

Registered number. OC306338



RRHE LLP

Annual report and financial statements
for the year ended 5 April 2013



RRHE LLP

Contents

	Page
Information	1
Members' report	2 - 3
Independent auditors' report	4 - 5
Profit and loss account	6
Statement of total recognised gains and losses	7
Balance sheet	8 - 9
Notes to the financial statements	10 - 16
The following pages do not form part of the statutory financial statements	
Detailed profit and loss account and summaries	17 - 18

RRHE LLP

Information

Designated Members

Irvine Sellar
James Sellar
Gerald Ronson
Alan Goldman
Jonathan Dennis
Anthony Simon Mann

LLP registered number
OC306338

Registered office
110 Park Street, London, W1K 6NX

Auditors
BDO LLP, 55 Baker Street, London, W1U 7EU

RRHE LLP

Members' report for the year ended 5 April 2013

The members present their annual report together with the audited financial statements of RRHE LLP (the limited liability partnership) for the year ended 5 April 2013

Results

The profit and loss account is set out on page 6 and shows the profit for the year

Review of business

The principal activity of RRHE LLP is property investment within the United Kingdom

The members are satisfied with the trading performance of the LLP and are confident that the LLP will remain profitable in the coming year

Designated Members

The designated members of the limited liability partnership during the year were as follows

Irvine Sellar
James Sellar
Gerald Ronson
Alan Goldman
Jonathan Dennis
Anthony Simon Mann

Transactions with Members

The members participate fully in the limited liability partnership's profit, share the risks and subscribe to the limited liability partnership's capital

An individual member's capital requirement is linked to his or her share of profit and the financing requirements of the limited liability partnership. There is no opportunity for appreciation in value subscribed. Just as incoming members introduce their capital at 'par', so retiring members are repaid their capital at 'par'

The limited liability partnership's drawings policy allows each member to draw a proportion of his or her profit share in four quarterly instalments with the balance of profits paid in the following year, subject to the cash requirements of the business

RRHE LLP

Members' report (continued) for the year ended 5 April 2013

Members' responsibilities statement

The members are responsible for preparing the members' report and financial statements in accordance with applicable law and regulation

The Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under these regulations 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 these regulations, 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 these financial statements, the members are required to

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

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the limited liability partnership's transactions, 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 Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. They 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.

Auditors

All of the current members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the limited liability partnership's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The members are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

Small company provisions

In preparing this members' report advantage has been taken of the small companies exemptions (as applied to the Limited Liability Partnership by regulation 5 of the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008).

On behalf of the members



Irvine Sellar
Designated member

14 AUGUST 2013

RRHE LLP

Independent auditors' report to the members of RRHE LLP

We have audited the financial statements of RRHE LLP for the year ended 5 April 2013 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the limited liability partnership's members, as a body, in accordance with the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the limited liability partnership's members those matters we are required to state to them in an 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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditors

As explained more fully in the members' responsibilities statement, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion

In our opinion the financial statements

- give a true and fair view of the state of the limited liability partnership's affairs as at 5 April 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006, as applied to limited liability partnerships by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Opinion on other matters

In our opinion the information given in the members' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

RRHE LLP

Independent auditors' report to the members of RRHE LLP

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, 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



Alexander Tapp (Senior statutory auditor)

for and on behalf of
BDO LLP

Statutory auditor
London
United Kingdom

Date 1 November 2013

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

RRHE LLP

**Profit and loss account
for the year ended 5 April 2013**

	Note	2013 £	2012 £
Turnover	1,2	1,707,090	1,708,106
Administrative expenses		(17,908)	(51,386)
Operating profit	3	1,689,182	1,656,720
Interest receivable and similar income		27,719	3,491
Interest payable and similar charges	4	(602,112)	(1,185,496)
Other finance income		286,169	723,839
Profit for the financial year before members' remuneration and profit shares available for discretionary division among members		1,400,958	1,198,554
All amounts relate to continuing activities			

The notes on pages 10 to 16 form part of these financial statements

RRHE LLP

**Statement of total recognised gains and losses
for the year ended 5 April 2013**

	2013 £	2012 £
Profit for the financial year	1,400,958	1,198,554
Unrealised deficit on revaluation of tangible fixed assets	(943,947)	(3,773,223)
Total recognised gains and losses relating to the year	457,011	(2,574,669)

The notes on pages 10 to 16 form part of these financial statements

RRHE LLP
Registered number. OC306338

Balance sheet
as at 5 April 2013

	Note	£	2013 £	£	2012 £
Fixed assets					
Tangible assets	5		18,282,830		19,226,777
Current assets					
Debtors	6	743,933		2,603,672	
Cash at bank		1,888,931		2,030,667	
		<u>2,632,864</u>		<u>4,634,339</u>	
Creditors: amounts falling due within one year	7	(3,241,912)		(3,376,773)	
Net current (liabilities)/assets			<u>(609,048)</u>		<u>1,257,566</u>
Total assets less current liabilities			<u>17,673,782</u>		<u>20,484,343</u>
Creditors: amounts falling due after more than one year	8		<u>(17,302,256)</u>		<u>(18,710,089)</u>
Net assets attributable to members			<u><u>371,526</u></u>		<u><u>1,774,254</u></u>
Represented by					
Members' other interests					
Other reserves classified as equity under FRS 25		20		20	
Revaluation reserve		371,506		1,315,453	
Profits to be divided		-		458,781	
		<u></u>	<u>371,526</u>	<u></u>	<u>1,774,254</u>
Total members' interests					
Amounts due from members (included in debtors)			(743,933)		(2,603,672)
Members' other interests			<u>371,526</u>		<u>1,774,254</u>
	9		<u><u>(372,407)</u></u>		<u><u>(829,418)</u></u>

RRHE LLP

**Balance sheet (continued)
as at 5 April 2013**

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime (as applied to the Limited Liability Partnership by regulation 5 of the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008)

The financial statements were approved by the members and authorised for issue on
1 November 2013



**Irvine Sellar
Designated member**



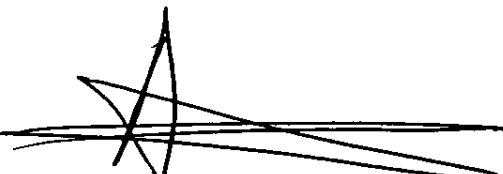
**James Sellar
Designated member**



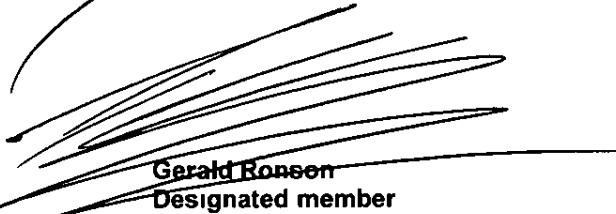
**Jonathan Dennis
Designated member**



**Alan Goldman
Designated member**



**Anthony Simon Mann
Designated member**



**Gerald Ronson
Designated member**

The notes on pages 10 to 16 form part of these financial statements

RRHE LLP

Notes to the financial statements for the year ended 5 April 2013

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings and are in accordance with applicable accounting standards and the requirements of the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships'

In order to show a true and fair view the limited liability partnership's accounting policy in respect of investment properties departs from the requirements of the Companies Act 2006. Details of this departure are given in note 5 to these financial statements

The following principal accounting policies have been applied

1.2 Cash flow

The limited liability partnership has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that it is a 'small' limited liability partnership under the Companies Act 2006

1.3 Turnover

Turnover represents the gross rental income receivable at invoiced amounts less value added tax

Rental income from investment property leased out under operating lease is recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of total rental income

1.4 Tangible fixed assets

In accordance with the Statement of Standard Accounting Practice 19 'Accounting for Investment Properties' ("SSAP 19"), investment properties are valued at open market value annually by the members and are subject to periodic independent valuation. Surpluses or deficits on individual properties are transferred to the investment revaluation reserve except where a deficit is deemed to represent a permanent diminution in value, in which case it is charged to the profit and loss account

Depreciation is not provided in respect of freehold investment properties

1.5 Finance costs

Finance costs are charged to profit over the term of the debt so that the amount charged is at a constant rate on the carrying amount. Finance costs include issue costs, which are initially recognised as a reduction in the proceeds of the associated capital instrument

1.6 Tax provisions

The taxation payable on profits is the personal liability of the members during the year

RRHE LLP

Notes to the financial statements
for the year ended 5 April 2013

1. Accounting policies (continued)

1.7 Financial liabilities and equity

Financial liabilities and equity instruments are initially measured at the amount of the net proceeds received

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form

2. Turnover

Turnover is wholly attributable to the principal activity of the limited liability partnership and arises solely within the United Kingdom

3. Operating profit

The operating profit is stated after charging

	2013 £	2012 £
Auditors' remuneration - fees payable for the audit of the LLP's financial statements	6,000	6,100
Auditors' remuneration - fees payable for tax compliance	1,495	1,495
	<u>7,495</u>	<u>7,595</u>

Other than the members, no staff were employed by the limited liability partnership during the current or prior year

4. Interest payable

	2013 £	2012 £
Bank loans	580,832	1,175,047
Finance costs	21,280	10,449
	<u>602,112</u>	<u>1,185,496</u>

RRHE LLP

Notes to the financial statements
for the year ended 5 April 2013

5. Tangible assets

	Freehold Investment Properties £
Cost or valuation	
At 6 April 2012	19,226,777
Revaluation deficit	(943,947)
	<hr/>
At 5 April 2013	18,282,830
	<hr/>

The freehold investment property was valued at 5 April 2013 by the limited liability partnership's members at open market value. The last independent valuation was undertaken on 13 September 2010 by a firm of chartered surveyors at open market value (the "2010 Valuation"). The 2010 Valuation was undertaken in accordance with the Royal Institution of Chartered Surveyors' Appraisal & Valuation Manual.

The policy of revaluing investment properties to open market value represents a departure from the requirements of the Companies Act 2006 (the "Act"), on the basis that the Act required properties to be depreciated. It has been deemed, however, that the approach set out in SSAP 19 'Investment Properties' presents a true and fair view, in light of the fact that investment properties are not held for consumption within the operating activities of the business and are instead held for capital growth and rental income potential. The effect of this departure has not been quantified because it is impracticable and, in the opinion of the members, would be misleading.

The deficit arising has been debited to the revaluation reserve.

The historical cost of the freehold investment property is £17,911,324 (2012 £17,911,324).

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**Notes to the financial statements
for the year ended 5 April 2013**

6. Debtors

	2013	2012
	£	£
Amounts due from members	743,933	2,603,672

All amounts shown under debtors fall due for payment within one year

7. Creditors.

Amounts falling due within one year

	2013	2012
	£	£
Bank loan (secured - see note 8)	1,121,531	1,468,834
Trade creditors	11,670	-
Amounts owed to related parties	153,849	-
Social security and other taxes	167,988	170,811
Accruals	134,524	86,353
Deferred income	370,715	369,699
Other creditors	1,281,635	1,281,076
	3,241,912	3,376,773

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Notes to the financial statements
for the year ended 5 April 2013

8. Creditors
Amounts falling due after more than one year

	2013 £	2012 £
Bank loan (secured)	<u>17,302,256</u>	<u>18,710,089</u>

Included within the above are amounts falling due as follows

	2013 £	2012 £
Between one and two years		
Bank loan (secured)	<u>17,302,256</u>	<u>1,121,518</u>
Between two and five years		
Bank loan (secured)	<u>-</u>	<u>17,588,571</u>

On 9 March 2012 the members successfully renegotiated the limited liability partnership's financing arrangements following the expiry of the original bank loan's term in November 2011. As part of the new financing arrangements it was agreed that, through a supplemental agreement which amended and restated the loan facility agreement, the revised repayment date be extended to November 2014. Furthermore, it was also agreed within the supplemental agreement that the limited liability partnership would make an immediate repayment of capital (the "First Payment") which would be matched by way of loan write-down by the bank (the "First Write-Down"), followed by a further capital repayment within 90 days of the First Payment (the "Second Payment") which would also be matched by way of a further loan write-down by the bank (the "Second Write-Down").

The effect of recognising the terms of the supplemental agreement in these financial statements is that a loan write down of £286,169 (2012 £723,839) has been recognised in the profit and loss account as other finance income.

The bank loan is secured on the limited liability partnership's freehold land and buildings.

Following the renegotiation of the financing arrangements on 9 March 2012, interest is charged at a rate of LIBOR + 2%, subject to a hedge arrangement whereby LIBOR is fixed at 1.1%.

The bank loan is stated after deduction of £29,310 (2012 - £47,601) of finance costs.

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**Notes to the financial statements
for the year ended 5 April 2013**

9. Reconciliation of members' interests

	Members' capital £	Revaluation reserve £	Profits to be divided £	Members' other interests £	Loans due to/(from) members £	Total members' interests £
Members' interests balance at 6 April 2012	20	1,315,453	458,781	1,774,254	(2,603,672)	(829,418)
Profit for the year available for discretionary division among members	-	-	1,400,958	1,400,958	-	1,400,958
Members' interests after profit for the year	20	1,315,453	1,859,739	3,175,212	(2,603,672)	571,540
Allocated profit for period	-	-	(1,859,739)	(1,859,739)	1,859,739	-
Movement in reserves	-	(943,947)	-	(943,947)	-	(943,947)
Amounts introduced by members	-	-	-	-	-	-
Members' interests at 5 April 2013	20	371,506	-	371,526	(743,933)	(372,407)

The limited liability partnership's profits are divided among the members after the end of the year in accordance with established profit sharing arrangements and only certain profit shares are allocated at the balance sheet date. As a result, the balance of profits available for distribution among the members at the balance sheet date is included in members' other interests, and drawings by members on account of profits for the year are classified as amounts due from members. In addition to annual drawings made, loans due from members represent, inter alia, amounts drawn by members in previous years against unrealised capital surplus on the limited liability partnership's investment properties.

Members' other interests rank after unsecured creditors, and loans and other debts due to members rank *pari passu* with unsecured creditors in the event of a winding up. The amount of capital each member is required to subscribe is determined by his or her share of profit and the financing requirements of the limited liability partnership and under its internal regulations a member may only withdraw capital when he or she ceases to be a member.

RRHE LLP

**Notes to the financial statements
for the year ended 5 April 2013**

10. Related party transactions

During the period the company was party to the transfer of funds with companies of which the members are the ultimate controlling party. Such transfers did not result in any impact on the profit and loss account during the year.

As at the balance sheet date the amounts outstanding with the related companies are disclosed as follows:

	2013 £	2012 £
RRHS LLP	(153,849)	-

11. Post balance sheet events

As part of the renegotiation of the limited liability partnership's financing arrangements on 9 March 2012, it was agreed that in the event of a disposal of all or part of the limited liability partnership's investment property, subject to a certain level of equity being achieved on the disposal, a write-down fee equal to the aggregate of the First Write-Down and the Second Write-Down shall be paid to the finance provider.