

MANSFORD CAPITAL PARTNERS LIMITED
DIRECTORS' REPORT AND GROUP ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2011



MANSFORD CAPITAL PARTNERS LIMITED

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MANSFORD CAPITAL PARTNERS LIMITED

COMPANY INFORMATION

Directors	O Smith C H Knight
Secretary	J M H Anderson
Company number	5110227
Registered office	15 Bury Walk London SW3 6QD
Business address	15 Bury Walk London SW3 6QD
Auditors	Saffery Champness Lion House Red Lion Street London WC1R 4GB

MANSFORD CAPITAL PARTNERS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2011

The directors present their report and group accounts for the year ended 31 March 2011

Principal activities

The Mansford group is a European multi-strategy real estate private investment firm owned and controlled by its management

Established in 1995, Mansford invests, manages funds and acts in an advisory capacity in various real estate and related sectors

Review of business

The business objective of Mansford is to generate a high return on capital for its financial partners and shareholders through selective investment, development, repositioning and onward sale of commercial real estate

Since its formation in 1995, Mansford and its investment partners have invested directly in income producing properties, real estate development projects, indirect investment and managed structured transactions totalling circa £1.8 billion

Mansford currently invests via two funds, Mansford France Fund I based in Luxembourg and through Mansford Real Estate LLP, Mansford Opportunity Fund III, based in the United Kingdom. Mansford Holdings Plc's principal business activity is the management of Mansford France Fund I

Mansford France Fund I is focussed on light industrial and logistics real estate in France. The fund is now closed with total investments comprising €76 million as at 31 March 2011

The group is currently invested in France and United Kingdom. As at 31 March 2011, the group consisted of the entities disclosed in note 11

Key Performance Indicators

	2011	2010
Frequent review of administrative costs	£	£
Administrative costs	5,180,620	7,115,239
Liquidity (Company)	2,478,166	2,799,847

Due to the company's pursuit of new investment opportunities in differing types of vehicles with differing patterns of current revenue and medium term profit expectations, each of which is assessed on its own merits, overall revenue based performance indicators do not feature prominently

MANSFORD CAPITAL PARTNERS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2011

Financial Risk Management

The group's operations expose it to a variety of financial risks that include the effects of changes in market prices, credit risk, liquidity risk and interest rate risk

As a result of the recent worldwide economic downturn, and the associated increase in business risks, the directors have taken additional steps to assess, monitor and control risk in the current year and going forward. The policies of risk management set by the board of directors are implemented by the finance department. Specific risk areas are described in more detail below.

Market risk

The group provides services internationally and is exposed to foreign exchange risk primarily relating to such activities. Foreign exchange risk arises from future commercial transactions, assets and liabilities.

The exposure on provision of services is the risk that the value of open trade receivables will decrease as a result of currency fluctuations. The Directors review market conditions on an ongoing basis to determine whether hedging is appropriate. There is rarely pressure to exchange currencies within the company, so the Directors are able to choose optimal time to make exchanges.

Credit risk

The group has implemented policies that require appropriate credit checks on potential customers before tenancies are accepted and the amount of exposure to any individual entity is subject to a limit, which is reassessed on a regular basis by management. Trade receivables comprise balances due from a wide range of retail businesses, whose individual credit rating may be affected by changes in commercial or economic conditions. The directors consider the diversity of this customer base and the relatively stable credit rating of certain significant customers to be important limiting factors to the group's overall exposure to credit risk. However the directors will continue to review credit controls on a regular basis to ensure that the company's policies are appropriate to the prevailing economic climate.

Liquidity risk

The group is able to fund operations using a combination of cash generated from profits and liquidity risk is therefore low. However, the group maintains short-term debt finance arrangements to ensure the group has sufficient available funds for seasonal fluctuations in working capital requirements.

Interest rate cash flow risk

At all times the group has interest bearing assets in the form of cash balances which earn interest at variable market rates. These are placed with appropriate institutions in order to maximise return, whilst limiting risk. Similarly, where group companies are subject to paying interest, rates will be fixed or capped as appropriate.

Results and dividends

Mansford group had a satisfactory year, and the results for the group are shown on pages 7 to 9. No dividend was paid during the year (2010: £nil).

MANSFORD CAPITAL PARTNERS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2011

Payment Policy

It is the group's policy to negotiate payment terms with its suppliers and pay in accordance with those terms for the forthcoming year. Trade Creditor days is not considered a useful ratio to the users of the accounts due to the sector the group operates in.

Future developments

The group's principal focus is asset managing Mansford France Fund I and making new investments through Mansford Real Estate LLP, Mansford Opportunity Fund III, its new fund which is currently targeting investment opportunities in the UK and Europe.

We actively seek to control risk through asset and financing diversification combined with interest rate hedging policies and thorough due diligence on new acquisitions.

Directors

The directors who served during the year were as stated below:

O Smith
C H Knight

Auditors

Saffery Champness have expressed their willingness to remain in office as auditors if the group

MANSFORD CAPITAL PARTNERS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2011

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under the law the directors 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 the directors 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 group and company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

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

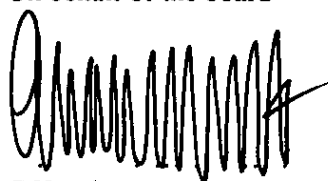
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors have reviewed the company's financial position at the balance sheet date and for the period ending on the anniversary of the date of approval of these financial statements. They have considered liquidity risk, key assumptions and uncertainties. As a result of this assessment, the directors have adopted the going concern basis of accounting for the preparation of these financial statements.

Statement of disclosure to auditors

So far as each of the directors is aware, there is no relevant information that has not been disclosed to the company's auditors and each of the directors believes that all steps have been taken that ought to have been taken to make them aware of any relevant audit information and to establish that the company's auditors have been made aware of that information.

On behalf of the board



C Knight
Director

14 July 2011

MANSFORD CAPITAL PARTNERS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MANSFORD CAPITAL PARTNERS LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Mansford Capital Partners Limited for the year ended 31 March 2011 set out on pages 7 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1-4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group and parent's affairs as at 31 March 2011 and of the group's profit and parent's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MANSFORD CAPITAL PARTNERS LIMITED

INDEPENDENT AUDITORS' REPORT (continued) TO THE MEMBERS OF MANSFORD HOLDINGS PLC

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the group and parent company, 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
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Stewart Garrard (Senior Statutory Auditor)
for and on behalf of

Saffery Champness
Chartered Accountants
Statutory Auditors

15 July 2011

Lion House
Red Lion Street
London
WC1R 4GB

MANSFORD CAPITAL PARTNERS LIMITED

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2011	2010
		£	£
Turnover			
Continued operations	5,229,913	5,744,345	
Discontinued operations	12,057,437	23,271,465	
Group turnover	2	17,287,350	29,015,810
Administrative expenses			
Continued operations	(2,924,345)	(2,917,324)	
Discontinued operations	(2,256,275)	(4,197,915)	
Group Administrative expenses		(5,180,620)	(7,115,239)
Operating profit			
Continued operations	2,305,568	2,827,021	
Discontinued operations	9,801,162	19,073,550	
Group operating profit	3	12,106,730	21,900,571
Share of operating profits in limited partnerships		(27,168)	-
Share of operating profit in joint ventures		-	2,631
Loss on disposal of joint ventures		-	(686,806)
Profit/ (loss) on disposal of subsidiaries	5	1,240,593	(32,120)
Interest receivable and other income	6	174,926	2,415,847
Interest payable and similar charges	7	(12,680,038)	(24,075,696)
Profit/ (loss) on ordinary activities before taxation		815,043	(475,573)
Tax on profit/ (loss) on ordinary activities	8	39,916	(638,501)
Profit/ (loss) on ordinary activities after taxation		854,959	(1,114,074)
Amount payable from outside investors		1,733,653	418,729
Retained profit/ (loss) for the year	17	2,588,612	(695,345)

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

MANSFORD CAPITAL PARTNERS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2011

	2011	2010
	£	£
Profit/ (loss) for the financial year	854,959	(1,114,074)
Exchange differences on translation	95,696	(429,495)
Unrealised deficit on revaluation of properties	-	(279,528)
Total recognised gains and losses relating to the year	<u>950,655</u>	<u>(1,823,097)</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	2011	2010
	£	£
Reported profit/(loss) on ordinary activities before taxation	815,043	(475,573)
Historical cost profit/(loss) on ordinary activities before taxation	<u>815,043</u>	<u>(475,573)</u>
Historical cost profit/ (loss) for the year retained after taxation and dividends	<u>854,959</u>	<u>(695,345)</u>

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

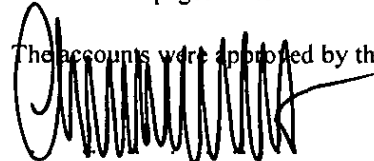
MANSFORD CAPITAL PARTNERS LIMITED

BALANCE SHEETS FOR THE YEAR ENDED 31 MARCH 2011

	Notes	Group 2011 £	2010 £	Company 2011 £	2010 £
Fixed assets					
Tangible assets	10	58,382,290	384,285,952	-	-
Investments	11	817,711	171,005	1,723,286	1,410,285
		<u>59,200,001</u>	<u>384,456,957</u>	<u>1,723,286</u>	<u>1,410,285</u>
Current assets					
Debtors	12	1,201,796	3,438,762	250	250
Cash at bank and in hand		4,963,041	14,187,034	2,478,166	2,799,847
		<u>6,164,837</u>	<u>17,625,796</u>	<u>2,478,416</u>	<u>2,800,097</u>
Creditors: Amounts falling due within one year	13	(3,792,101)	(57,174,012)	(7,477)	(7,582)
Net current assets/(liabilities)		<u>2,372,736</u>	<u>(39,548,216)</u>	<u>2,470,939</u>	<u>2,792,515</u>
Total assets less current liabilities		61,572,737	344,908,741	4,194,225	4,202,800
Debtor: Amounts falling due after more than one year	12	436,396	-	-	-
Creditors: Amounts falling due after more than one year	14	(57,083,110)	(342,667,025)	-	-
Provisions for liabilities and charges	15	-	-	-	-
		<u>4,926,023</u>	<u>2,241,716</u>	<u>4,194,225</u>	<u>4,202,800</u>
Capital and reserves					
Called up share capital	16	750	751	750	751
Capital redemption reserve	17	249	249	249	249
Revaluation reserve	17	(222,494)	(222,494)	-	-
Other reserves	17	1,488,747	1,488,747	-	-
Profit and loss account	17	3,658,771	974,463	4,193,226	4,201,800
	18	<u>4,926,023</u>	<u>2,241,716</u>	<u>4,194,225</u>	<u>4,202,800</u>

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

The accounts were approved by the board on 14 July 2011



C Knight
Director

Company Registration No. 5110227

MANSFORD CAPITAL PARTNERS LIMITED

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2011	2010
		£	£
Net cash inflow from operating activities	19	13,963,645	27,889,985
Returns on investments and servicing of finance			
Interest received	54,926	107,825	
Interest paid	(12,475,964)	(24,075,696)	
Other income	120,000	545,970	
Net cash outflow from returns on investments and servicing of finance		(12,301,038)	(23,421,901)
Corporation tax		(530,229)	(4,715,883)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets	(372,755)	(487,850)	
Receipts from sale of property rights	-	1,762,052	
Payments for unlisted investments	(673,874)	-	
Reduction to loan investments	-	364,578	
Net cash (outflow)/ inflow from capital and financial investment		(1,046,629)	1,638,780
Net cash inflow before financing		85,749	1,390,981
Acquisition and disposal			
Disposal of subsidiary undertakings	(390,972)	25,000	
Cash disposed with subsidiaries	(6,587,812)	(45,060)	
Disposal of subsidiary undertakings (net cash sold)		(6,893,035)	(20,060)
Financing			
Loans repaid	(17,881,316)	(1,819,687)	
New loans	15,837,600	1,507,492	
Net cash outflow from financing		(2,043,716)	(312,195)
(Decrease) / increase in cash	20	(8,936,751)	1,058,726

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

MANSFORD CAPITAL PARTNERS LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention as modified to include the revaluation of certain fixed assets. The accounts are prepared in accordance with applicable United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Principles)

1.2 Basis of consolidation

The consolidated profit and loss account and balance sheet include the accounts of the company and its subsidiary undertakings made up to 31 March. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

Certain subsidiary and joint venture investments have entered into separate profit sharing arrangements with external third parties. Any profit/loss allocated to third parties is shown as an adjustment through the profit and loss account with an associated asset/liability reflected in the balance sheet.

1.3 Associated undertakings and joint ventures

The results of joint venture investments are consolidated using the gross equity method as required under FRS 9 Associates and Joint Ventures.

1.4 Turnover

Turnover represents fees in respect of management services and property rental income relievable net of VAT. These are recognised in the period to which they relate and the right to consideration arises.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets (other than land and buildings) are stated at cost or valuation less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Plant and equipment	5-25% reducing balance
Fixtures and fittings	5-25% reducing balance

Land and buildings are held at valuation in the balance sheet. No depreciation is provided in respect of land and buildings as in the opinion of the directors any such depreciation charge is immaterial.

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years.

Although this accounting policy is in accordance with the applicable standard, SSAP 19, Accounting for Investment Properties, it is a departure from the general requirement of the Companies Act 2006 for all tangible assets to be depreciated. In the opinion of the directors, compliance with this standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this, which might otherwise have been charged, cannot be separately identified or quantified.

MANSFORD CAPITAL PARTNERS LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

1 Accounting policies (continued)

1 6 Investments

Fixed asset investments are stated at cost less any provision for permanent diminution in value

1 7 Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

1 8 Foreign Exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

Foreign subsidiaries are translated into the presentational currency of the company by translating all assets and liabilities at the closing rate at the balance sheet date. Income and expenses for each profit and loss account are translated at exchange rates at the dates of the transactions. All resulting exchange differences are recognised through the statement of total recognised gains and losses.

1 9 Financial instruments

The group has substantial loan facilities with underlying variable interest rates. In certain circumstances the group uses financial instruments in the form of interest rate swaps to hedge its exposure to adverse fluctuations against the Euribor.

MANSFORD CAPITAL PARTNERS LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

2 Segmental analysis

The total turnover of the group for the year has been derived from its core activity being that of property investment undertaken in the United Kingdom and Europe

	2011 £	2010 £
Turnover		
UK Group	194,096	451,521
Europe	17,093,254	28,597,511
	<u>17,287,350</u>	<u>29,049,032</u>
Profit before tax		
UK Group	1,520,276	(3,711,223)
Europe	(705,233)	3,235,650
	<u>815,043</u>	<u>(475,573)</u>
Net assets		
UK Group	4,710,585	3,689,353
Europe	215,438	(1,447,637)
	<u>4,926,023</u>	<u>2,241,716</u>

3 Operating profit

	2011 £	2010 £
Operating profit is stated after charging/(crediting)		
Depreciation of owned tangible assets	98,803	111,601
Foreign exchange gains	87,171	148,877
Auditors' remuneration		
Audit fees of Company's annual accounts	4,000	11,950
Audit fees of the Company's subsidiaries	28,250	22,500
Taxation services	2,175	9,360
Other services	12,140	11,185

MANSFORD CAPITAL PARTNERS LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

4 Employees

There were no employees during the year other than the directors.

Directors' emoluments

	2011 £	2010 £
Emoluments for qualifying services	-	-
	-	-

5 Profit on disposal of subsidiaries

The profit on disposal of subsidiaries, amounting to £1,240,593 relates to the sale of the group's interest in Mansford Europe Fund 1 Sarl, a Luxembourg registered company, on the 28 October 2010. Included in the profit on disposal of subsidiaries is a deferred consideration debtor relating to the disposal of Mansford Europe Fund 1 Sarl totalling £436,396. The operations of Mansford Europe Fund 1 Sarl have been disclosed as discontinued operations in the profit and loss account.

6 Interest receivable and other income

	2011 £	2010 £
Interest receivable and similar income	54,926	107,825
Profit on disposal of property rights	-	1,762,052
Other income	120,000	545,970
	174,926	2,415,847

7 Interest payable and similar charges

	2011 £	2010 £
Interest payable on		
Bank loans and overdrafts	10,099,580	19,290,717
Other loans	2,580,458	4,784,979
	12,680,038	24,075,696

MANSFORD CAPITAL PARTNERS LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

8	Tax on profit on ordinary activities	£	2011 £	£	2010 £
	Current tax				
	UK Corporation Tax				
	Current tax for the period	30,393		(43,647)	
			30,393		(43,647)
	Overseas taxation		(70,309)		682,148
			(39,916)		638,501
	Factors affecting the tax charge for the year				
	Profit/ (loss) on ordinary activities before taxation		815,043		(475,573)
	Profit/ (loss) on ordinary activities before taxation multiplied by standard rate in the UK of 28% (2010 28%)		228,212		(133,161)
	Effects of				
	Overseas and joint venture profits		(86,310)		906,718
	Other tax adjustments		(181,818)		(135,056)
	Current tax charge		(39,916)		638,501

9 Profit/ (loss) for the financial year

As permitted by section 408 of the Companies Act 2006, the holding company's profit and loss account has not been included in these accounts. The profit and loss for the financial year is made up as follows

	2011 £	2010 £
Holding company's loss for the financial year	(8,574)	(781,595)

MANSFORD CAPITAL PARTNERS LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

10 Tangible fixed assets

Group	Investment properties £	Land and buildings £	Plant and equipment £	Total £
Cost or valuation				
At 1 April 2010	380,673,745	3,250,000	893,878	384,817,623
Additions	372,755	-	-	372,755
Disposals	(325,088,308)	-	(328,172)	(325,416,480)
Exchange difference on translation	(964,150)	-	(9,924)	(974,074)
At 31 March 2011	54,994,042	3,250,000	555,782	58,799,824
Depreciation				
At 1 April 2010	458,330	-	73,341	531,671
Charge for the year	48,454	-	50,349	98,803
Disposals	(176,876)	-	(32,805)	(209,681)
Exchange difference on translation	(3,269)	-	10	(3,259)
At 31 March 2011	326,639	-	90,895	417,534
Net book value				
At 31 March 2011	54,667,403	3,250,000	464,887	58,382,290
At 31 March 2010	380,215,415	3,250,000	820,537	384,285,952

The valuations of investment properties were made as at 31 March 2011 by C Knight, a Chartered Surveyor and O Smith who are both directors of the company. These include valuations of £54,385,395 (2010 £55,357,143) and £nil (2010 £27,267,857) which were made on an open market basis, based upon yields and market valuations obtained during the year from Knight Frank and DTZ Zadelhoff Tie Leung GMBH respectively, both external property consultants. No depreciation is provided in respect of these properties.

A full appraisal of the land and buildings was made as at 31 March 2007 by Nelson Bakewell Chartered Surveyors on open market basis. An interim assessment of the valuation of the investment property was made as at 31 March 2011 by one of the directors C Knight, who is a Chartered Surveyor, on an open market basis. No depreciation has been provided in respect of this property.

Only investment properties and land and buildings have been revalued. All other tangible fixed assets are stated at historical cost. On a historical cost basis, investment properties and land and buildings would have been included at an original cost of £65,780,685 (2010 £435,153,296).

MANSFORD CAPITAL PARTNERS LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

10 Tangible fixed assets (continued)

No provision has been made on investment properties which the group does not intend to sell in respect of deferred taxation on the revaluation or of the capital allowances claimed. If these properties were sold at their stated valuation a corporate tax liability of £140,000 (2010 £140,000) would arise.

11 Fixed asset investments

Group	Unlisted investments £	Total £
Cost or valuation		
At 1 April 2010	171,005	171,005
Additions	673,874	673,874
Share of loss for the year	(27,168)	(27,168)
At 31 March 2011	817,711	817,711
At 31 March 2010	171,005	171,005

Company	Unlisted investments £	Shares in subsidiary undertakings £	Loans in subsidiary undertakings £	Total £
Cost				
At 1 April 2010	171,005	2	1,239,278	1,410,285
Additions	294,988	-	45,181	340,169
Share of loss for the year	(27,168)	-	-	(27,168)
At 31 March 2011	438,825	2	1,284,459	1,723,286

MANSFORD CAPITAL PARTNERS LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

11 Fixed asset investments (continued)

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Mansford Holdings Plc	England and Wales	Ordinary	100
Mansford France Fund 1 Sarl*	Luxembourg	Ordinary	100
MH (Bury Walk) Limited	England and Wales	Ordinary	100

The principal activity of the trading undertakings for the last relevant financial year was property investment

* A company with a number of subsidiaries each representing a separate property investment. A list of the individual subsidiaries can be obtained from the registered office

12 Debtors: Amounts falling due within one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Trade debtors	234,965	1,154,292	-	-
Other debtors	966,381	2,284,470	250	250
Prepayments and accrued income	-	-	-	-
	<u>1,201,796</u>	<u>3,438,762</u>	<u>250</u>	<u>250</u>

Debtors: Amounts falling due after more than one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Other debtors	<u>436,396</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>436,396</u>	<u>-</u>	<u>-</u>	<u>-</u>

MANSFORD CAPITAL PARTNERS LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

13 Creditors: Amounts falling due within one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loans and overdrafts	691,491	47,366,605	-	-
Trade creditors	383,088	1,494,108	-	582
Corporation tax	30,393	651,552	-	-
Taxes and social security costs	55,358	238,069	-	-
Other creditors	228,389	6,512	-	-
Accruals and deferred income	2,403,382	7,417,166	7,477	7,000
	<u>3,792,101</u>	<u>57,174,012</u>	<u>7,477</u>	<u>7,582</u>

14 Creditors: Amounts falling due after more than one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loans	39,339,574	309,678,903	-	-
Other loans	17,743,536	32,988,122	-	-
	<u>57,083,110</u>	<u>342,667,025</u>	<u>-</u>	<u>-</u>

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Analysis of loans				
Not wholly repayable within five years other than by instalments				
Bank loans	-	-	-	-
Other loans	17,743,536	32,988,122	-	-
Wholly repayable within five years				
Bank loans	40,031,065	357,045,508	-	-
Included in current liabilities	(691,491)	(47,366,605)	-	-
	<u>57,083,110</u>	<u>342,667,025</u>	<u>-</u>	<u>-</u>

MANSFORD CAPITAL PARTNERS LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

14 Creditors: Amounts falling due after more than one year (continued)

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Loan maturity analysis				
Between one and two years	37,404,342	2,887,025	-	-
Between two and five years	402,411	304,569,674	-	-
In five years or more	19,276,357	35,210,326	-	-
	<u>57,083,110</u>	<u>342,667,025</u>	<u>-</u>	<u>-</u>

Included within other loans are amounts of £17,361,970 (2010 £32,560,459) representing preference equity certificates (PECS) or interest bearing equity which was structured as a loan and was wholly non-recourse to the Mansford companies, which comprise Mansford Capital Partners Ltd (MCPLTD), Mansford Holdings Plc (MHPLC) and Mansford Real Estate LLP (MRELLP). These instruments were used to establish Mansford Europe Fund 1 (MEF1) and Mansford France Fund 1 (MFF1). MHPLC held 100% of the ordinary share capital of MEF1 and MFF1 and was involved in the management of the funds to an extent which, in the directors opinion, under the criteria of FRS 2 created relationships of subsidiary undertakings. As such they were included in the consolidated accounts of MHPLC & in turn into MCPLTD.

These are non-voting, redeemable debt instruments with a flexible repayment structure. The certificates carry pre-determined rights over income and the net assets of the associated investments on ultimate disposal. During the year 18,000,000 new C class PECS were issued at a value of £15,789,474. The C PECS payment rights rank above the original PECS which total £6,446,393.

During the year interest became payable on one class of certificate representing £15,789,474 (2010 £31,240,367) of the year end balance. The timing of this payment as well as quantum of interest is governed by the underlying preference equity certificate agreement. The total interest payable in the year amounted to £2,580,458 (2010 £4,784,979) of which £nil (2010 £1,088,390) was accrued at the year end. Debt instruments have been impaired by £nil (2010 £41,326,192) in the year resulting in year end balance of £17,361,970 (2010 £32,560,459). This represents the share of net assets that would be available to redeem these as at the balance sheet date.

The MEF1 and MFF1 bank loans were drawn in the names of the underlying fund companies and are secured on the specific assets held by the funds. The bank loans were non-recourse without any guarantee or additional security provided by MHPLC or its other group investments and therefore did not present a liability to MHPLC, MCPLTD, MRELLP or other group entities.

Included in bank loans are European bank loans totalling £37,776,547 secured by fixed and floating charges over the assets of the respective European entities. Interest is fixed at varying rates against EURIBOR with the capital sum being repayable on the 15 July 2012. In 2010, the group had entered in to interest rate SWAP transactions with the issuing lenders in respect of group bank loans totalling £37,776,547 (2010 £87,142,668) with facilities ranging between 3.9% and 4.5% (2010 3.9% and 4.5%) per annum over the term of the respective loans. During the period the SWAP contracts expired and have been replaced with interest rate CAP contracts expiring 15 July 2012.

Included in bank loans are UK bank loans totalling £2,254,518 secured by fixed and floating charges over the assets of the respective UK entities. Interest is fixed at varying rates at a weighted average of 3.69% (2010 5.18%) being repayable by October 2025.

MANSFORD CAPITAL PARTNERS LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

15 Provisions for liabilities and charges

Group

	Third party share of net assets £
Balance at 1 April 2010	-
Impairment element transferred against third party loans	-
Movement	-
Balance at 31 March 2011	-

Company

Balance at 1 April 2010	-
Movement	-
Balance at 31 March 2011	-

15 Provisions for liabilities and charges (continued)

The third party provisions relate to the interests of external investors, through redeemable debt instruments in issue, to a priority share, on realisation of the underlying net assets of certain property funds. During the 2010 a resulting impairment in the available net assets of certain funds had been provided against the associated redeemable debt instruments as detailed in note 13. The total balance of the impairment provided against the associated redeemable debt instruments total £4,724,716 (2010 £41,326,192).

16 Share capital

	2011 £	2010 £
Authorised		
1 'M' Ordinary share of £1 each	-	1
999 Ordinary shares of £1 each	999	999
	<u>999</u>	<u>1,000</u>
Allotted, called up and fully paid		
750 Ordinary shares of £1 each	750	750
1 'M' Ordinary share of £1 each	-	1
	<u>750</u>	<u>751</u>

The 'M' Ordinary share carries no rights to vote at any general meeting of the company and is entitled to a dividend of 15% of the dividend paid to any other member up to a maximum amount received by such members in aggregate of \$5,000,000 expiring May 2010. The 'M' Ordinary share was redeemed by the company on the 13 August 2010.

MANSFORD CAPITAL PARTNERS LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

17 Statement of movement on reserves

	Capital Redemption Reserve	Revaluation Reserve	Other Reserves	Retained Earnings
Group				
At 1 April 2010	249	(222,494)	1,488,747	974,463
Exchange difference on translation	-	-	-	95,696
Profit after tax	-	-	-	2,588,612
At 31 March 2011	249	(222,494)	1,488,747	3,658,771
Company				
At 1 April 2010	249	-	-	4,201,800
Loss after tax	-	-	-	(8,574)
At 31 March 2011	249	-	-	4,193,226

Other reserves represents the negative goodwill arising on the acquisition of Mansford Holdings plc in the year ended 31 March 2005

18 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Group		
Profit/ (loss) for the financial year	854,949	(1,114,074)
Amounts payable to outside investors	1,733,653	418,729
Redemption of share capital	(1)	-
	2,588,611	(695,345)
Other recognised gains and losses	95,696	(709,023)
Net addition/ (depletion) to shareholders' funds	2,684,307	(1,404,368)
Opening shareholders' funds	2,241,716	3,646,084
Closing shareholders' funds	4,926,023	2,241,716
Company		
Loss for the financial year	(8,574)	(781,595)
Redemption of share capital	(1)	-
Net depletion to shareholders' funds	(8,575)	(781,595)
Opening shareholders' funds	4,202,800	4,984,395
Closing shareholders' funds	4,194,225	4,202,800

MANSFORD CAPITAL PARTNERS LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

19	Net cash inflow from operating activities	2011 £	2010 £			
	Reconciliation to operating profit					
	Operating profit	12,106,730	21,900,571			
	Depreciation of tangible fixed assets	98,803	111,601			
	(Increase)/ decrease in debtors	(1,150,617)	5,760,468			
	Increase/ (decrease) in creditors	2,908,729	(5,169)			
	Profit on sale of tangible fixed assets	-	122,514			
		<u>13,963,645</u>	<u>27,889,985</u>			
20	Reconciliation of net cash flow to movement in net debt	2011 £	2010 £			
	(Decrease)/ increase in cash	(8,936,751)	1,058,726			
	New loans	(15,837,600)	(2,069,998)			
	Loans repaid	17,881,316	2,382,193			
	Translation difference	7,169,469	15,579,425			
	Other non-cash movements	<u>322,758,602</u>	<u>41,326,192</u>			
	Movement in net debt	323,035,036	58,276,538			
	Net debt at 1 April 2010	(375,846,596)	(434,123,134)			
	Net debt at 31 March 2011	<u>(52,811,560)</u>	<u>(375,846,596)</u>			
21	Analysis of net debt					
	At 1 April 2010	Cash flow	Exchange movements	Other non-cash movements	At 31 March 2011	
	£	£	£	£	£	
	Cash at bank and in hand	14,187,034	(8,936,751)	(287,242)	-	4,963,041
	Debt due within one year	(47,366,605)	16,302,334	1,427,268	28,945,512	(691,491)
	Debt due after one year	(342,667,025)	(14,258,618)	6,029,443	293,813,090	(57,083,110)
		<u>(375,846,596)</u>	<u>(6,893,035)</u>	<u>7,169,469</u>	<u>322,758,602</u>	<u>(52,811,560)</u>

Other non-cash movements within debt due after one year represent an impairment of £320,381 in respect of the redeemable amount of the debt instruments as detailed in note 14 and an amount of £322,438,221 in respect of loans transferred on disposal of subsidiary undertakings

MANSFORD CAPITAL PARTNERS LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

22 Ultimate controlling party

The company is ultimately controlled by O Smith and C H Knight.

23 Related party transactions

The group has taken advantage of the exemption under Financial Reporting Standard 8 not to disclose any transactions between itself and its subsidiary undertaking

As at 31 March 2011, loans totalling £232,386 (2010 £232,386) were due to J-Wharf Ltd, a company with common directors. No fees were received from the company during the year (2010 £17,000)

During the year certain fund management activities have been subcontracted to Mansford Real Estate LLP, a limited liability partnership in which the directors are members. Management fees totalling £890,923 (2010 £1,895,402) were paid to Mansford Real Estate LLP. As at 31 March 2011, £nil (2010 £374,530) was outstanding to be paid.

During the year no expenses were recharged to Mansford Real Estate LLP (2010 £604,980). Capital contributed to the partnership from Mansford Holdings Plc during the period totalled £378,886 (2010 nil). During the period the company received a distribution from Mansford Real Estate LLP totalling £120,000 (2010 nil). As at 31 March 2011, £120,000 was due from the LLP (2010 £308,511).

Included within turnover is £26,332 (2010 £106,938) charged to PM France Industrial Property Sarl, a company in which Mansford Holdings Plc have an interest. As at 31 March 2011, there were no outstanding balances.

During the year, the company provided funding totalling £294,988 to Mansford Investors LP, a limited partnership in which the directors are members. During the year the share of the loss in Mansford Investors LP totals £27,168. As at 31 March 2011, the balance due from Mansford Investors LP totalled £438,825 (2010 £171,005).

23 Capital commitment

The company has a contribution commitment of £2,000,000 to Mansford Investors LP to be drawn down as and when required.