

**CLIPSTONE INDUSTRIALS 2 LLP**  
**MEMBERS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 5 APRIL 2012**

**Registered number OC346259**

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**CLIPSTONE INDUSTRIALS 2 LLP  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 5 APRIL 2012**

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**CLIPSTONE INDUSTRIALS 2 LLP  
DESIGNATED MEMBERS AND ADVISERS  
FOR THE YEAR ENDED 5 APRIL 2012**

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**Designated members**

T J G Dean  
Nest Egg Limited  
W J Arnold

**Registered office**

82 St John Street  
London EC1M 4JN

**Bankers**

The Co-operative Bank p l c  
1 Balloon Street  
Manchester M60 4EF

**Auditors**

Beavis Morgan Audit Limited  
82 St John Street  
London EC1M 4JN

**Solicitors**

Russell-Cooke LLP  
8 Bedford Row  
London WC1R 4BX

**Registered number**

OC346259

**CLIPSTONE INDUSTRIALS 2 LLP  
MEMBERS' REPORT  
FOR THE YEAR ENDED 5 APRIL 2012**

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The members present their report and the financial statements for the year ended 5 April 2012

**Principal activity**

The principal activity of the LLP is the investment in and letting of commercial properties

**Review of business**

In the opinion of the members the state of the LLP's affairs at 5 April 2012 is satisfactory

Throughout the year the LLP continued to own a freehold building at Ravensbank Business Park, 9 Hedera Road, Redditch let in its entirety to SP Group Limited and a 52 65% interest in Clipstone JV LLP

**Designated members**

The designated members of the LLP during the period were

T J G Dean  
Nest Egg Limited  
W J Arnold

**Policy on members' drawings and the subscription and repayment of members' capital**

Subject to there being sufficient profits available, the members receive distributions of 9% of their capital contributions three monthly in arrears

Profits are divided between members pro rata to their capital contributions, such profits being paid to members after the sale of the Redditch property, payment of any balance of distributions due and repayment of capital contributions

Members have made fixed capital contributions which will be repaid after the sale of the Redditch property or on the winding up of the LLP

**Statement of disclosure 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

**CLIPSTONE INDUSTRIALS 2 LLP**  
**MEMBERS' REPORT (continued)**  
**FOR THE YEAR ENDED 5 APRIL 2012**

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**Statement of members' responsibilities**

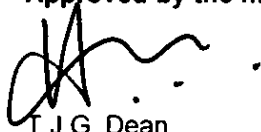
The members are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) 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 company law (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) 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 and disclose with reasonable accuracy at any time the financial position of the limited liability partnership and to enable them to ensure the financial statements comply with the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of 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.

**Approved by the members on 4 July, 2012 and signed on their behalf by**



T J G Dean  
**Designated member**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLIPSTONE INDUSTRIALS 2 LLP**

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We have audited the financial statements of Clipstone Industrials 2 LLP for the year ended 5 April 2012 set out on pages 5 to 10. 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 applicable to Smaller Entities).

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 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 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 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 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 limited liability partnership's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the designated members, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

### **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 5 April 2012 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.

### **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.

*Beavis Morgan Audit Ltd*

**Matthew Burge (Senior Statutory Auditor)**  
for and on behalf of Beavis Morgan Audit Limited

*5 July* 2012

**Chartered Accountants**  
**Registered Auditors**

82 St John Street  
London  
EC1M 4JN

**CLIPSTONE INDUSTRIALS 2 LLP**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 5 APRIL 2012**

	Notes	Year ended 5 April 2012 £	Year ended 5 April 2011 £
Turnover		684,385	684,385
Property management expenses		<u>(51,091)</u>	<u>(40,604)</u>
<b>Gross profit</b>		633,294	643,781
Administrative expenses		(3,878)	(5,417)
Other operating income		<u>489</u>	<u>2,330</u>
<b>Operating profit</b>	2	629,905	640,694
Net interest payable	3	<u>(168,459)</u>	<u>(162,250)</u>
<b>Profit for the financial year before members' remuneration and profit shares</b>		461,446	478,444
Members' remuneration charged as an expense		<u>(283,500)</u>	<u>(284,471)</u>
<b>Retained profit for the financial year available for discretionary division among members</b>		<u><u>177,946</u></u>	<u><u>193,973</u></u>

All profit and loss items relate to continuing activities

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE YEAR ENDED 5 APRIL 2012**

	Notes	Year ended 5 April 2012 £	Year ended 5 April 2011 £
Profit for the financial year		177,946	193,973
Unrealised surplus on revaluation of investment property	9	<u>-</u>	<u>300,000</u>
<b>Total recognised gains relating to the year</b>		<u><u>177,946</u></u>	<u><u>493,973</u></u>

**CLIPSTONE INDUSTRIALS 2 LLP**  
**BALANCE SHEET**  
**AT 5 APRIL 2012**

	Notes	5 April 2012 £	5 April 2011 £
<b>FIXED ASSETS</b>			
Investment property	4	8,100,000	8,100,000
Unlisted investment	5	<u>905,670</u>	<u>905,670</u>
		9,005,670	9,005,670
<b>CURRENT ASSETS</b>			
Debtors	6	7,227	32,885
Cash at bank and in hand		<u>452,327</u>	<u>350,306</u>
		459,554	383,191
<b>CREDITORS Amounts falling due within one year</b>	7	<u>(440,085)</u>	<u>(360,878)</u>
<b>NET CURRENT ASSETS</b>		<u>19,469</u>	<u>22,313</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		9,025,139	9,027,983
<b>CREDITORS amounts falling due after more than one year</b>	8	<u>(4,965,000)</u>	<u>(5,145,000)</u>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		<u>4,060,139</u>	<u>3,882,983</u>
<b>REPRESENTED BY</b>			
<b>Loans and other debts due to members within one year</b>			
Fixed distributions due to members	9	<u>4,912</u>	<u>5,702</u>
<b>Members' other interests</b>			
Members' capital	9	3,150,000	3,150,000
Investment revaluation reserve	9	388,861	388,861
Other reserves	9	<u>516,366</u>	<u>338,420</u>
		<u>4,055,227</u>	<u>3,877,281</u>
		<u>4,060,139</u>	<u>3,882,983</u>
<b>TOTAL MEMBERS' INTERESTS</b>			
Loans and other debts due to members	9	4,912	5,702
Members' other interests	9	4,055,227	3,877,281
		<u>4,060,139</u>	<u>3,882,983</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)

The financial statements were approved for issue by the members on 4 July 2012 and were signed on its behalf by

  
**J. G. Dean**  
 Designated member

Limited Liability Partnership Registration No OC346259



**CLIPSTONE INDUSTRIALS 2 LLP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 5 APRIL 2012**

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**1 ACCOUNTING POLICIES**

**(a) Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the limited liability partnership's financial statements

**(b) Basis of preparation**

The financial statements have been 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)

The financial statements have been prepared in accordance with the Statement of Recommended Practice, "Accounting by Limited Liability Partnerships", published in 2006 and the Companies Act 2006

The financial statements have been prepared on the going concern basis and the members confirm the partnership's ability to continue as a going concern for the period of at least 12 months from the date of approval of these financial statements

**(c) 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

**(d) Turnover**

Turnover represents rents receivable net of VAT. All rents are accounted for on a receivable basis and arose in the United Kingdom

**(e) Investment property**

The investment property is included in the balance sheet at its open market value. No depreciation is provided on the investment property. 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 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. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

**(f) Investments**

Fixed asset investments are stated at cost less provision for diminution in value. The carrying value of fixed asset investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

**2 OPERATING PROFIT**

	Year to 5 April 2012 £	Year to 5 April 2011 £
Operating profit is stated after charging		
Auditors' remuneration	<u>1,850</u>	<u>1,850</u>

**CLIPSTONE INDUSTRIALS 2 LLP**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 5 APRIL 2012**

**3 NET INTEREST PAYABLE**

	Year to 5 April 2012 £	Year to 5 April 2011 £
Bank loan interest payable	144,899	132,590
Bank loan issue costs	25,647	30,493
Other interest payable	-	40
Bank interest receivable	(2,087)	(873)
	<u>168,459</u>	<u>162,250</u>

**4 INVESTMENT PROPERTY**

	Freehold £
<b>Cost or valuation</b>	
At 6 April 2011	8,100,000
Revaluation in the period	-
At 5 April 2012	<u>8,100,000</u>

The property included above at a valuation of £8,100,000 has a historical cost of £7,711,139

The property was revalued by the designated members at the balance sheet date on an open market basis

**5 UNLISTED INVESTMENT**

	Shares in participating interests £
<b>Cost</b>	
At 6 April 2011 and 5 April 2012	<u>905,670</u>

The unlisted investment represents the LLPs 52.65% interest in Clipstone JV LLP, a limited liability partnership incorporated in England and Wales. At 5 April 2012, the total members' interests of Clipstone JV LLP was £2,016,628 (2011 £1,790,211) and its profit for the year then ended before members' remuneration and profit shares was £226,417 (2011 £69,906)

**6 DEBTORS**

	5 April 2012 £	5 April 2011 £
Prepayments and accrued income	7,180	32,838
Other debtors	47	47
	<u>7,227</u>	<u>32,885</u>

**7 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

	5 April 2012 £	5 April 2011 £
Bank loan - due within one year	250,000	170,000
Rental income in advance	148,127	148,127
Accruals	13,167	12,724
Other creditors	28,791	30,027
	<u>440,085</u>	<u>360,878</u>

**CLIPSTONE INDUSTRIALS 2 LLP**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 5 APRIL 2012**

**8 CREDITORS AMOUNTS FALLING DUE AFTER ONE YEAR**

	5 April 2012 £	5 April 2011 £
Bank loan - due between one and two years	405,000	180,000
Bank loan - due between two and five years	4,560,000	4,965,000
	<u>4,965,000</u>	<u>5,145,000</u>

The bank loan is secured by a fixed charge over the investment property  
Interest is charged at 2.0% over LIBOR

At 5 April 2012, the LLP held an interest rate cap contract for a notional amount of £3,550,000 at a Cap Rate of 5.55%. The contract terminates on 16 July 2012

**9 RECONCILIATION OF MEMBERS' INTERESTS**

	Members' Other Interests			Loans and other debts due to members		2012	2011
	Members' Capital (classified as equity) £	Investment Revaluation Reserve £	Other Reserves £	Total £		Total £	Total £
Balance at 6 April 2011	3,150,000	388,861	338,420	3,877,281	5,702	3,882,983	3,460,366
Profit for the financial year available for discretionary division among members	-	-	177,946	177,946	-	177,946	193,973
Surplus arising on revaluation of investment property	-	-	-	-	-	-	300,000
Members' remuneration charged as an expense							
- fixed distributions due to members	-	-	-	-	283,500	283,500	284,471
- fixed distributions paid to members	-	-	-	-	(284,290)	(284,290)	(355,827)
Balance at 5 April 2012	<u>3,150,000</u>	<u>388,861</u>	<u>516,366</u>	<u>4,055,227</u>	<u>4,912</u>	<u>4,060,139</u>	<u>3,882,983</u>

In the event of a winding up the amounts included in "Loans and other debts due to members" will rank equally with unsecured creditors

**10 LOANS AND OTHER DEBTS DUE TO MEMBERS**

	5 April 2012 £	5 April 2011 £
Amounts owed to members in respect of profits	<u>4,912</u>	<u>5,702</u>

**CLIPSTONE INDUSTRIALS 2 LLP**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 5 APRIL 2012**

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**11 INFORMATION IN RELATION TO MEMBERS**

	<b>5 April 2012 Number</b>	<b>5 April 2011 Number</b>
The average number of members during the year was	<u>18</u>	<u>18</u>
The share of profit to the member with the largest entitlement during the year was	<u>£124,550</u>	<u>£129,100</u>

**12 CONTROL**

In the opinion of the designated members, there is no controlling member

**13 RELATED PARTY TRANSACTIONS**

During the year management fees totalling £49,299 (2011 £40,604) were charged by Clipstone Land Limited to the LLP, of which £724 (2011 £665) was owed at the year end. T J G Dean is a designated member of the LLP and a director of Clipstone Land Limited. All transactions were carried out at arm's length.