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MSREF (LEADENHALL COURT UK) LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2008

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MSREF (LEADENHALL COURT UK) LIMITED

REPORT OF THE DIRECTORS

The Directors present their report and the unaudited financial statements for the year ended 31st December 2008.

INCORPORATION

The Company is incorporated in England and Wales. The date of incorporation was 16th November 2001.

ACTIVITY

The principal activity of the Company was the holding of investments.

BUSINESS REVIEW

The Company disposed of the investment in the Leadenhall Court (GP) Limited on 8th June 2007.

RESULTS AND DIVIDENDS

The loss for the year amounted to £ 1,438 (2007: profit £ 4,007).

The Directors are unable to recommend a dividend for the year (2007: £ nil).

DIRECTORS

The Directors who held office during the year and subsequently were:-

R.R.W. Falls	
A.J. Cooper	(resigned 21st February 2008)
M. Overwater	(resigned 8th February 2008)
J.R. Jones	(appointed 11th April 2008)

SECRETARY

Mourant & Co. Secretaries Limited

REGISTERED OFFICE

8th Floor
68 King William Street
London EC4N 7DZ

BY ORDER OF THE BOARD



Authorised Signatory
Mourant & Co. Secretaries Limited
Secretary

Date: 29 October 2008

MSREF (LEADENHALL COURT UK) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company Law requires the Directors to prepare financial statements which shall be in accordance with generally accepted accounting principles and show a true and fair view of the profit or loss of the Company for the year and of the state of the Company's affairs at the end of the year.

In preparing the financial statements the Directors are required to:

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * state whether applicable accounting standards have been followed, and
- * prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping accounting records which are sufficient to show and explain the Company's transactions and are such as to disclose with reasonable accuracy, at any time, the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal controls, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, errors and other irregularities.

MSREF (LEADENHALL COURT UK) LIMITED

BALANCE SHEET

AS AT 31ST DECEMBER 2008

	<u>Notes</u>	<u>2008</u>	<u>2007</u>
		£	£
CURRENT ASSETS			
Cash		2,761	5,167
CREDITORS: (Amounts falling due within one year)			
Other creditors	3	(825)	(1,793)
Short term loan payable	2	(4,791)	(4,791)
Shareholders' loans payable	4	(9,603)	(9,603)
		(15,219)	(16,187)
TOTAL NET LIABILITIES		(12,458)	(11,020)
CAPITAL AND RESERVES			
Share capital	5	100	100
Profit and loss account		(12,558)	(11,120)
SHAREHOLDERS' DEFICIT	6	(12,458)	(11,020)

AUDIT EXEMPTION

- (a) For the year ended 31st December 2008 the Company was entitled to exemption under s.249A(1) of the Companies Act 1985.
- (b) No notice has been deposited under s.249B(2) of the Companies Act 1985 requiring audited financial statements to be prepared.
- (c) The directors recognise their responsibilities for:
- (i) ensuring the Company maintains accounting records in accordance with s.221 of the Companies Act 1985; and
- (ii) preparing financial statements which give a true and fair view of the state of the Company's affairs at the end of the financial year and of any profit or loss in accordance with s.226 of the Companies Act 1985 and otherwise comply with the provisions of the Companies Act 1985 as they relate to financial statements.
- (d) Advantage has been taken of the exemptions conferred by Section A of Sch.8 of the Companies Act 1985.
- (e) In the opinion of the directors, the Company is entitled to those exemptions on the basis that it qualifies as a small Company.

The financial statements have been prepared in accordance with the special provisions in Part VII of the Companies Act 1985 relating to small

The unaudited financial statements were approved by the Board of Directors on the 29th day of October 2009 and were signed on its behalf by:

Director: 

(The notes on pages 5 to 8 form part of these unaudited financial statements)

MSREF (LEADENHALL COURT UK) LIMITED

PROFIT AND LOSS ACCOUNT**FOR THE YEAR ENDED 31ST DECEMBER 2008**

	<u>Notes</u>	<u>2008</u>	<u>2007</u>
		£	£
EXPENDITURE:			
Administration fees		1,750	1,750
Annual filing fee		30	30
Professional fees		1,366	-
Sundry expenses		100	-
		<hr/>	<hr/>
		3,246	1,780
		<hr/>	<hr/>
OPERATING LOSS		(3,246)	(1,780)
Profit on sale of investment		90	7,505
		<hr/>	<hr/>
(LOSS) / PROFIT FOR THE YEAR BEFORE TAXATION		(3,156)	5,725
Taxation	7	1,718	(1,718)
		<hr/>	<hr/>
(LOSS) / PROFIT FOR THE YEAR AFTER TAXATION	6	(1,438)	4,007
		<hr/>	<hr/>
BALANCE BROUGHT FORWARD		(11,120)	(15,127)
		<hr/>	<hr/>
BALANCE CARRIED FORWARD		(12,558)	(11,120)
		<hr/>	<hr/>

Continuing operations

All items dealt with in arriving at the loss for the year ended 31st December 2008 and the profit for the year ended 31st December 2007 relate to continuing operations.

Total recognised gains and losses

There are no recognised gains and losses other than the loss attributable to shareholders of the Company of £ 1,438 for the year ended 31st December 2008 and the profit of £ 4,007 for the year ended 31st December 2007, and therefore no separate statement of total recognised gains and losses has been presented.

(The notes on pages 5 to 8 form part of these unaudited financial statements)

MSREF (LEADENHALL COURT UK) LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31ST DECEMBER 2008****1. ACCOUNTING POLICIES**

These unaudited financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The more significant accounting policies used are set out below:-

Going concern

As at 31st December 2008 the Company's balance sheet shows net liabilities of £ 12,458 (2007: 11,020). The Company's shareholders have provided the Company with a letter of continuing financial support in order for it to meet its ongoing liabilities. Accordingly, these financial statements have been prepared on a going concern basis.

Cash flow statement

A cash flow statement has not been included in these unaudited financial statements as the Company qualifies for exemption as a small company under the terms of Financial Reporting Standard No.1 (Revised) "Cash Flow Statements".

2. LOANS PAYABLE

	<u>2008</u>	<u>2007</u>
	£	£
MSREF (Welbeck) Limited	791	791
MSREF (EIQ) Limited	4,000	4,000
	<u>4,791</u>	<u>4,791</u>

The loan is unsecured, interest free and repayable on demand.

3. OTHER CREDITORS

	<u>2008</u>	<u>2007</u>
	£	£
HMRC	-	1,718
Professional fees	750	-
Mourant & Co. Limited	45	45
Annual filing fee	30	30
	<u>825</u>	<u>1,793</u>

MSREF (LEADENHALL COURT UK) LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS - (CONTINUED)**FOR THE YEAR ENDED 31ST DECEMBER 2008****4. SHAREHOLDERS' LOANS PAYABLE**

	<u>2008</u>	<u>2007</u>
	£	£
MSREF IV International - T L.P.	5,385	5,385
MSREF IV TE Holding L.P.	3,108	3,108
MSREF IV Special International - L.P.	1,110	1,110
	<u>9,603</u>	<u>9,603</u>

The loans are unsecured, interest free and repayable on demand. The Shareholders have confirmed that the loans will not be called for repayment unless there are adequate funds in the company to do so.

5. SHARE CAPITAL

	<u>2008</u>	<u>2007</u>
	£	£
AUTHORISED, ISSUED AND FULLY PAID: 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

**6. RECONCILIATION OF MOVEMENTS
IN SHAREHOLDERS' DEFICIT**

	Share Capital	Profit & Loss Account	Total Shareholders' Deficit
As at 1st January 2007	100	(15,127)	(15,027)
Profit for the year	-	4,007	4,007
As at 31st December 2007	<u>100</u>	<u>(11,120)</u>	<u>(11,020)</u>
Loss for the year	-	(1,438)	(1,438)
As at 31st December 2008	<u>100</u>	<u>(12,558)</u>	<u>(12,458)</u>

MSREF (LEADENHALL COURT UK) LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS - (CONTINUED)**FOR THE YEAR ENDED 31ST DECEMBER 2008****7. TAXATION**

The Company is tax resident in England and Wales and therefore subject to UK corporation tax.

Tax on ordinary activities	<u>2008</u>	<u>2007</u>
(a) Analysis of charge in year		
Current Tax	£	£
UK corporation tax on profit / loss for the year	-	1,718
Adjustments in respect of previous year	(1,718)	
	<hr/>	<hr/>
Total current tax (note 7(b))	(1,718)	1,718
	<hr/>	<hr/>
(b) Factors affecting tax charge for year		
Profit / (loss) on ordinary activities before tax	(3,156)	5,725
	<hr/>	<hr/>
Profit / (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	(947)	1,718
Effect of:		
Unrecognised deferred tax asset	947	-
	<hr/>	<hr/>
Current tax charge for period (note 7(a))	-	1,718
	<hr/>	<hr/>

8. DIRECTORS' REMUNERATION, INTERESTS AND TRANSACTIONS

The Directors are not remunerated by the Company. There are no directors interests or transactions with the Company requiring disclosure under FRS 8 Related Party Disclosures.

9. EMPLOYEE DISCLOSURES

The average number of employees employed by the Company during the year was nil (2007: nil).

10. POST BALANCE SHEET EVENTS

The Directors of the Company have indicated that the liquidation process will commence during the next 12 months.

MSREF (LEADENHALL COURT UK) LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS - (CONTINUED)**FOR THE YEAR ENDED 31ST DECEMBER 2008****11. CONTROLLING PARTY**

The immediate controlling parties are Morgan Stanley Real Estate Fund IV International - T, L.P., MSREF IV TE Holding L.P., and Morgan Stanley Real Estate Fund IV Special International L.P., which are limited partnerships formed in Delaware. The ultimate controlling party is an entity within the Morgan Stanley group.