

Registration No OC322570

MINTON PETERLEE LLP

Report and Financial Statements

Year ended 31 July 2011



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COMPANIES HOUSE

**REPORT AND FINANCIAL STATEMENTS 2011**

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**DESIGNATED MEMBERS AND PROFESSIONAL ADVISERS**

**DESIGNATED MEMBERS**

Mark Gershinson  
Ivor Spiro

**REGISTERED OFFICE**

8 De Walden Court  
85 New Cavendish Street  
London  
W1W 6XD

**AUDITOR**

Baker Tilly UK Audit LLP  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB

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## DESIGNATED MEMBERS' REPORT

The designated members present their annual report and audited financial statements for the year ended 31 July 2011

## ACTIVITIES

The principal activities of the partnership are commercial property investment, development and management

## REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The profit before members' remuneration was £533,055 (2010 - £551,250) However, the investment property held by the LLP has suffered significant loss in value The commercial property market is currently experiencing a period of considerable weakness and consequently the future prospects for the LLP are at present uncertain More details concerning this matter are given in note 1 to these accounts, on page 7

## MEMBERS' DRAWINGS, SUBSCRIPTIONS AND REPAYMENTS

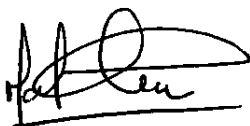
Members' drawings, subscriptions and repayments are governed by the provisions of a limited liability partnership deed in respect of the LLP dated 21 November 2006 The deed provides for returns of subscriptions (which were required upon commencement of its activities) upon the occurrence of certain events, including retirement of a member, or a member's death The LLP deed also provides that all profits and losses of the LLP shall be allocated to the members, based on specific allocation rules Accordingly, as required by the Statement of Recommended Practice "Accounting by Limited Liability Partnerships", both the contributions made to the LLP by members, and profits due to the members, are treated as liabilities within the financial statements

## DESIGNATED MEMBERS

The following designated members have held office throughout the year

Mark Gershinson  
Ivor Spiro

Approved by the Designated Members  
and signed on behalf of the partnership



M H Gershinson  
Designated Member

3 April 2012

## MEMBERS' RESPONSIBILITIES STATEMENT

The members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the 2008 Regulations) requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law)

Under the 2008 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 partnership and of the profit or loss of the partnership for that period

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, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business

Under the 2008 Regulations the members are responsible for keeping adequate accounting records that are sufficient to show and explain the partnership's transactions and disclose with reasonable accuracy at any time the financial position of the partnership and to enable them to ensure that the financial statements comply with the requirements of those Regulations. They are also responsible for safeguarding the assets of the partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

These responsibilities are exercised by the designated members on behalf of the members

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MINTON PETERLEE LLP**

We have audited the financial statements on pages 5 to 10. 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 Chapter 3 of Part 16 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. 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 auditor's 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 auditor**

As more fully explained in the Members' Responsibilities Statement set out on page 3, 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 July 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008

**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 the accounting policies on page 7 of the financial statements concerning the Limited Liability Partnership's ability to continue as a going concern. The breach of the bank loan covenants together with the other matters explained in the accounting policies on page 7 of the financial statements, indicate the existence of material uncertainties which may cast significant doubt about the Limited Liability Partnership's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Limited Liability Partnership was unable to continue as a going concern.

**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

*Baker Tilly UK Audit LLP*

RICHARD COATES (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street

London EC4A 4AB

3 April 2012

**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 JULY 2011**

|   | Note | 2011<br>£      | 2010<br>£      |
|---|------|----------------|----------------|
| Turnover  | 2    | 642,000        | 642,000        |
| Cost of sales   |      | (3,370)        | -              |
| <b>Gross profit</b>   |      | <b>638,630</b> | <b>642,000</b> |
| Administrative expenses   |      | (2,538)        | 14,679         |
| <b>Operating profit</b>   | 4    | <b>636,092</b> | <b>656,679</b> |
| Loss on disposal of investment properties   | 5    | -              | (3,500)        |
| <b>Profit on ordinary activities before interest</b>  |      | <b>636,092</b> | <b>653,179</b> |
| Net interest payable and similar charges  | 6    | (103,037)      | (101,929)      |
| <b>Profit for the period before members' remuneration</b>                                   |      | <b>533,055</b> | <b>551,250</b> |
| Members' remuneration charged as an expense   | 9    | (533,055)      | (551,250)      |
| <b>Result for the financial period available for discretionary division amongst members</b> |      | <b>-</b>       | <b>-</b>       |

The above results derive from continuing operations. There are no material differences between the loss for the period stated above and their historical cost equivalents.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****YEAR ENDED 31 JULY 2011**

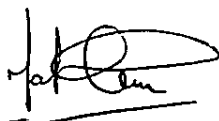
|   | 2011<br>£        | 2010<br>£ |
|---|------------------|-----------|
| <b>Result for the financial period available for discretionary division amongst members</b> | -                | -         |
| Deficit on revaluation of properties  | (750,000)        | -         |
| <b>Total recognised gains and losses for the period</b>                                     | <b>(750,000)</b> | <b>-</b>  |

**BALANCE SHEET****AT 31 JULY 2011**

|  | <b>Note</b> | <b>2011<br/>£</b>  | <b>2010<br/>£</b>  |
|--|-------------|--------------------|--------------------|
| <b>Fixed assets</b>  |             |                    |                    |
| Investment properties  | 7           | 2,350,000          | 3,100,000          |
| <b>Current assets</b>  |             |                    |                    |
| Cash at bank and in hand   |             | 1,286,197          | 739,843            |
|  |             | 1,286,197          | 739,843            |
| <b>Creditors amounts falling due within one year</b>                                     | 8           | (5,649,522)        | (5,636,223)        |
| <b>Net current liabilities</b>   |             | (4,363,325)        | (4,896,380)        |
| <b>Total assets less current liabilities and net liabilities attributable to members</b> |             | <u>(2,013,325)</u> | <u>(1,796,380)</u> |
| <b>Represented by</b>  |             |                    |                    |
| <b>Loans and other debts due to members within one year</b>                              |             |                    |                    |
| Members' capital classified as a liability   | 9           | 898,823            | 898,823            |
| Other amounts  | 9           | 1,473,074          | 940,019            |
|  |             | 2,371,897          | 1,838,842          |
| <b>Equity</b>  |             |                    |                    |
| Members other interests - Revaluation reserve classified as equity                       | 10          | (4,385,222)        | (3,635,222)        |
|  |             | <u>(2,013,325)</u> | <u>(1,796,380)</u> |
| <b>Total members' interests</b>  |             |                    |                    |
| Loans and other debts due to members   | 9           | 2,371,897          | 1,838,842          |
| Members' other interests   | 10          | (4,385,222)        | (3,635,222)        |
|  |             | <u>(2,013,325)</u> | <u>(1,796,380)</u> |

The financial statements on pages 5 to 10 were approved by the Members and authorised for issue on 3 April 2012

Signed on behalf of the Members



M H Gershinson  
Designated member



## NOTES TO THE ACCOUNTS

Year ended 31 July 2011

### 1 ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards and the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" Compliance with Statement of Standard Accounting Practice ("SSAP") 19 "Accounting for investment properties" requires departure from the requirements of the Companies Act 2006 relating to depreciation and an explanation of the departure is given in the investment properties accounting policy note below. A summary of the more important accounting policies is given below.

#### Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties.

#### Going concern

The financial statements have been prepared on the going concern basis.

As disclosed in note 8, the LLP, together with various related parties, has charged property in favour of a lender that has provided finance to the LLP and some of the related parties. The LLP and the related parties have given cross guarantees to the lender regarding the loans. The LLP and all related parties that have assets charged to the lender are, taken together, exceeding the loan to property value and debt service covenants within the original loan agreements. At 31 July 2011 the total value of the finance provided by the lender exceeded the combined value of the properties and the loan has been classified as a current liability in these financial statements. Following the year end, the lender confirmed, through its appointed agents, in a documented revision to the original loan agreements, that, provided, *inter alia*, all interest costs and revised loan capital reductions (based on agreed forecasts) are met, the lender will not enforce its rights concerning the covenant breaches. The revision is subject to what is expected to be an annual review process, the first of which reviews must be completed by 31 December 2012. The Members' best assessment is that the existing facilities will continue to be made available to the LLP and the related parties for a period of at least one year from the date of approval of these financial statements.

The LLP and all related parties with assets charged to the lender have entered into an agreement for the provision of mutual support in respect of all liabilities for a period of at least one year from the date of approval of these financial statements. The LLP and these related parties together have jointly prepared cash flow forecasts extending to June 2013 which demonstrate that these parties together are expected to be able to pay their debts as they fall due for that period.

The Members have, after careful consideration of the various matters summarised above, concluded that it is appropriate to adopt the going concern basis for the preparation of these financial statements. The financial statements do not include the adjustments that would result if the LLP was unable to continue as a going concern.

#### Investment properties

In accordance with SSAP 19, investment properties are revalued annually. Any surplus or temporary deficit is transferred to the revaluation reserve. Permanent diminutions in value below cost are charged to the profit and loss account. No depreciation is provided in respect of investment properties.

The Companies Act 2006 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The designated members consider that, as these properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair view.

If this departure from the Act had not been made, the profit for the financial period would have been decreased by depreciation. However, the amount of depreciation cannot be reasonably quantified because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified.

## NOTES TO THE ACCOUNTS

Year ended 31 July 2011

## 1 ACCOUNTING POLICIES (continued)

## Turnover

Turnover represents management and consultancy fees, gross rental income, and proceeds from sales of trading properties. Rents receivable include rents invoiced to tenants and rents accrued in accordance with UITF 28, excluding value added tax. Where a property is sold before the date of signing of the accounts, any previous accruals of rent under UITF 28 are reversed in the accounts within turnover. All turnover arises within the United Kingdom.

## 2 TURNOVER

|               | 2011<br>£      | 2010<br>£      |
|---------------|----------------|----------------|
| Rental Income | <u>642,000</u> | <u>642,000</u> |

## 3 INFORMATION REGARDING MEMBERS AND EMPLOYEES

The average number of members in the period was 3 (2010 – 3). There were no employees during the current or previous period.

Members' remuneration during the year of £533,055 (2010 - £551,250) arose due to automatic distribution of profits. All of the profit of £533,055 (2010 - £551,250) for the year was allocated to Minton Group Limited.

## 4 OPERATING PROFIT

|   | 2011<br>£    | 2010<br>£    |
|---|--------------|--------------|
| Operating profit is stated after charging |              |              |
| Auditor's remuneration - audit fees       | <u>2,500</u> | <u>2,500</u> |

## 5 LOSS ON DISPOSAL OF INVESTMENT PROPERTIES

|   | 2011<br>£ | 2010<br>£      |
|---|-----------|----------------|
| Loss on disposal of investment properties | <u>-</u>  | <u>(3,500)</u> |

The loss arising in 2010 relates to a late charge received, being an expense of sale concerning the property disposal that was made in 2008.

## 6 NET INTEREST PAYABLE AND SIMILAR CHARGES

|   | 2011<br>£        | 2010<br>£        |
|---|------------------|------------------|
| Interest receivable on deposits               | 2,207            | 261              |
| Interest payable on bank loans and overdrafts | (101,188)        | (98,134)         |
| Amortisation of issue cost of loans           | <u>(4,056)</u>   | <u>(4,056)</u>   |
|   | <u>(103,037)</u> | <u>(101,929)</u> |

## NOTES TO THE ACCOUNTS

Year ended 31 July 2011

## 7 INVESTMENT PROPERTIES

| Valuation                         | £                |
|-----------------------------------|------------------|
| At 1 August 2010                  | 3,100,000        |
| Revaluation                       | (750,000)        |
| At 31 July 2011                   | <u>2,350,000</u> |
| <b>Historical cost convention</b> |                  |
| At 31 July 2010 and 31 July 2011  | <u>6,735,222</u> |

The investment properties held at 31 July 2011 were all freehold and were valued by the designated members at that date on the basis of open market value

## 8 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

|                                 | 2011<br>£        | 2010<br>£        |
|---------------------------------|------------------|------------------|
| Bank loans (secured)            | 5,406,302        | 5,402,246        |
| Trade creditors                 | 63,416           | 60,396           |
| Rent in advance                 | 107,000          | 107,000          |
| Social security and other taxes | 44,780           | 38,657           |
| Accruals                        | <u>28,024</u>    | <u>27,924</u>    |
|                                 | <u>5,649,522</u> | <u>5,636,223</u> |

The bank loans have been classified as a current liability as the LLP is exceeding its loan to property value covenants. Note 1 provides more details of this matter, including details of the revisions to the original loan agreement.

The bank loans are secured on properties included in investment properties and by fixed and floating charges over the assets and undertaking of the LLP and a cross-guarantee covering other related parties. Further loans held by other related parties of £39,528,236 (2010 - £42,652,174), are also secured by the properties included in investment properties (in conjunction with additional security provided by other properties held by other related parties).

The interest rate payable on the loans is 1.10% over 3-month libor.

## 9 LOANS AND OTHER DEBTS DUE TO MEMBERS WITHIN ONE YEAR

|   | Members'<br>capital<br>£ | Other<br>amounts<br>£ | Total<br>£       |
|---|--------------------------|-----------------------|------------------|
| At 1 August 2010                        | 898,823                  | 940,019               | 1,838,842        |
| Participation in profits for the period | -                        | 533,055               | 533,055          |
| At 31 July 2011                         | <u>898,823</u>           | <u>1,473,074</u>      | <u>2,371,897</u> |

Members' capital above is classified as a liability under FRS 25. Other amounts above represents non-discretionary amounts due to members in respect of participation in the profits of the LLP. In the event of a winding up, members' capital, loans and other debts due to members and members' other interests rank *pari-passu* with unsecured creditors.

## NOTES TO THE ACCOUNTS

Year ended 31 July 2011

## 10 EQUITY – MEMBERS' OTHER INTERESTS

|  | Revaluation<br>reserve<br>£ |
|--|-----------------------------|
| At 1 August 2010   | (3,635,222)                 |
| Deficit arising on revaluation of investment<br>properties | <u>(750,000)</u>            |
| At 31 July 2011  | <u><u>(4,385,222)</u></u>   |

The LLP does not have an obligation to pay any surplus, or recover any deficit, on revaluation reserve to, or from, the members. If a surplus is achieved upon underlying property being sold, the surplus would be payable to members at that time. Therefore the revaluation reserve has been treated as an equity interest in these accounts.

## 11 RELATED PARTY TRANSACTIONS

The designated members of the LLP are Mark Gershinson and Ivor Spiro. Minton Group Limited is also a member of the LLP. The designated members are both directors and shareholders of Minton Group Limited. The designated members have each contributed members' capital to the LLP of £25,000 (2010 - £25,000) and Minton Group Limited contributed members' capital of £848,823 (2010 - £848,823). The LLP has advanced an amount of £228,781 (2010 - £228,781) to Minton Commercial Properties Limited ("MCPL"), which is a subsidiary of Minton Group Limited. A provision has been made against the debt of £228,781 (2010 - £228,781). No interest was charged on the amount advanced to MCPL (2010 - £nil).

## 12 ULTIMATE CONTROLLING PARTY

Mark Gershinson and Ivor Spiro, the designated members, are regarded as controlling the LLP together, although individually neither party has control.