420,565</u>
Amounts falling due after more than one year:		
Amounts due from members	<u>1,077,604</u>	<u>627,684</u>
Total trade and other receivables	<u>4,525,311</u>	<u>4,048,249</u>

ACTON GARDENS LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

11 Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	24,986,605	28,933,253
Amounts due to related parties	-	294,804
Amounts due to members	254,069	458,594
Other taxation and social security	242,148	40
Accruals and deferred income	10,246,703	8,303,493
	<u>35,729,525</u>	<u>37,990,184</u>

Trade creditors include land creditors which relate to forecast overage payments which are unsecured and non interest bearing.

12 Related party transactions

The Partnership had the following transactions with related parties during the year:

Due to Countryside Properties (UK) Limited and associates:

	2018	2017
	£	£
Transfer of legal and beneficial interest in work in progress	416,209	383,201
Legal, sales and marketing services	715,648	925,114
Project management fees	4,078,218	5,110,211
Accounting and administration services	70,000	70,000
Site establishment services	2,206,015	1,615,131
Other transactions	3,601	319
	<u>7,489,691</u>	<u>8,103,976</u>

Due from L&Q New Homes Limited and associates:

	2018	2017
	£	£
Marketing, legal and technical services	838,167	1,063,546
Design and Build contracting for affordable housing	(38,086,722)	(32,952,590)
	<u>(37,248,555)</u>	<u>(31,889,044)</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

12 Related party transactions

(Continued)

At the financial reporting date, the following balances were owed (by)/to the Partnership (to)/by related parties:

Due from/(to) Countryside Properties (UK) Limited and associates

	2018	2017
	£	£
Amounts due by the Partnership	-	(458,594)
Amounts due to the Partnership	91,370	228,100
	<u>91,370</u>	<u>(230,494)</u>
Amounts due by the Partnership to associate	<u>(157,518)</u>	<u>(294,804)</u>

Due from L&Q New Homes Limited and associates

	2018	2017
	£	£
Amounts due to the Partnership	<u>3,623,656</u>	<u>2,870,329</u>

13 Controlling party

The Partnership is a joint venture between Countryside Properties (UK) Limited and L&Q New Homes Limited.

The ultimate parent company of Countryside Properties (UK) Limited is Countryside Properties PLC.

The ultimate parent undertaking and controlling entity of L&Q New Homes Limited is considered to be London & Quadrant Housing Trust. The smallest and largest group into which the Partnership's results are consolidated is considered to be London & Quadrant Housing Trust. All entities are incorporated in the United Kingdom and Financial Statements for all entities can be obtained from London & Quadrant, 29-35 West Ham Lane, Stratford, London, E15 4PH

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

14 Cash generated from operations	2018	2017
	£	£
Profit for the financial year	19,080,395	21,114,350
Adjustments for:		
Investment income recognised in profit or loss	-	(50)
Depreciation and impairment of property, plant and equipment	1,040	-
Unwinding of discount	-	690,292
Movements in working capital:		
(Increase)/decrease in inventories	(21,703,168)	19,243,571
Increase in trade and other receivables	(477,062)	(988,719)
(Decrease)/increase in trade and other payables	(2,260,659)	5,210,792
Cash (absorbed by)/generated from operations	<u>(5,359,454)</u>	<u>45,270,236</u>