

Registration No OC322570

MINTON PETERLEE LLP

Report and Financial Statements

Year ended 31 July 2009

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REPORT AND FINANCIAL STATEMENTS 2009

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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
2 Bloomsbury Street
London
WC1B 3ST

DESIGNATED MEMBERS' REPORT

The designated members present their annual report and audited financial statements for the year ended 31 July 2009

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 £155,787 (2008 - £117,077) 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" issued by The Consultative Committee of Accountancy Bodies in March 2006, 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

This report has been prepared in accordance with the special provisions of part VII of the Companies Act 1985 (as applied to Limited Liability Partnerships by Regulation 3 of the Limited Liability Partnership Regulations 2001) relating to small Limited Liability Partnerships

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



M H Gershinson
Designated Member

12 April 2010

DESIGNATED MEMBERS' RESPONSIBILITIES STATEMENT

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

Limited Liability Partnership law requires the designated members to prepare financial statements for each financial year. Under that law the designated members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Limited Liability Partnership and of the profit or loss for that year. In preparing those financial statements, the designated 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 designated members are responsible for keeping proper accounting records which 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 the Companies Act 1985 as applicable under the Limited Liability Partnerships Act 2000. 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.

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

We have audited the financial statements on pages 5 to 10

This report is made solely to the Limited Liability Partnership's members, as a body, in accordance with section 235 of the Companies Act 1985 as applicable under Limited Liability Partnerships Act 2000. 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

The designated members' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Designated Members' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 as applicable under the Limited Liability Partnerships Act 2000. We also report to you if, in our opinion, the Limited Liability Partnership has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This information comprises only the Designated Members' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the designated members in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Limited Liability Partnership's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Limited Liability Partnership's affairs at 31 July 2009 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985 as applicable under the Limited Liability Partnerships Act 2000.

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not qualified, 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.

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP

Registered Auditor

Chartered Accountants

2 Bloomsbury Street

London WC1B 3ST

12 April 2010

PROFIT AND LOSS ACCOUNT**YEAR ENDED 31 JULY 2009**

	Note	2009 £	2008 £
Turnover	2	659,501	659,500
Cost of sales		(25)	(92,745)
Gross profit		659,476	566,755
Administrative expenses		(248,684)	(2,602)
Operating profit	4	410,792	564,153
Profit (loss) on disposal of investment properties	5	3,911	(42,000)
Profit on ordinary activities before interest		414,703	522,153
Net interest payable and similar charges	6	(258,916)	(405,076)
Profit for the period before members' remuneration		155,787	117,077
Members' remuneration charged as an expense	10	(155,787)	(117,077)
Result for the financial period available for discretionary division amongst members		-	-

The above results derive from continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**YEAR ENDED 31 JULY 2009**

	2009 £	2008 £
Result for the financial period available for discretionary division amongst members	-	-
Deficit on revaluation of properties(2,800,000)	(1,850,000)
Total recognised gains and losses for the period	(2,800,000)	(1,850,000)

HISTORICAL COST PROFITS AND LOSSES**YEAR ENDED 31 JULY 2009**

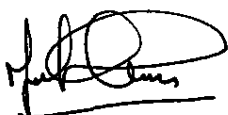
	2009 £	2008 £
Profit for the period before members' remuneration	155,787	117,077
Realisation of property revaluation deficit	-	(49,547)
Historical cost profit before members' remuneration for the year	155,787	67,530

BALANCE SHEET**AT 31 JULY 2009**

	Note	2009 £	2008 £
Fixed assets			
Investment properties	7	3,100,000	5,900,000
Current assets			
Debtors	8	-	388,303
Cash at bank and in hand		230,915	405,727
		<u>230,915</u>	<u>794,030</u>
Creditors amounts falling due within one year	9	(5,628,545)	(5,891,955)
Net current liabilities		<u>(5,397,630)</u>	<u>(5,097,925)</u>
Total assets less current liabilities and net (liabilities) assets attributable to members		<u>(2,297,630)</u>	<u>802,075</u>
Represented by			
Loans and other debts due to members within one year			
Members' capital classified as a liability under FRS25	10	948,823	1,404,315
Other amounts	10	388,769	232,982
		<u>1,337,592</u>	<u>1,637,297</u>
Equity			
Members other interests - Revaluation reserve classified as equity under FRS 25	11	(3,635,222)	(835,222)
		<u>(2,297,630)</u>	<u>802,075</u>
Total members' interests			
Loans and other debts due to members	10	1,337,592	1,637,297
Members' other interests	11	(3,635,222)	(835,222)
		<u>(2,297,630)</u>	<u>802,075</u>

The financial statements on pages 5 to 10 were approved by the Members and authorised for issue on 12 April 2010

Signed on behalf of the Members



M H Gershinson
Designated member

NOTES TO THE ACCOUNTS

Year ended 31 July 2009

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 1985 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.

There has been a substantial decline in UK property values as a result of the world-wide financial crisis. As disclosed in note 9, the LLP, together with various related parties, is subject to cross-guarantees in favour of the LLP's bank. The decline in UK property values has caused the loan to property value covenants (in respect of properties and loans held by the LLP and other related parties) to be exceeded and, in these circumstances, under the loan agreements, the bank has the option of requesting the loans be repaid. Consequently the bank loans have been re-classified as current liabilities. Further details of these loans are disclosed in note 9 of the financial statements.

The LLP and the related parties 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 the related parties together have jointly prepared cash flow forecasts extending to June 2011 which demonstrate that these parties together are expected to be able to pay their debts, with the exception of the scheduled loan capital repayments, as they fall due for that period, assuming that the existing banking facilities continue to be made available to the group.

The LLP's bank is Lehman Commercial Mortgage Conduit Limited which was placed into administration on 30 October 2008. The LLP has suspended scheduled capital repayments on the bank loans, but continues to pay loan interest as it falls due. Based on all the current circumstances, including the projected ability of the LLP and other related parties to continue meeting interest payments and other liabilities as they fall due, and the discussions that have taken place with the Administrator of the bank, the Members' best assessment is that banking facilities will continue to be made available to the LLP for a period of at least one year from the date of approval of these financial statements.

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 bank facilities were withdrawn and 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 1985 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 2009

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

	2009 £	2008 £
Rental Income	<u>659,501</u>	<u>659,500</u>

3 INFORMATION REGARDING MEMBERS AND EMPLOYEES

The average number of members in the period was 3. No employees have been employed by the LLP during the period other than the members.

Members' remuneration during the year of £155,787 (2008 - £117,077) arose due to automatic distribution of profits. All of the profit of £155,787 (2008- £117,077) for the year was allocated to Minton Group Limited.

4 OPERATING PROFIT

	2009 £	2008 £
Operating profit is stated after charging		
Auditors' remuneration - audit fees	<u>2,500</u>	<u>2,500</u>

5 PROFIT (LOSS) ON DISPOSAL OF INVESTMENT PROPERTIES

	2009 £	2008 £
Profit (loss) on disposal of investment properties	<u>3,911</u>	<u>(42,000)</u>

The profit arising in 2009 relates to the release of an over-provision for costs concerning a disposal made in 2008.

6 NET INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £	2008 £
Interest receivable on deposits	3,884	11,028
Interest receivable from related parties (note 12)	4,034	-
Income received from dividends	1,070	-
Interest payable on bank loans and overdrafts	(261,228)	(411,759)
Amortisation of issue cost of loans	(6,676)	(4,345)
	<u>(258,916)</u>	<u>(405,076)</u>

NOTES TO THE ACCOUNTS

Year ended 31 July 2009

7 INVESTMENT PROPERTIES

Cost or valuation	£
At 1 August 2008	5,900,000
Revaluation	(2,800,000)
At 31 July 2009	<u>3,100,000</u>
Historical cost convention	
At 31 July 2008 and 31 July 2009	<u>6,735,222</u>

The investment properties held at 31 July 2009 were all freehold and were valued by the designated members at that date on the basis of open market value

8 DEBTORS

	2009 £	2008 £
Trade debtors	-	68,898
Amounts owed by related parties (note 12)	-	-
Prepayments and accrued income	-	319,405
	<u>-</u>	<u>388,303</u>

9 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £	2008 £
Bank loans (secured)	5,398,190	5,590,305
Trade creditors	60,396	58,637
Rent in advance	107,000	124,500
Social security and other taxes	33,134	38,174
Accruals	29,825	80,339
	<u>5,628,545</u>	<u>5,891,955</u>

As explained in note 1, the bank loans have been classified as a current liability as the LLP has given cross-guarantees to the bank, in relation to related parties' loans to the bank, and its loans and the related parties' loans, taken together, exceed the loan to property value covenants (in respect of properties held by the LLP and the other related parties)

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 cross-guarantees covering related parties. Further loans held by related parties of £41,373,722 (2008 - £44,707,672), are also secured by the properties included in investment properties (in conjunction with additional security provided by other properties held by other group and related parties)

The interest rate payable on the loans is 1 10% over 3-month libor

NOTES TO THE ACCOUNTS

Year ended 31 July 2009

10 LOANS AND OTHER DEBTS DUE TO MEMBERS WITHIN ONE YEAR

	Members' capital £	Other amounts £	Total £
At 1 August 2008	1,404,315	232,982	1,637,297
Members' capital withdrawn in period	(455,492)	-	(455,492)
Participation in profits for the period	-	155,787	155,787
At 31 July 2009	<u>948,823</u>	<u>388,769</u>	<u>1,337,592</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.

11 EQUITY – MEMBERS' OTHER INTERESTS

	Revaluation reserve £
At 1 August 2008	(835,222)
Deficit arising on revaluation of investment properties	<u>(2,800,000)</u>
At 31 July 2009	<u>(3,635,222)</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.

12 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 (2008 - £25,000) and Minton Group Limited contributed members' capital of £898,823 (2008 - £1,354,315). The LLP has advanced an amount of £246,034 (2008 - £nil) to Minton Commercial Properties Limited, which is a subsidiary of Minton Group Limited. Interest was charged on the amounts advanced of £4,034 (2008-nil).

13 ULTIMATE CONTROLLING PARTY

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