BDL Investments LLP

Report and Financial Statements

1 April 2007

SO 30803

Registered No: SO300803

Partners

Mr E Campbell	(appointed 13 January 2006)
Mr S Campbell	(appointed 13 January 2006)
Mr S J McCaffer	(appointed 9 January 2006)
Mr R Morrow	(appointed 13 January 2006)
Mr S Terry	(appointed 13 January 2006)
Mr D G Thompson	(appointed 13 January 2006)
Mr L P Woodcock	(appointed 9 January 2006)

Auditors

Ernst & Young LLP
George House
50 George Square
Glasgow
G2 1RR

Bankers

Bank of Scotland
8 Lochside Avenue
Edinburgh Park
South Gyle
Edinburgh
EH12 9DJ

Solicitors

McGrigors
Pacific House
70 Wellington Street
Glasgow
G2 6SB

Registered Office

Clyde House
209 Govan Road
Glasgow
G51 1HJ

Members' report

The members present their first report and financial statements for the period ended 1 April 2007

Results

The loss for the period amounted to £54,301 There has been no distribution to the members leaving a charge against reserves of £54,301

Principal activity and review of business

The principal activity of the partnership is the letting of a retail unit During the period, the partnership bought a long leasehold retail unit in a hotel in Milton Keynes for this purpose

Members and their interests

The members shall take all steps necessary to ensure that in respect of each financial period, the partnership distributes all profits (after amounts deemed necessary to be retained for working capital requirements) of the partnership that are available for distribution Such profits shall be distributed to the members in accordance with their percentage shares unless the members agree otherwise No member shall be entitled to remuneration by the partnership when acting in the business or the management of the partnership

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

Special provisions for small entities

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 and the Financial Reporting Standard for Smaller Entities (effective January 2005)

On behalf of the members

Stuart McCaffer

11 October 2007

Statement of members' responsibilities in respect of the financial statements

Limited liability partnership law requires the members to prepare financial statements for each financial period which 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business

The 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 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

Ernst & Young

Independent auditors' report

to the members of BDL Investments LLP

We have audited the Limited Liability Partnership's financial statements for the period ended 1 April 2007 which comprise Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses and the related notes 1 to 10 These financial statements have been prepared on the basis of the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005)

This report is made solely to the members, as a body, in accordance with the Limited Liability Partnerships Regulations 2001 made under the Limited Liability Partnerships Act 2000 Our audit work has been undertaken so that we might state to the 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 members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of members and auditors

As described in the Statement of Members Responsibilities the members are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards

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 Limited Liability Partnerships Regulations 2001 made under the Limited Liability Partnerships Act 2000 We also report to you if, in our opinion, the LLP 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 presented with the financial statements and consider the implications for our report if we become aware of any apparent misstatements within it

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 judgements made by the members in the preparation of the financial statements, and of whether the accounting policies are appropriate to the LLP'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

ERNST & YOUNG

Independent auditors' report (continued)

to the members of BDL Investments LLP

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of affairs of the LLP as at 1 April 2007 and of its loss for the period then ended, and
- the financial statements have been properly prepared in accordance with the Limited Liability Partnerships Regulations 2001

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Glasgow

11/10/2007

Profit and Loss Account

for period ended 1 April 2007

	Notes	2007 £
Turnover	2	93,770
Cost of sales		(58,496)
Gross profit		35,274
Administrative expenses		
Operating profit	3	35,274
Interest receivable		3,532
Interest payable on loans – excluding on members' loans		(39,178)
Loss for the financial year before members' remuneration		(372)
Members' remuneration charged as an expense – interest on loans		(53,929)
Retained loss for the period available for discretionary division amongst members		(54,301)

Statement of total recognised gains and losses

for the year ended 1 April 2007

There are no recognised gains or losses in the year other than the loss available to members of the partnership of £54,301

Balance sheet

as at 1 April 2007

	Notes	2007 £
Fixed assets		
Tangible assets	4	2,350,000
Current assets		
Debtors	5	81,653
Cash at bank and in hand		82,554
		164,207
Creditors: amounts falling due in one year	6	(130,594)
Net current assets		33,613
Total assets less current liabilities		2,383,613
Creditors: amounts falling due after more than one year	7	(1,292,494)
Net assets		1,091,119
Represented by:		
Loans and other debts due to members		
Members' capital classified as a liability	9	
Members' interests		
Revaluation reserve	9	1,145,420
Other reserves	9	(54,301)
		1,091,119

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

On behalf of the members

Stuart McCaffer

11 October 2007

Notes to the financial statements

as at 1 April 2007

1. Accounting policies

Accounting convention and basis of preparation

The financial statements of BDL Investments LLP were approved for issue by the members on 9 October 2007 The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective 1 January 2005) and the Statement of Recommended Practice, Accounting by Limited Liability Partnerships, modified to include the revaluation of investment properties

Leases

Rental income receivable under operating leases is charged to the profit and loss account on a straight line basis over the lease term Lease incentives are recognised over the shorter of the lease term and the date of the next rent review.

Assets held under finance lease, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the LLP are capitalised in the balance sheet.

Investment Properties

Certain of the LLP's properties are held for long term investment Investment properties are accounted for in accordance with FRSSE, as follows

(i) investment properties are revalued annually The surplus or deficit on revaluation is transferred to the revaluation reserve unless a deficit below original cost, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year, and

(ii) no depreciation is provided in respect of leasehold investment properties where the lease has over 20 years to run

Although the Companies Act would normally require the systematic annual depreciation of fixed assets, the directors believe that the policy of not providing depreciation is necessary in order for the financial statements to give a true and fair view, since the current value of investment properties, and changes to that current value, are of prime importance rather than a calculation of systematic annual depreciation Depreciation is only one of the many factors reflected in the annual valuation, and the amount which might otherwise have been included cannot be separately identified or quantified

Interest bearing loans and borrowings

All interest bearing loans and borrowings are initially recorded at net proceeds After initial recognition debt is increased by the finance cost in respect of the reporting period and reduced by payments made in respect of the debts of the period

Finance costs of debt are allocated over the term of the debt at a constant rate on the carrying amount

2. Turnover

Turnover, which is stated net of value added tax, represents the invoiced amount of goods sold and services provided during the period

Turnover and pre tax loss is attributed to one continuing activity, rental of a retail unit beside a hotel in Milton Keynes The turnover is wholly generated within the United Kingdom

Notes to the financial statements

as at 1 April 2007

3. Operating loss

Operating loss is stated after charging

	2007
	£
Auditors' remuneration	2,000

4. Tangible fixed assets

	Long leasehold buildings
	£
Cost	
At date of incorporation	
Additions	1,204,580
Revaluation	1,145,420
At 1 April 2007	2,350,000

All fixed assets are held under a finance lease arrangement and are leased out under an operating lease arrangement The long leasehold investment properties were valued by the members of the LLP as at 1 April 2007, on the basis of value in use The historical cost of investment properties included at valuation is £1,204,580

5. Debtors

	2007
	£
Prepayments and accrued income	81,653

6. Creditors: amounts falling due within one year

	2007
	£
VAT payable	6,361
Other creditors	100,000
Accruals and deferred income	24,233
	130,594

Notes to the financial statements
as at 1 April 2007

7. Creditors: amounts falling due after more than one year

	2007 £
Bank loans	1,292,494

Included in bank loans is £7,506 of unamortised deferred expenditure which relates to loan arrangement fees and associated costs This is being amortised over the term of the loan

Bank borrowings are a 5 year term loan on which capital repayments are made fully at the end of the term Interest is charged at the Royal Bank of Scotland base rate plus a margin of 1%

Bank borrowings (including the bank overdraft) are supported by fixed and floating charges and a standard security over the company's assets

8. Bank loans

Bank loans fall due as follows

	2007 £
In one year or less or on demand	
In more than one year but not more than two years	
In more than two years but not more than five years	1,300,000
In more than five years	
	1,300,000
Unamortised deferred expenditure	(7,506)
	1,292,494

Notes to the financial statements

as at 1 April 2007

9. Reconciliation of members' interests and movements on reserves

	Members' capital £	*Revaluation reserve* £	*Other reserves* £	*Loans and other debts due to members* £	*Total* £
Members' interest charged in period				(53,929)	(53,929)
Loss for period			(54,301)		(54,301)
Members' interests after loss in period			(54,301)	(53,929)	(108,230)
Surplus arising on revaluation of investment property		1,145,420			1,145,420
Introduced by members				(1,400,000)	(1,400,000)
Repayments of debt and interest				1,453,929	1,453,929
At 1 April 2007		1,145,420	(54,301)		1,091,119

10. Related party transactions

During the period the partnership received loan funding from BDL Retail Development Limited, a company with certain common directors and shareholders The balance outstanding at the period end was £100,000 and the highest amount outstanding during the period was £100,000

During the period the company received a loan of £350,000 from Mr S J McCaffer, a member of the partnership The balance outstanding at the period end was £nil, and the highest amount outstanding during the year was £350,000 Interest of £13,482 was also paid on the loan

During the period the company received a loan of £350,000 from Mr E Campbell, a member of the partnership The balance outstanding at the period end was £nil, and the highest amount outstanding during the year was £350,000 Interest of £13,482 was also paid on the loan

During the period the company received a loan of £350,000 from Mr D G Thompson, a member of the partnership The balance outstanding at the period end was £nil, and the highest amount outstanding during the year was £350,000 Interest of £13,482 was also paid on the loan

During the period the company received a loan of £350,000 from Mr L P Woodcock, a member of the partnership The balance outstanding at the period end was £nil, and the highest amount outstanding during the year was £350,000 Interest of £13,482 was also paid on the loan

During the year the partnership paid £115,000 to BDL Milton Keynes Limited, a company with certain common directors and shareholders, towards the construction of a retail unit within the hotel building being constructed by that company

During the year the company bought a retail unit from BDL Retail Development Limited in the building being constructed by BDL Milton Keynes Limited, both companies with certain common directors and shareholders The consideration of £1,040,000 was based on market value which was assessed by an independent third party