

CLIPSTONE INDUSTRIALS 2 LLP
MEMBERS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2013

Registered number OC346259

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**CLIPSTONE INDUSTRIALS 2 LLP
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2013**

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**CLIPSTONE INDUSTRIALS 2 LLP
DESIGNATED MEMBERS AND ADVISERS
FOR THE YEAR ENDED 5 APRIL 2013**

Designated members

T J G Dean
Nest Egg Limited
W J Arnold

Registered office

45 Albemarle Street
London W1S 4JL

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 2013**

The members present their report and the financial statements for the year ended 5 April 2013

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 2013 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 quarterly 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 2013**

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 6 August, 2013 and signed on their behalf by



W J Arnold
Designated member

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

We have audited the financial statements of Clipstone Industrials 2 LLP for the year ended 5 April 2013 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

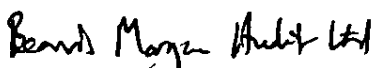
In our opinion the financial statements

- give a true and fair view of the state of the limited liability partnership's affairs as at 5 April 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.

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.



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



2013

Chartered Accountants
Statutory Auditor

82 St John Street
London
EC1M 4JN

CLIPSTONE INDUSTRIALS 2 LLP
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 5 APRIL 2013

	Notes	Year ended 5 April 2013 £	Year ended 5 April 2012 £
Turnover		684,385	684,385
Property management expenses		<u>(55,085)</u>	<u>(51,091)</u>
Gross profit		629,300	633,294
Administrative expenses		(3,975)	(3,878)
Other operating income		<u>706</u>	<u>489</u>
Operating profit	2	626,031	629,905
Investment income		89,498	
Net interest payable	3	<u>(137,731)</u>	<u>(168,459)</u>
Profit for the financial year before members' remuneration and profit shares		577,798	461,446
Members' remuneration charged as an expense		<u>(330,750)</u>	<u>(283,500)</u>
Retained profit for the financial year available for discretionary division among members		<u><u>247,048</u></u>	<u><u>177,946</u></u>

All profit and loss items relate to continuing activities

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 5 APRIL 2013

	Notes	Year ended 5 April 2013 £	Year ended 5 April 2012 £
Profit for the financial year		247,048	177,946
Unrealised deficit on revaluation of investment property	9	<u>(250,000)</u>	<u>-</u>
Total recognised (losses)/gains relating to the year		<u><u>(2,952)</u></u>	<u><u>177,946</u></u>

CLIPSTONE INDUSTRIALS 2 LLP
BALANCE SHEET
AT 5 APRIL 2013

	Notes	5 April 2013 £	5 April 2012 £
FIXED ASSETS			
Investment property	4	7,850,000	8,100,000
Unlisted investment	5	<u>963,585</u>	<u>905,670</u>
		8,813,585	9,005,670
CURRENT ASSETS			
Debtors	6	761	7,227
Cash at bank and in hand		<u>417,679</u>	<u>452,327</u>
		418,440	459,554
CREDITORS Amounts falling due within one year	7	<u>(611,085)</u>	<u>(440,085)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(192,645)</u>	<u>19,469</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		8,620,940	9,025,139
CREDITORS amounts falling due after more than one year	8	<u>(4,560,000)</u>	<u>(4,965,000)</u>
NET ASSETS ATTRIBUTABLE TO MEMBERS		<u>4,060,940</u>	<u>4,060,139</u>
REPRESENTED BY			
Loans and other debts due to members within one year			
Fixed distributions due to members	9	<u>8,665</u>	<u>4,912</u>
Members' other interests.			
Members' capital	9	3,150,000	3,150,000
Investment revaluation reserve	9	138,861	388,861
Other reserves	9	<u>763,414</u>	<u>516,366</u>
		<u>4,052,275</u>	<u>4,055,227</u>
		<u>4,060,940</u>	<u>4,060,139</u>
TOTAL MEMBERS' INTERESTS			
Loans and other debts due to members	9	8,665	4,912
Members' other interests	9	<u>4,052,275</u>	<u>4,055,227</u>
		<u>4,060,940</u>	<u>4,060,139</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 6 August 2013
and were signed on its behalf by



W J Arnold
Designated member

Limited Liability Partnership Registration No OC346259

CLIPSTONE INDUSTRIALS 2 LLP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2013

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 2013 £	Year to 5 April 2012 £
Operating profit is stated after charging		
Auditors' remuneration	<u>1,925</u>	<u>1,850</u>

CLIPSTONE INDUSTRIALS 2 LLP
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 5 APRIL 2013

3 NET INTEREST PAYABLE

	Year to 5 April 2013 £	Year to 5 April 2012 £
Bank loan interest payable	132,280	144,899
Bank loan issue costs	7,126	25,647
Bank interest receivable	(1,675)	(2,087)
	<u>137,731</u>	<u>168,459</u>

4 INVESTMENT PROPERTY

	Freehold £
Cost or valuation	
At 6 April 2012	8,100,000
Revaluation in the period	(250,000)
At 5 April 2013	<u>7,850,000</u>

The property included above at a valuation of £7,850,000 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 £
Cost	
At 6 April 2012	905,670
Additions	57,915
At 5 April 2013	<u>963,585</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 2013, the total members' interests of Clipstone JV LLP was £2,415,926 (2012 £2,016,628) and its profit for the year then ended before members' remuneration and profit shares was £259,104 (2012 £226,417)

6 DEBTORS

	5 April 2013 £	5 April 2012 £
Prepayments and accrued income	761	7,180
Other debtors	-	47
	<u>761</u>	<u>7,227</u>

CLIPSTONE INDUSTRIALS 2 LLP
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 5 APRIL 2013

7 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	5 April 2013 £	5 April 2012 £
Bank loan - due within one year	405,000	250,000
Rental income in advance	148,127	148,127
Accruals	26,462	13,167
Other creditors	31,496	28,791
	<u>611,085</u>	<u>440,085</u>

8 CREDITORS AMOUNTS FALLING DUE AFTER ONE YEAR

	5 April 2013 £	5 April 2012 £
Bank loan - due between one and two years	4,560,000	405,000
Bank loan - due between two and five years	-	4,560,000
	<u>4,560,000</u>	<u>4,965,000</u>

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

9 RECONCILIATION OF MEMBERS' INTERESTS

	<u>Members' Other Interests</u>						
	Members' Capital (classified as equity) £	Investment Revaluation Reserve £	Other Reserves £	Total £	Loans and other debts due to members £	2013 Total £	2012 Total £
Balance at 6 April 2012	3,150,000	388,861	516,366	4,055,227	4,912	4,060,139	3,882,983
Profit for the financial year available for discretionary division among members	-	-	247,048	247,048	-	247,048	177,946
Deficit arising on revaluation of investment property	-	(250,000)	-	(250,000)	-	(250,000)	-
Members' remuneration charged as an expense							
- fixed distributions due to members	-	-	-	-	330,750	330,750	283,500
- fixed distributions paid to members	-	-	-	-	(326,997)	(326,997)	(284,290)
Balance at 5 April 2013	<u>3,150,000</u>	<u>138,861</u>	<u>763,414</u>	<u>4,052,275</u>	<u>8,665</u>	<u>4,060,940</u>	<u>4,060,139</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

CLIPSTONE INDUSTRIALS 2 LLP
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 5 APRIL 2013

10 LOANS AND OTHER DEBTS DUE TO MEMBERS

	5 April 2013	5 April 2012
	£	£
Amounts owed to members in respect of profits	<u>8,665</u>	<u>4,912</u>

11 INFORMATION IN RELATION TO MEMBERS

	5 April 2013	5 April 2012
	Number	Number
The average number of members during the year was	<u>19</u>	<u>18</u>
The share of profit to the member with the largest entitlement during the year was	<u>£134,980</u>	<u>£124,550</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 £54,360 (2012 £49,299) were charged by Clipstone Land Limited to the LLP, of which £14,359 (2012 £724) 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.

**CLIPSTONE INDUSTRIALS 2 LLP
DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 5 APRIL 2013**

	Year ended 5 April 2013		Year ended 5 April 2012	
	£	£	£	£
INCOME				
Rental income	684,385		684,385	
Other operating income	<u>706</u>		<u>489</u>	
		685,091		684,874
EXPENDITURE				
Direct costs				
Property costs	725		1,792	
Management fees payable	<u>54,360</u>		<u>49,299</u>	
	<u>55,085</u>		<u>51,091</u>	
Administrative costs				
Audit fees	1,925		1,850	
Accountancy fees	1,925		1,850	
Filing fee	14		40	
Bank charges	<u>111</u>		<u>138</u>	
	<u>3,975</u>		<u>3,878</u>	
		59,060		54,969
Operating profit		626,031		629,905
Investment income		89,498		-
Net interest payable		<u>(137,731)</u>		<u>(168,459)</u>
Profit for the year before members' remuneration and profit shares		<u>577,798</u>		<u>461,446</u>