

Limited Liability Partnership Registration No OC309178 (England and Wales)

**LINNELL (SOUTH WALES BLACKWOOD) LLP**  
**MEMBERS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

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# **LINNELL (SOUTH WALES BLACKWOOD) LLP**

## **LIMITED LIABILITY PARTNERSHIP INFORMATION**

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**Designated members** Linnell Investments S A  
Ascari Energy Limited

**Limited liability partnership number** OC309178

**Registered office** 7 Queen Street  
London  
W1J 5PB

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

**Business address** 7 Queen Street  
London  
W1J 5PB

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# **LINNELL (SOUTH WALES BLACKWOOD) LLP**

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# **LINNELL (SOUTH WALES BLACKWOOD) LLP**

## **MEMBERS' REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2012**

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The members present their report and financial statements for the year ended 31 March 2012

#### **Principal activities**

The principal activity of the limited liability partnership was that of property investment. On 8 August 2011 the limited liability partnership changed its name from Develica (South Wales Blackwood) LLP to Linnell (South Wales Blackwood) LLP.

#### **Designated Members**

The following designated members have held office since 1 April 2011

Develica 1 LLP	(Retired 27 May 2011)
Linnell Investments S A	(Appointed 27 May 2011)
Develica Management Limited - General Partner	(Retired 26 October 2011)
Ascari Energy Limited	(Appointed 11 October 2011)

#### **Policy on members' drawings**

Allocation of profits and drawings

Proceeds from the sale of the investment property are allocated to Linnell Investments S A, as a Designated Member, and dealt with as described in the accounts of that company.

#### **Capital**

Linnell Investments S A, as a Designated Member, introduces funds to the partnership as and when required, and is repaid on completion of the project.

#### **Statement of members' responsibilities**

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

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 year.

In preparing those financial statements, the members 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 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.

# **LINNELL (SOUTH WALES BLACKWOOD) LLP**

## **MEMBERS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2012**

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### **Statement of disclosures to auditor**

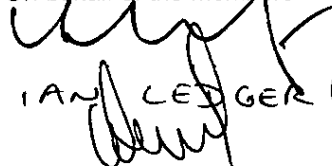
So far as the members are aware, there is no relevant audit information of which the limited liability partnership's auditors are unaware. Additionally, the members have taken all the necessary steps that they ought to have taken as members in order to make themselves aware of all relevant audit information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

### **Auditors**

BDO LLP have expressed their willingness to continue in office and a resolution to reappoint them as auditors will be proposed at the next Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small limited liability partnerships.

On behalf of the members



IAN LEDGER (DIRECTOR) - LINNELL INVESTMENTS S.A.

NICHOLAS WINEARLS (DIRECTOR) - ASCLARY ENERGY LIMITED

15/11/12

# **LINNELL (SOUTH WALES BLACKWOOD) LLP**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF LINNELL (SOUTH WALES BLACKWOOD) LLP**

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We have audited the financial statements of Linnell (South Wales Blackwood) LLP for the year ended 31 March 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (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 the members and auditors**

As explained more fully in the statement of members' responsibilities, 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 (APB'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 APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 March 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

#### **Emphasis of matter - going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the limited liability partnership's ability to continue as a going concern. The limited liability partnership is reliant on the continuing support of its bankers with which it has a loan which is due for repayment on 30 November 2012. The members are currently in discussions with the bank and although the members expect to be able to extend the terms of the bank facility beyond 30 November 2012 they have no binding agreement from the bank involved. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the limited liability partnership's ability to continue as a going concern. The financial statements do not include adjustments that would result if the limited liability partnership was unable to continue as a going concern.

#### **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.

# **LINNELL (SOUTH WALES BLACKWOOD) LLP**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

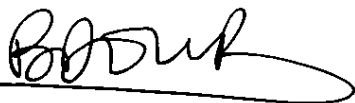
### **TO THE MEMBERS OF LINNELL (SOUTH WALES BLACKWOOD) LLP**

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#### **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 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



**Solomon Benaim (Senior Statutory Auditor)**  
**for and on behalf of BDO LLP, statutory auditor**

55 Baker Street

London

W1U 7EU

United Kingdom

15/11/2012

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

# **LINNELL (SOUTH WALES BLACKWOOD) LLP**

## **PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 MARCH 2012**

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		<b>2012</b>	<b>2011</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>		70,875	473,310
Administrative expenses		(94,510)	(163,487)
<b>Operating (loss)/profit</b>	<b>2</b>	(23,635)	309,823
Other interest receivable and similar income	<b>3</b>	1,984	5,923
Provision for permanent diminution in value of investment property		(27,829)	(3,750,000)
Interest payable and similar charges		(415,574)	(370,945)
<b>Loss for the financial year before members' remuneration and profit shares</b>		(465,054)	(3,805,199)

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# LINNELL (SOUTH WALES BLACKWOOD) LLP

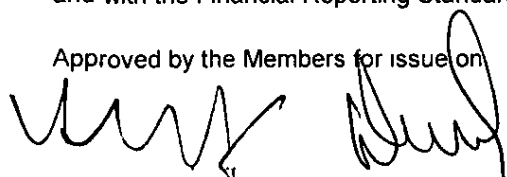
## BALANCE SHEET

AS AT 31 MARCH 2012

	Notes	2012 £	£	2011 £	£
<b>Fixed assets</b>					
Tangible assets	4		2,000,000		2,000,000
<b>Current assets</b>					
Debtors	5	26,173		3,875	
Cash at bank and in hand		47,833		153,625	
		<u>74,006</u>		<u>157,500</u>	
<b>Creditors: amounts falling due within one year</b>	6	(10,380,435)		(10,085,566)	
<b>Net current liabilities</b>			(10,306,429)		(9,928,066)
<b>Total assets less current liabilities</b>			<u>(8,306,429)</u>		<u>(7,928,066)</u>
<b>Represented by</b>					
Loans and other debts due to members after more than one year					
Other amounts	7		5,169,505		5,082,814
			<u>5,169,505</u>		<u>5,082,814</u>
<b>Members' other interests</b>					
Other reserves classified as equity	7		(13,475,934)		(13,010,880)
			<u>(8,306,429)</u>		<u>(7,928,066)</u>
<b>Total members' interests</b>					
Loans and other debts due to members	7		5,169,505		5,082,814
Members' other interests	7		(13,475,934)		(13,010,880)
			<u>(8,306,429)</u>		<u>(7,928,066)</u>

These financial statements have been prepared in accordance with the provisions applicable to limited liability partnerships subject to the small limited liability partnerships' regime within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Approved by the Members for issue on 15 November 2012



Limited Liability Partnership Registration No OC309178

IAN LEDGER (DIRECTOR) - LINNELL INVESTMENTS SA.  
NICHOLAS WINEARLS (DIRECTOR) - ASCARI ENERGY LIMITED

# **LINNELL (SOUTH WALES BLACKWOOD) LLP**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2012**

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### **1 Accounting policies**

#### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

#### **1.2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Limited Liability Partnership Statement of Recommended Practice, which have been applied consistently (except as otherwise stated)

#### **1.3 Turnover**

Turnover represents rental income net of VAT and trade discounts

#### **1.4 Tangible fixed assets and depreciation**

Investment properties in the process of being developed are included in the balance sheet at cost. On completion of development, investment properties are revalued to open market value. No depreciation has been provided.

Although this accounting policy is in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), it is a departure from the general requirement of the Companies Act 2006 (as applied to limited liability partnerships) for all tangible assets to be depreciated. In the opinion of the members, compliance with the standard is necessary for the financial statements to give a true and fair view. The effect of this departure has not been quantified because it is impracticable and, in the opinion of the members, would be misleading.

#### **1.5 Allocation of profits and drawings**

Proceeds from the sale of the investment property are allocated to Linnell Investments S A, as a Designated Member, and dealt with as described in the accounts of that company.

#### **1.6 Taxation**

The taxation payable on the LLP's profits is a personal liability of the members during the year.

#### **1.7 Going concern**

The limited liability partnership is reliant on the continuing support of its bank with which it has a loan which is due for repayment on 30 November 2012. The ability of the limited liability partnership to continue as a going concern depends on the continued support of the bank and the negotiation of appropriate financing beyond 30 November 2012. The members are currently in discussions with the bank and although the members expect to extend the terms of the bank facility beyond 30 November 2012, they have no binding agreement from the bank involved. These conditions indicate that there is a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include adjustments that would result if the limited liability partnership was unable to continue as a going concern.

# **LINNELL (SOUTH WALES BLACKWOOD) LLP**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2012**

<b>2</b>	<b>Operating (loss)/profit</b>	<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
	Operating (loss)/profit is stated after charging		
	Auditors' remuneration	2,000	1,500
		<u>          </u>	<u>          </u>

<b>3</b>	<b>Investment income</b>	<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
	Bank interest	1,984	5,923
		<u>          </u>	<u>          </u>
		1,984	5,923
		<u>          </u>	<u>          </u>

<b>4</b>	<b>Tangible fixed assets</b>		<b>Investment properties</b>
			<b>£</b>
	<b>Cost</b>		
	At 1 April 2011		2,000,000
	Additions		27,829
	Revaluation		(27,829)
			<u>          </u>
	At 31 March 2012		2,000,000
			<u>          </u>
	<b>Net book value</b>		
	At 31 March 2012		2,000,000
			<u>          </u>
	At 31 March 2011		2,000,000
			<u>          </u>

The investment properties were valued at £2,000,000 (2011 £2,000,000) on an open market basis by the members at 31 March 2012

On an historical cost basis these would have been included at an original cost of £14,002,486 (2011 - £13,974,657)

<b>5</b>	<b>Debtors</b>	<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
	Trade debtors	10,167	900
	Other debtors	16,006	2,975
		<u>          </u>	<u>          </u>
		26,173	3,875
		<u>          </u>	<u>          </u>

# **LINNELL (SOUTH WALES BLACKWOOD) LLP**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 MARCH 2012**

<b>6</b>	<b>Creditors amounts falling due within one year</b>	<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
	Bank loans and overdrafts	10,000,000	10,000,000
	Trade creditors	7,774	18,469
	Amounts owed to group undertakings and undertakings in which the company has a participating interest	296,471	-
	Taxation and social security	10,554	7,814
	Other creditors	65,636	59,283
		<u>10,380,435</u>	<u>10,085,566</u>

The bank loan is secured by a charge over the assets of the limited liability partnership

<b>7</b>	<b>Members' interests</b>	<b>Members' other interests Other reserves</b>	<b>Loans and other debts due to/(from) members</b>	<b>Total</b>	<b>2011</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
	Members' interests at 1 April 2011	(13,010,880)	5,082,814	(7,928,066)	(4,152,402)
	Loss for the financial year available for discretionary division among members	(465,054)	-	(465,054)	(3,805,199)
	Members' interests after loss for the year	(13,475,934)	5,082,814	(8,393,120)	(7,957,601)
	Introduced by members	-	86,691	86,691	29,535
	Members' interests at 31 March 2012	<u>(13,475,934)</u>	<u>5,169,505</u>	<u>(8,306,429)</u>	<u>(7,928,066)</u>

Linnell (South Wales Blackwood) LLP's profits are allocated retrospectively to the Designated Member, Linnell Investments S A. Accordingly, there is no automatic division of profits or losses among the members and only certain fixed shares of profit are allocated at the balance sheet date. As a result, the balance of profits available for division 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.

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 Linnell Investments S A is required to subscribe is determined by the requirements of the project of the partnership and will only be withdrawn on completion of the project.

# **LINNELL (SOUTH WALES BLACKWOOD) LLP**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 MARCH 2012**

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<b>8</b>	<b>Information in relation to members</b>	<b>2012 Number</b>	<b>2011 Number</b>
	The average number of members during the year was	<u>2</u>	<u>2</u>

### **9 Control**

The immediate and ultimate parent company is Linnell Investments S A , a company registered in British Virgin Islands

### **10 Related party transactions**

During the year the partnership was charged £Nil (2011 - £90,000) by way of management services by Develica 1 LLP, a Designated Member of the partnership until 27 May 2011 On 27 May 2011 Linnell Investments S A , a Designated Member of the partnership, acquired interest free loans from Develica 1 LLP At 31 March 2012 Linnell Investments S A had provided interest free loans amounting to £5,169,505 At 31 March 2012 the partnership owed Linnell (Kingshill) LLP, a fellow subsidiary, £296,471 (2011 £Nil)