

**Carisbrooke Aurora (UK) Limited**

**Directors' report and financial  
statements**

**Registered number 05932008**

**31 March 2009**

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COMPANIES HOUSE

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## **Company information**

<b>Directors</b>	SNH Lewis CJ Phoenix
<b>Secretary</b>	C J Phoenix
<b>Company number</b>	05932008
<b>Registered office</b>	22 Grosvenor Square London W1K 6DT
<b>Auditors</b>	KPMG LLP St Nicholas House Park Row Nottingham NG1 6FQ

## **Directors' report**

The directors present their report and the financial statements for the year ended 31 March 2009

### **Principal activity**

The principal activity of the company is as General Partner of

Aurora (Leigh) Limited Partnership  
Aurora (Motherwell) Limited Partnership  
Aurora (Bedworth) Limited Partnership  
Aurora (Nuneaton) Limited Partnership  
Aurora (Normanton) Limited Partnership  
Aurora (Hinckley) Limited Partnership

### **Business review and dividends**

The company's results for the year are set out on page 6. The directors do not recommend the payment of a final dividend.

### **Directors**

The directors who served during the year are as stated below:

SNH Lewis  
CJ Phoenix

### **Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



**C J Phoenix**

Secretary      Date 12 April 2010

## **Statement of directors' responsibilities in respect of the directors' report and the financial statements**

The directors are responsible for preparing the directors' report and financial statements in accordance with applicable laws and regulations

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## **Independent auditors' report to the members of Carisbrooke Aurora (UK) Limited**

We have audited the financial statements of Carisbrooke Aurora (UK) Limited for the year ended 31 March 2009 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and UK Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities on page 3.

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. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions with the company are not disclosed.

We read the Directors' Report 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company'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.



**Independent auditors' report to the members of Carisbrooke Aurora (UK) Limited**  
(continued)

**Opinion**

**In our opinion**

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985,
- the information given in the directors' report is consistent with the financial statements

**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 note 1 to the financial statements concerning the company's ability to continue as a going concern. The company is party to cross guarantees (see note 9), which means that its ability to continue as a going concern is dependent on the ability of the group, of which it is a part, to continue to operate as a going concern. This in turn is largely dependent on the successful outcome of negotiations with the lenders to procure sufficient and appropriate facilities to allow it to trade in an orderly fashion and to meet its liabilities as they fall due. The facilities which the Group are currently utilising have expired and are repayable on demand at the option of the lender. The directors are in discussions with the lenders but the willingness and ability of the existing, or any new lenders, to make available such funds as are necessary to meet the ongoing requirements of the group is inherently uncertain. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

12 April 2010

*Chartered Accountants*  
*Registered Auditor*  
Nottingham

**Profit and loss account**  
*for the year ended 31 March 2009*

	<i>Note</i>	2009 £	2008 £
Administrative expenses (including exceptional costs of £1,217,937 as per note 3)		(1,221,937)	(340)
<b>Operating loss</b>		(1,221,937)	(340)
Interest receivable and similar income	2	1,714	4,073
Interest payable	2	(1,762)	-
<b>(Loss)/profit on ordinary activities before taxation</b>	3	(1,221,985)	3,733
Tax on (loss)/profit on ordinary activities		-	-
<b>(Loss)/profit for the year</b>	8	(1,221,985)	3,733

All of the company's activities in the above periods derive wholly from continuing operations

The company has no recognised gains or losses other than the above result for the period



**Balance sheet**  
*as at 31 March 2009*

	<i>Note</i>	<b>£</b>	<b>2009</b> <b>£</b>	<b>£</b>	<b>2008</b> <b>£</b>
<b>Fixed assets</b>					
Investments	4		2		2
<b>Current assets</b>					
Debtors	5	155		5,003,187	
Cash at bank and in hand		889,087		436,629	
		<u>889,242</u>		<u>5,439,816</u>	
<b>Creditors</b> amounts falling due within one year	6	(2,117,322)		(5,445,911)	
<b>Net current liabilities</b>			(1,228,080)		(6,095)
<b>Net liabilities</b>			<u>(1,228,078)</u>		<u>(6,093)</u>
<b>Capital and reserves</b>					
Called up share capital	7		2		2
Profit and loss account	8		(1,228,080)		(6,095)
<b>Shareholder's deficit</b>			<u>(1,228,078)</u>		<u>(6,093)</u>

Approved by the Board of Directors and signed on their behalf by



**CJ Phoenix**  
*Director*

Date 12 April 2010

Company number 05932008

## **Notes**

*(forming part of the financial statements)*

### **1 Accounting policies**

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

#### ***Accounting convention***

The financial statements have been prepared under the historical cost accounting rules and in accordance with applicable accounting standards

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds of its size

#### ***Basis of preparation***

##### ***Going concern***

The entity is part of a group of entities that are subject to common control, which comprises, but is not limited to Carisbrooke Investments General Partner Limited, Carisbrooke Investments Limited Partnership, Carisbrooke Aurora Limited (Isle of Man), Carisbrooke Aurora (UK) Limited, Carisbrooke Aurora Nominee 1 Limited, Carisbrooke Aurora Nominee 2 Limited, Aurora (Leigh) Limited, Aurora (Leigh) Limited Partnership, Aurora (Normanton) Limited, Aurora (Normanton) Limited Partnership, Aurora (Hinckley) Limited, Aurora (Hinckley) Limited Partnership, Aurora (Bedworth) Limited, Aurora (Bedworth) Limited Partnership, Aurora (Motherwell) Limited, Aurora (Motherwell) Limited Partnership, Aurora (Nuneaton) Limited, Aurora (Nuneaton) Limited Partnership and Merrington Unit Trust

As a result of cross guarantees and intra-group indebtedness the application of the going concern assumption to each entity is dependent on the circumstances of the group as a whole, notably the extent to which the cross-guarantees are called upon and the extent to which intra group balances may be irrecoverable in the event of any such call

The financial statements of the company have been prepared on a going concern basis, notwithstanding the overall indebtedness of the group and the cross guarantees entered into by it

The banking facilities under which the group currently operates have expired. At the present time those facilities are being made available to the Group but they are technically repayable on demand at the option of the lender. Negotiations are ongoing with the bankers with the objective of putting in place appropriate and sufficient facilities. These negotiations are, however, being affected by the current state of the property and financial markets.

In the opinion of the directors in aggregate the market value of the properties of the group noted above as at the date of approval of these accounts is less than the aggregated loans secured on them.

Cash flow projections have been prepared for the group for a period ending not less than twelve months from the date of the approval of these financial statements. These projections indicate that the entity will be dependent on either a renegotiation or replacement of the banking facilities which makes available sufficient funds for the Group to be able to trade in an orderly fashion and to meet its liabilities as they fall due for payment including the settlement of intra-group balances. Further, the projections indicate that the facilities required will be greater than those which are currently being made available.

In the opinion of the directors there remains a reasonable likelihood that appropriate and sufficient banking facilities will be made available to the Group to allow it to continue to operate within these projected facilities. However both the financial circumstances of the Group and the current state of the property and financial markets means that the successful negotiation of such facilities is uncertain.

As a consequence of the above the directors are of the opinion that it remains appropriate to prepare the financial statements on a going concern basis. However, this material uncertainty may cast significant doubt on the company's ability to continue as a going concern and, it may therefore, be unable to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate due to the projected facilities being unavailable.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Investments*

Fixed asset investments are stated at cost less provision for permanent diminution in value

#### *Group accounts*

The Company is exempt by virtue of s248 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

### 2 Interest

	2009 £	2008 £
<i>Interest receivable</i>		
Interest receivable	1,714	4,073
<i>Interest payable</i>		
Interest payable	1,762	-
	<u>1,762</u>	<u>-</u>

### 3 Loss on ordinary activities before taxation

	2009 £	2008 £
Exceptional cost - write off of intercompany balance	1,217,937	-
Auditors remuneration - audit of these financial statements	500	500
	<u>1,217,937</u>	<u>500</u>

### 4 Fixed asset investments

	Subsidiary undertakings £
<i>Cost</i>	
At 1 April 2008	2
Additions	-
	<u>2</u>
At 31 March 2009	2
<i>Net book value</i>	
At 31 March 2009	2
	<u>2</u>
At 31 March 2008	2
	<u>2</u>

The investments in subsidiary undertakings represent 100% investment in the ordinary share capital of Aurora Nominee 1 Limited and Aurora Nominee 2 Limited, both of which are nominee entities, registered in the United Kingdom, that hold the legal title to properties on behalf of other group entities, and 100% of the ordinary share capital of Carisbrooke Aurora Limited, an investment holding company registered in the Isle of Man.

## Notes (continued)

### 4 Fixed asset investments (continued)

The company is also a general partner to the following limited partnerships, all of whose registered address is 22 Grosvenor Square, London, W1K 6DT

Aurora (Leigh) Limited Partnership

Aurora (Motherwell) Limited Partnership

Aurora (Bedworth) Limited Partnership

Aurora (Nuneaton) Limited Partnership

Aurora (Normanton) Limited Partnership

Aurora (Hinckley) Limited Partnership

A copy of the latest financial statements of each of the partnerships has been appended to the financial statements sent to the Registrar of Companies

### 5 Debtors

	2009 £	2008 £
Amounts owed by participating interest	-	5,001,446
Other debtors	155	1,741
	<u>155</u>	<u>5,003,187</u>

### 6 Creditors: amounts falling due within one year

	2009 £	2008 £
Trade creditors and accruals	4,000	7,497
Amounts owed to group undertaking	1,812,485	5,077,430
Other creditors	300,837	360,984
	<u>2,117,322</u>	<u>5,444,911</u>

### 7 Share capital

	2009 £	2008 £
<i>Authorised</i>		
100 Ordinary shares of 1 each	100	100
<i>Allotted, called up and fully paid</i>		
2 Ordinary shares of 1 each	2	2

## Notes (continued)

### 8 Profit and loss account

	2009 £	2008 £
Accumulated loss brought forward	(6,095)	(9,828)
(Loss)/profit for the year	(1,221,985)	3,733
	<hr/>	<hr/>
Accumulated loss carried forward	(1,228,080)	(6,095)
	<hr/>	<hr/>

### 9 Contingent liability

The bank loan pertaining to Carisbrooke Investments Limited Partnership is secured on certain of the assets of the group and has been guaranteed by Carisbrooke Aurora (UK) Limited, Carisbrooke Investments General Partner Limited, Aurora Nominee 1 Limited, Aurora Nominee 2 Limited, Aurora (Leigh) Limited Partnership, Aurora (Normanton) Limited Partnership, Aurora (Hinckley) Limited Partnership, Aurora (Bedworth) Limited Partnership, Aurora (Motherwell) Limited Partnership, Aurora (Nuneaton) Limited Partnership and Carisbrooke Arkle LLP

### 10 Ultimate parent undertaking

The company is a subsidiary undertaking of Carisbrooke Investment General Partner Limited, a company registered in the United Kingdom

### 11 Related party transactions

During the year, monies amounting to £3,783,510 (2008 £3,159,726) were issued to Carisbrooke Aurora (UK) Limited from Carisbrooke Investments Limited Partnership ('CILP'), a related party. The amount due from CILP during the year was £1,217,937 (2008 £5,001,447), which was subsequently written off

Related party	2009		2008	
	Movement in intercompany balance £	Amount due to £	Movement in intercompany balance £	Amount due to £
Aurora (Bedworth) Limited	1,075,110	480,596	1,126,434	1,555,706
Aurora (Hinckley) Limited	313,911	139,595	345,417	453,506
Aurora (Leigh) Limited	353,433	114,201	359,404	467,634
Aurora (Motherwell) Limited	475,501	166,418	492,286	641,919
Aurora (Normanton) Limited	695,647	227,092	551,444	922,739
Aurora (Nuneaton) Limited	665,843	361,083	738,433	1,026,926
Carisbrooke Asset Management	(82,638)	213,872	34,000	131,234

During the year monies amounting to £150,000 were repaid to Carisbrooke Suon Limited Partnership ('CSLP'), a related party

During the year monies amounting to £314,500 (2008 £9,000) were received from Merrington Unit Trust, a related party. The amount due to Merrington Unit Trust at the year end was £323,500

**Aurora (Leigh) Limited Partnership**

**Directors' report and financial  
statements**

Registered number LP 011571

31 March 2009

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**Company information**

**General Partner**

Carisbrooke Aurora (UK) limited

5932008

**Limited Partners**

Aurora (Leigh) Limited  
Anthony Wardle

**Registered number**

LP 011571

**Registered office**

22 Grosvenor Square  
London  
W1K 6DT

**Auditors**

KPMG LLP  
St Nicholas House  
Park Row  
Nottingham  
NG1 6FQ



## General Partner's report

The General Partner presents its report and the financial statements for the year ended 31 March 2009

### Principal activity and review of the business

The principal activity of the Partnership is that of property investment

### Business review and future developments

The partnership's key financial and other performance indicators for the period are as follows

	2009 £	2008 £
Turnover	280,000	279,297
Operating profit	159,784	254,919
Net loss	(127,625)	(50,818)

The partners consider profitability to be the most important measure of the partnership's performance and expect the profitability to improve going forward

### Risk management policy

The principal financial risks that the partnership is exposed to and manages are as follow

#### *Credit risk*

Credit risk is the risk arising from the possibility that the partnership will incur losses from the failure of customers to meet their obligations

Risk is managed on a periodic basis by the partners

Customers with emerging credit problems are managed on a daily basis to ensure that any contractual cash flow obligations can be met as they arise

#### *Liquidity risk*

Liquidity risk is the risk that the partnership is unable to meet its obligations as they fall due

The liquidity of the company is managed on a daily basis to ensure that any contractual cash flow obligations and potential cash flows arising can be met as they arise

#### *Valuation risk*

Valuation risk is the risk that the valuation of the partnership's property falls thus compromising the availability of funds

The partners seek to mitigate this risk through the appropriate selection of investment property

### Supplier payment policy

The partnership is committed to maintaining a sound commercial relationship with its suppliers. Consequently, it is the partnership's policy to negotiate and agree terms and conditions with its suppliers, which includes the giving of an undertaking in the partnership to pay suppliers following the receipt of a correctly prepared invoice, in accordance with the terms of the contract

**General Partner's report** *(continued)*

**Disclosure of information to auditors**

The General Partner who held office at the date of approval of this General Partner's report confirms that, so far as they are aware, there is no relevant audit information of which the partnership's auditors are unaware, and the General Partner has taken all the steps that they ought to have taken as a General Partner to make themselves aware of any relevant audit information and to establish that the partnership's auditors are aware of that information

On behalf of Carisbrooke Aurora (UK) Limited

A handwritten signature in black ink, appearing to read 'CJ Phoenix', is written over the printed name.

**CJ Phoenix**  
*Director*

Date 12 April 2010

## **Statement of General Partner's responsibilities in respect of the General Partner's report and the financial statements**

The General Partner is responsible for preparing the General Partner's Report and the financial statements in accordance with applicable law and regulations

The partnership deed requires the General Partner to prepare financial statements for each financial year. Under the partnership deed the Partners have elected to prepare the financial statements in accordance with applicable UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to give a true and fair view of the partnership and of the profit or loss for that period

In preparing these financial statements, the General Partner is required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business

The General Partner is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the partnership and enable them to ensure that its financial statements comply with the partnership deed. The General Partner has a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the partnership and to prevent and detect fraud and other irregularities



## **Independent auditors' report to the partners of Aurora (Leigh) Limited Partnership**

We have audited the financial statements of Aurora (Leigh) Limited Partnership for the year ended 31 March 2009 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the partners, as a body, in accordance with the terms of our engagement. Our audit work has been undertaken so that we might state to the partners 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 partners as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the directors and auditors**

The General Partner's responsibilities for preparing the financial statements in accordance with the Limited Partnership Deed dated 21 September 2006 are set out in the Statement of General Partner's responsibilities on page 4.

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 Partnership Deed dated 21 September 2006. In addition, we report to you whether in our opinion the information given in the General Partner's Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the partnership has not kept proper accounting records and if we have not received all the information and explanations we require for our audit.

We read the General Partner's Report 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 judgments made by the General Partner in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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.



**Independent auditors' report to the partners of Aurora (Leigh) Limited Partnership**  
*(continued)*

**Opinion**

**In our opinion**

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the partnership's affairs as at 31 March 2009 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Limited Partnership Deed dated 21 September 2006, and
- the information given in the General Partner's Report is consistent with the financial statements

**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 note 2 to the financial statements concerning the partnership's ability to continue as a going concern. The partnership is party to cross guarantees of a banking facility which has expired (see note 9) and has related party balances which means that its ability to continue as a going concern is dependent on the ability of the Group, of which it is a part, to continue to operate as a going concern. The Group's ability to continue to operate as a going concern is largely dependent on the successful outcome of negotiations with the lenders to procure sufficient and appropriate facilities to allow it to trade in an orderly fashion and to meet its liabilities as they fall due. The facilities which the Group are currently utilising have expired and are repayable on demand at the option of the lender. The partners are in discussions with the lenders but the willingness and ability of the existing, or any new lenders, to make available such funds as are necessary to meet the ongoing requirements of the group is inherently uncertain. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the partnership's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the partnership were unable to continue as a going concern.

*Chartered Accountants*  
*Registered Auditor*  
Nottingham

12 April 2010

**Profit and loss account**  
*for the year ended 31 March 2009*

	<i>Note</i>	2009 £	2008 £
<b>Turnover</b>	<b>3</b>	<b>280,000</b>	279,297
Administrative expenses (including exceptional costs of £114,201 as per note 5)		(120,216)	(24,378)
<b>Operating profit</b>		<b>159,784</b>	254,919
Interest receivable	4	42	-
Interest payable and similar charges	4	(287,451)	(305,737)
<b>Loss on ordinary activities before taxation</b>	<b>5</b>	<b>(127,625)</b>	(50,818)
Tax on loss on ordinary activities	2	-	-
<b>Loss for the year</b>		<b>(127,625)</b>	(50,818)

All of the partnership's activities in the above periods derive wholly from continuing operations

**Statement of total recognised gains and losses**  
*for the year ended 31 March 2009*

	2009 £	2008 £
Loss on ordinary activities after taxation	(127,625)	(50,818)
Unrealised movement on revaluation of property	(1,007,408)	(152,592)
<b>Total recognised losses relating to the year</b>	<b>(1,135,033)</b>	(203,410)

**Balance sheet**  
*as at 31 March 2009*

	<i>Note</i>	<b>2009</b>	<b>2008</b>
		<b>£</b>	<b>£</b>
<b>Fixed assets</b>			
Tangible assets	7	3,250,000	4,257,408
<b>Current assets</b>			
Debtors	8	-	78,443
Cash		2	-
		<u>2</u>	<u>78,443</u>
<b>Creditors</b> amounts falling due within one year	9	(4,417,639)	(97,393)
<b>Net current liabilities</b>		<u>(4,417,637)</u>	<u>(18,950)</u>
<b>Total assets less current liabilities</b>		<u>(1,167,637)</u>	<u>4,238,458</u>
<b>Creditors</b> amounts falling due after more than one year	10	-	(4,271,062)
<b>Net liabilities</b>		<u>(1,167,637)</u>	<u>(32,064)</u>
<b>Capital and reserves</b>			
Partners' capital	12	421	421
Revaluation reserve	13	(1,040,433)	(33,025)
Profit and loss account	13	(127,625)	-
		<u>(1,167,637)</u>	<u>(32,064)</u>

The financial statements were approved by the General Partner and signed on its behalf by



**C J Phoenix**  
*Director*  
*for and on behalf of*  
*Carisbrooke Aurora (UK) Limited*

Date 12 April 2010

Company number LP 011571

## Notes

*(forming part of the financial statements)*

### 1 The Partnership

#### *Establishment of the partnership*

Aurora (Leigh) Limited Partnership is a United Kingdom Limited Partnership, established by the Limited Partnership Deed dated 21 September 2006

The General Partner of the partnership is Carisbrooke Aurora (UK) Limited, which is responsible for the management, operation and administration of the Limited Partnership in accordance with the Limited Partnership Deed

#### *Business of the partnership*

The purpose of the partnership is to hold property for investment purposes

#### *Duration of the partnership*

The partnership will continue until dissolved in accordance with Clause 2.4 of the Limited Partnership Deed

### 2 Principal accounting policies

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

#### *Accounting convention*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of investment properties and in accordance with The Partnerships and Unlimited Companies (Accounts) Regulations 1993

Under FRS 1 the Partnership is exempt from the requirement to prepare a cash flow statement on the grounds of its size

#### *Basis of preparation*

##### *Going concern*

The entity is part of a group of entities (the 'Group') that are subject to common control, which comprises, but is not limited to Carisbrooke Investments General Partner Limited, Carisbrooke Investments Limited Partnership, Carisbrooke Aurora Limited (Isle of Man), Carisbrooke Aurora (UK) Limited, Carisbrooke Aurora Nominee 1 Limited, Carisbrooke Aurora Nominee 2 Limited, Aurora (Leigh) Limited, Aurora (Leigh) Limited Partnership, Aurora (Normanton) Limited, Aurora (Normanton) Limited Partnership, Aurora (Hinckley) Limited, Aurora (Hinckley) Limited Partnership, Aurora (Bedworth) Limited, Aurora (Bedworth) Limited Partnership, Aurora (Motherwell) Limited, Aurora (Motherwell) Limited Partnership, Aurora (Nuneaton) Limited, Aurora (Nuneaton) Limited Partnership and Merrington Unit Trust

As a result of cross guarantees and intra-group indebtedness the application of the going concern assumption to each entity is dependent on the circumstances of the group as a whole, notably the extent to which the cross-guarantees are called upon and the extent to which intra-group balances may be irrecoverable in the event of any such call

The financial statements of the partnership have been prepared on a going concern basis, notwithstanding the overall indebtedness of the group and the cross guarantees entered into by it

The banking facilities under which the group currently operates have expired. At the present time those facilities are being made available to the Group but they are technically repayable on demand at the option of the lender. Negotiations are ongoing with the bankers with the objective of putting in place appropriate and sufficient facilities. These negotiations are, however, being affected by the current state of the property and financial markets.

In the opinion of the partners in aggregate the market value of the properties of the group noted above as at the date of approval of these accounts is less than the aggregated loans secured on them.



## Notes (continued)

### 2 Accounting policies (continued)

#### *Going concern (continued)*

Cash flow projections have been prepared for the group for a period ending not less than twelve months from the date of the approval of these financial statements. These projections indicate that the entity will be dependent on either a renegotiation or replacement of the banking facilities which makes available sufficient funds for the Group to be able to trade in an orderly fashion and to meet its liabilities as they fall due for payment, including the settlement of intra-group balances. Further, the projections indicate that the facilities required will be greater than those which are currently being made available.

In the opinion of the partners there remains a reasonable likelihood that appropriate and sufficient banking facilities will be made available to the Group to allow it to continue to operate within these projected facilities. However both the financial circumstances of the Group and the current state of the property and financial markets mean that the successful negotiation of the required facilities is uncertain.

As a consequence of the above the partners are of the opinion that it remains appropriate to prepare the financial statements on a going concern basis. However, this material uncertainty may cast significant doubt on the partnership's ability to continue as a going concern and, it may therefore, be unable to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate due to the projected facilities being unavailable.

#### **Turnover**

All turnover is generated in the UK from rental income on investment properties. Revenue is recognized on an accruals basis.

#### **Investment properties**

Investment properties are revalued to open market value annually and the aggregate surplus or deficit is transferred to a revaluation reserve. Any permanent diminution in the value of investment properties is charged to the profit and loss account to the extent that a deficit exceeds revaluation surpluses.

No depreciation is provided in respect of freehold investment properties. The directors consider that this accounting policy results in the financial statements giving a true and fair view. Depreciation is only one of many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

#### **Tax**

Taxation on all partnership profits is solely the liability of the partners. Consequently, neither taxation nor related deferred taxation arising in respect of Aurora (Leigh) Limited Partnership is accounted for in the financial statements.

#### **Classification of partners' advances received by the Partnership**

Under FRS 25, partners' advances received by the partnership are treated as capital (i.e. forming part of partners' funds) only to the extent that they include no contractual obligations upon the Partnership to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Partnership.

To the extent that this definition is not met, the partners' advances are classified as a financial liability.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with partners' advances that are classified as part of partners' funds, are dealt with as appropriations in the reconciliation of movements in partners' funds.

## Notes (continued)

### 3 Turnover

All turnover derives from rental income from investment properties in the United Kingdom and relates to continuing operations

### 4 Interest

	2009 £	2008 £
<i>Interest receivable</i>		
Interest receivable	42	-
	<u>          </u>	<u>          </u>
<i>Interest payable</i>		
On bank loans	287,451	-
On intercompany loans	-	305,737
	<u>287,451</u>	<u>305,737</u>

### 5 Loss on ordinary activities before taxation

	2009 £	2008 £
Exceptional cost - write off of intercompany balance	114,201	-
Auditors remuneration - audit of these financial statements	1,750	1,750
	<u>          </u>	<u>          </u>

### 6 Employees

The company has no employees and the partners received no remuneration for their services during the year

### 7 Tangible fixed assets

	Investment property £
<i>Valuation</i>	
At 1 April 2008	4,257,408
Revaluation	(1,007,408)
	<u>          </u>
<b>At 31 March 2009</b>	<b><u>3,250,000</u></b>

The historical cost of the property is £4,290,433. The partners revalued the property on 31 March 2009 on an open market basis.

## Notes (continued)

### 8 Debtors

	2009 £	2008 £
Amounts owed by group undertakings	-	15,890
Advances to partners	-	62,201
Prepayments and accrued income	-	352
	<u>-</u>	<u>78,443</u>

### 9 Creditors: amounts falling due within one year

	2009 £	2008 £
Bank loan	4,271,062	-
Trade creditors	-	3,417
Other taxes and social security costs	21,000	24,537
Accruals	60,244	4,106
Rents in advance	65,333	65,333
	<u>4,417,639</u>	<u>97,393</u>

Interest is payable on the borrowings at a rate of LIBOR plus a margin of 1.5%. There is an interest rate swap in place, fixing £85 million of the group loan at rates between 5.05% and 5.50% plus a margin of 1.5%, details of which are disclosed in note 17. The bank borrowings are secured by cross guarantees against investment properties held within the group (note 15).

#### *Loan novation*

On 26 June 2008, part of a loan originally assigned to Carisbrooke Investments Limited Partnership ('CILP') was novated (solely in the capacity of CILP as borrower and not in its capacity as guarantor) to the following related entities, Aurora (Leigh) Limited Partnership, Aurora (Normanton) Limited Partnership, Aurora (Hinckley) Limited Partnership, Aurora (Bedworth) Limited Partnership, Aurora (Motherwell) Limited Partnership and Aurora (Nuneaton) Limited Partnership. The above amount of £4,271,062 represents the amount novated to this partnership.

### 10 Creditors: amounts falling due after more than one year

	2009 £	2008 £
Intercompany loan	-	4,271,062

## Notes (continued)

### 11 Reconciliation of movement in partners' deficit

	2009 £	2008 £
Opening partners' (deficit)/funds	(32,604)	119,988
Loss on ordinary activities for the financial period	(127,625)	(50,818)
Advances	-	50,818
Revaluations	(1,007,408)	(152,592)
	<u>          </u>	<u>          </u>
Closing partners' deficit	(1,167,637)	(32,604)
	<u>          </u>	<u>          </u>

### 12 Partners' capital

	2008 £000	2007 £000
Opening and closing capital contributions	421	421
	<u>          </u>	<u>          </u>

Carisbrooke Aurora (UK) Limited is the general partner and is owned Carisbrooke Aurora Limited, a company registered in the Isle of Man Aurora (Leigh) Limited and A Wardle are the limited partners

### 13 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 April 2008	(33,025)	-
Revaluation of property	(1,007,408)	-
Loss for the year	-	(127,625)
	<u>          </u>	<u>          </u>
At 31 March 2009	(1,040,433)	(127,625)
	<u>          </u>	<u>          </u>

### 14 Related party transactions

During the year there was a reduction in the intercompany loan account balance of £4,271,062 (2008 £nil) with Carisbrooke Investments Limited Partnership, a related party, which relates to the loan novation (see note 9) The amount due to Carisbrooke Investments Limited Partnership for the loan at the year end was £nil (2008 £4,271,062)

During the year amounts totalling £36,110 were advanced to Carisbrooke Aurora (UK) Limited resulting in a balance of £114,201 (2008 £78,091) outstanding at the year end This was subsequently deemed irrecoverable and hence was written off

### 15 Contingent liability

The bank loan novated to Aurora (Leigh) Limited Partnership is secured on certain of the assets of the partnership and has been guaranteed by Aurora (Leigh) Limited Partnership, Carisbrooke Investments General Partner Limited, Carisbrooke Aurora Limited, Aurora Nominee 1 Limited, Aurora Nominee 2 Limited, Aurora (Bedworth) Limited Partnership, Aurora (Normanton) Limited Partnership, Aurora (Hinckley) Limited Partnership, Aurora (Motherwell) Limited Partnership, Aurora (Nuneaton) Limited Partnership and Carisbrooke Arkle LLP

**Notes (continued)**

**16 Subsequent event**

***Property values***

The General Partner is of the view that, given the decline noted in the property market, the value of the property is likely to have risen significantly since the year end in line with market conditions. In the absence of any further exercise, the General Partner is not in a position to evaluate the quantum of this change.

**17 Fair value of assets and liabilities**

The company is party to a derivative financial instrument that it has not recognised at fair value as follows:

- Discounted callable interest rate swap fixing £85 million of the group's bank loan at LIBOR rates from 5.05% (September 2007 to October 2009) to 5.5% (October 2009 to October 2014 plus the bank's right to extend the swap at 5.55% to October 2017). The fair value of this instrument at 31 March 2009 was a liability to the group of £14,324,726.

**Aurora (Normanton) Limited Partnership**

**Directors' report and financial  
statements**

**Registered number LP 011575**

**31 March 2009**



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## **Company information**

**General Partner**

Carisbrooke Aurora (UK) limited

**Limited Partners**

Aurora (Normanton) Limited  
Anthony Wardle

**Registered number**

LP 011575

**Registered office**

22 Grosvenor Square  
London  
W1K 6DT

**Auditors**

KPMG LLP  
St Nicholas House  
Park Row  
Nottingham  
NG1 6FQ



## **General Partner's report**

The General Partner presents its report and the financial statements for the year ended 31 March 2009

### **Principal activity and review of the business**

The principal activity of the Partnership is that of property investment

### **Business review and future developments**

The partnership's key financial and other performance indicators for the period are as follows

	2009 £	2008 £
Turnover	545,000	543,631
Operating profit	310,090	504,524
Net loss	(243,893)	(85,369)

The partners consider profitability to be the most important measure of the partnership's performance and expect the profitability to improve going forward

### **Risk management policy**

The principal financial risks that the partnership is exposed to and manages are as follow

#### *Credit risk*

Credit risk is the risk arising from the possibility that the partnership will incur losses from the failure of customers to meet their obligations

Risk is managed on a periodic basis by the partners

Customers with emerging credit problems are managed on a daily basis to ensure that any contractual cash flow obligations can be met as they arise

#### *Liquidity risk*

Liquidity risk is the risk that the partnership is unable to meet its obligations as they fall due

The liquidity of the company is managed on a daily basis to ensure that any contractual cash flow obligations and potential cash flows arising can be met as they arise

#### *Valuation risk*

Valuation risk is the risk that the valuation of the partnership's property falls thus compromising the availability of funds

The partners seek to mitigate this risk through the appropriate selection of investment property

### **Supplier payment policy**

The partnership is committed to maintaining a sound commercial relationship with its suppliers. Consequently, it is the partnership's policy to negotiate and agree terms and conditions with its suppliers, which includes the giving of an undertaking in the partnership to pay suppliers following the receipt of a correctly prepared invoice, in accordance with the terms of the contract

**General Partner's report** *(continued)*

**Disclosure of information to auditors**

The General Partner who held office at the date of approval of this General Partner's report confirms that, so far as they are aware, there is no relevant audit information of which the partnership's auditors are unaware, and the General Partner has taken all the steps that they ought to have taken as a General Partner to make themselves aware of any relevant audit information and to establish that the partnership's auditors are aware of that information

On behalf of Carisbrooke Aurora (UK) Limited

A handwritten signature in black ink, appearing to read 'CJ Phoenix'.

**CJ Phoenix**  
*Director*

Date 12 April 2010

## **Statement of General Partner's responsibilities in respect of the General Partner's report and the financial statements**

The General Partner is responsible for preparing the General Partner's Report and the financial statements in accordance with applicable law and regulations

The partnership deed requires the General Partner to prepare financial statements for each financial year. Under the partnership deed the Partners have elected to prepare the financial statements in accordance with applicable UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to give a true and fair view of the partnership and of the profit or loss for that period

In preparing these financial statements, the General Partner is required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business

The General Partner is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the partnership and enable them to ensure that its financial statements comply with the partnership deed. The General Partner has a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the partnership and to prevent and detect fraud and other irregularities



## **Independent auditors' report to the partners of Aurora (Normanton) Limited Partnership**

We have audited the financial statements of Aurora (Normanton) Limited Partnership for the year ended 31 March 2009 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the partners, as a body, in accordance with the terms of our engagement. Our audit work has been undertaken so that we might state to the partners 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 partners as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the directors and auditors**

The General Partner's responsibilities for preparing the financial statements in accordance with the Limited Partnership Deed dated 21 September 2006 are set out in the Statement of General Partner's responsibilities on page 4.

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 Partnership Deed dated 21 September 2006. In addition, we report to you whether in our opinion the information given in the General Partner's Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the partnership has not kept proper accounting records and if we have not received all the information and explanations we require for our audit.

We read the General Partner's Report 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 judgments made by the General Partner in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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.



## **Independent auditors' report to the partners of Aurora (Normanton) Limited Partnership** *(continued)*

### **Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the partnership's affairs as at 31 March 2009 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Limited Partnership Deed dated 21 September 2006, and
- the information given in the General Partner's Report is consistent with the financial statements

### **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 note 2 to the financial statements concerning the partnership's ability to continue as a going concern. The partnership is party to cross guarantees of a banking facility which has expired (see note 9) and has related party balances which means that its ability to continue as a going concern is dependent on the ability of the Group, of which it is a part, to continue to operate as a going concern. The Group's ability to continue to operate as a going concern is largely dependent on the successful outcome of negotiations with the lenders to procure sufficient and appropriate facilities to allow it to trade in an orderly fashion and to meet its liabilities as they fall due. The facilities which the Group are currently utilising have expired and are repayable on demand at the option of the lender. The partners are in discussions with the lenders but the willingness and ability of the existing, or any new lenders, to make available such funds as are necessary to meet the ongoing requirements of the group is inherently uncertain. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the partnership's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the partnership were unable to continue as a going concern.

Chartered Accountants  
Registered Auditor  
Nottingham

12 April 2010

**Profit and loss account**  
*for the year ended 31 March 2009*

	<i>Note</i>	<b>2009</b> <b>£</b>	<b>2008</b> <b>£</b>
<b>Turnover</b>	<b>3</b>	<b>545,000</b>	543,631
Administrative expenses (including exceptional costs of £227,092 as per note 5)		<b>(234,910)</b>	(39,107)
<b>Operating profit</b>		<b>310,090</b>	504,524
Interest receivable	<b>4</b>	<b>626</b>	-
Interest payable and similar charges	<b>4</b>	<b>(554,609)</b>	(589,893)
<b>Loss on ordinary activities before taxation</b>	<b>5</b>	<b>(243,893)</b>	(85,369)
Tax on loss on ordinary activities	<b>2</b>	-	-
<b>Loss for the year</b>		<b>(243,893)</b>	(85,369)

All of the partnership's activities in the above periods derive wholly from continuing operations

**Statement of total recognised gains and losses**  
*for the year ended 31 March 2009*

	<b>2009</b> <b>£</b>	<b>2008</b> <b>£</b>
Loss on ordinary activities after taxation	<b>(243,893)</b>	(85,369)
Unrealised movement on revaluation of property	<b>(2,145,508)</b>	(304,492)
<b>Total recognised losses relating to the year</b>	<b>(2,389,401)</b>	(389,861)

**Balance sheet**  
*as at 31 March 2009*

	<i>Note</i>	<b>£</b>	<b>2009</b> <b>£</b>	<b>£</b>	<b>2008</b> <b>£</b>
<b>Fixed assets</b>					
Tangible assets	7		6,350,000		8,495,508
<b>Current assets</b>					
Debtors	8	-		149,097	
Cash		101		-	
		<u>101</u>		<u>149,097</u>	
<b>Creditors</b> amounts falling due within one year	9	(8,521,196)		(185,662)	
<b>Net current liabilities</b>			<u>(8,521,095)</u>		<u>(36,565)</u>
<b>Total assets less current liabilities</b>			<u>(2,171,095)</u>		<u>8,458,943</u>
<b>Creditors</b> amounts falling due after more than one year	10		-		(8,240,637)
<b>Net (liabilities)/assets</b>			<u>(2,171,095)</u>		<u>218,306</u>
<b>Capital and reserves</b>					
Partners' capital	12		810		810
Revaluation reserve	13		(1,928,012)		217,496
Profit and loss account	13		(243,893)		-
			<u>(2,171,095)</u>		<u>218,306</u>

The financial statements were approved by the General Partner and signed on its behalf by



**C J Phoenix**  
*Director*  
*for and on behalf of*  
*Carisbrooke Aurora (UK) Limited*

Date 12 April 2010

Company number LP 011575

## **Notes**

*(forming part of the financial statements)*

### **1 The Partnership**

#### ***Establishment of the partnership***

Aurora (Normanton) Limited Partnership is a United Kingdom Limited Partnership, established by the Limited Partnership Deed dated 21 September 2006

The General Partner of the partnership is Carisbrooke Aurora (UK) Limited, which is responsible for the management, operation and administration of the Limited Partnership in accordance with the Limited Partnership Deed

#### ***Business of the partnership***

The purpose of the partnership is to hold property for investment purposes

#### ***Duration of the partnership***

The partnership will continue until dissolved in accordance with Clause 2.4 of the Limited Partnership Deed

### **2 Principal accounting policies**

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

#### ***Accounting convention***

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of investment properties and in accordance with The Partnerships and Unlimited Companies (Accounts) Regulations 1993

Under FRS 1 the Partnership is exempt from the requirement to prepare a cash flow statement on the grounds of its size

#### ***Basis of preparation***

##### ***Going concern***

The entity is part of a group of entities (the 'Group') that are subject to common control, which comprises, but is not limited to Carisbrooke Investments General Partner Limited, Carisbrooke Investments Limited Partnership, Carisbrooke Aurora Limited (Isle of Man), Carisbrooke Aurora (UK) Limited, Carisbrooke Aurora Nominee 1 Limited, Carisbrooke Aurora Nominee 2 Limited, Aurora (Leigh) Limited, Aurora (Leigh) Limited Partnership, Aurora (Normanton) Limited, Aurora (Normanton) Limited Partnership, Aurora (Hinckley) Limited, Aurora (Hinckley) Limited Partnership, Aurora (Bedworth) Limited, Aurora (Bedworth) Limited Partnership, Aurora (Motherwell) Limited, Aurora (Motherwell) Limited Partnership, Aurora (Nuneaton) Limited, Aurora (Nuneaton) Limited Partnership and Merrington Unit Trust

As a result of cross guarantees and intra-group indebtedness the application of the going concern assumption to each entity is dependent on the circumstances of the group as a whole, notably the extent to which the cross-guarantees are called upon and the extent to which intra-group balances may be irrecoverable in the event of any such call

The financial statements of the partnership have been prepared on a going concern basis, notwithstanding the overall indebtedness of the group and the cross guarantees entered into by it

The banking facilities under which the group currently operates have expired. At the present time those facilities are being made available to the Group but they are technically repayable on demand at the option of the lender. Negotiations are ongoing with the bankers with the objective of putting in place appropriate and sufficient facilities. These negotiations are, however, being affected by the current state of the property and financial markets.

In the opinion of the partners in aggregate the market value of the properties of the group noted above as at the date of approval of these accounts is less than the aggregated loans secured on them



## **Notes (continued)**

### **2 Accounting policies (continued)**

#### *Going concern (continued)*

Cash flow projections have been prepared for the group for a period ending not less than twelve months from the date of the approval of these financial statements. These projections indicate that the entity will be dependent on either a renegotiation or replacement of the banking facilities which makes available sufficient funds for the Group to be able to trade in an orderly fashion and to meet its liabilities as they fall due for payment, including the settlement of intra-group balances. Further, the projections indicate that the facilities required will be greater than those which are currently being made available.

In the opinion of the partners there remains a reasonable likelihood that appropriate and sufficient banking facilities will be made available to the Group to allow it to continue to operate within these projected facilities. However both the financial circumstances of the Group and the current state of the property and financial markets mean that the successful negotiation of the required facilities is uncertain.

As a consequence of the above the partners are of the opinion that it remains appropriate to prepare the financial statements on a going concern basis. However, this material uncertainty may cast significant doubt on the partnership's ability to continue as a going concern and, it may therefore, be unable to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate due to the projected facilities being unavailable.

#### *Turnover*

All turnover is generated in the UK from rental income on investment properties. Revenue is recognized on an accruals basis.

#### *Investment properties*

Investment properties are revalued to open market value annually and the aggregate surplus or deficit is transferred to a revaluation reserve. Any permanent diminution in the value of investment properties is charged to the profit and loss account to the extent that a deficit exceeds revaluation surpluses.

No depreciation is provided in respect of freehold investment properties. The directors consider that this accounting policy results in the financial statements giving a true and fair view. Depreciation is only one of many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

#### *Tax*

Taxation on all partnership profits is solely the liability of the partners. Consequently, neither taxation nor related deferred taxation arising in respect of Aurora (Normanton) Limited Partnership is accounted for in the financial statements.

#### *Classification of partners' advances received by the Partnership*

Under FRS 25, partners' advances received by the partnership are treated as capital (i.e. forming part of partners' funds) only to the extent that they include no contractual obligations upon the Partnership to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Partnership.

To the extent that this definition is not met, the partners' advances are classified as a financial liability.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with partners' advances that are classified as part of partners' funds, are dealt with as appropriations in the reconciliation of movements in partners' funds.

## Notes (continued)

### 3 Turnover

All turnover derives from rental income from investment properties in the United Kingdom and relates to continuing operations

### 4 Interest

	2009 £	2008 £
<i>Interest receivable</i>		
Interest receivable	626	-
	<u>          </u>	<u>          </u>
<i>Interest payable</i>		
On bank loans	554,609	-
On intercompany loans	-	589,893
	<u>          </u>	<u>          </u>
	554,609	589,893
	<u>          </u>	<u>          </u>

### 5 Loss on ordinary activities before taxation

	2009 £	2008 £
Exceptional cost - write off of intercompany balance	227,092	
Auditors remuneration - audit of these financial statements	1,750	1,750
	<u>          </u>	<u>          </u>

### 6 Employees

The company has no employees and the partners received no remuneration for their services during the year

### 7 Tangible fixed assets

	Investment property £
<i>Valuation</i>	
At 1 April 2008	8,495,508
Revaluation	(2,145,508)
	<u>          </u>
<b>At 31 March 2009</b>	<b>6,350,000</b>
	<u>          </u>

The historical cost of the property is £8,278,012. The partners revalued the property on 31 March 2009 on an open market basis.

## Notes (continued)

### 8 Debtors

	2009 £	2008 £
Amounts owed by group undertakings	-	51,369
Advances to partners	-	97,229
Prepayments and accrued income	-	499
	<u>-</u>	<u>149,097</u>

### 9 Creditors: amounts falling due within one year

	2009 £	2008 £
Bank loan	8,240,637	-
Trade creditors	-	3,417
Other taxes and social security costs	40,875	46,885
Accruals and	112,517	8,193
Rents in advance	127,167	127,167
	<u>8,521,196</u>	<u>185,662</u>

Interest is payable on the borrowings at a rate of LIBOR plus a margin of 1.5%. There is an interest rate swap in place, fixing £85 million of the group loan at rates between 5.05% and 5.50% plus a margin of 1.5%, details of which are disclosed in note 17. The bank borrowings are secured by cross guarantees against investment properties held within the group (note 15).

#### *Loan novation*

On 26 June 2008, part of a loan originally assigned to Carisbrooke Investments Limited Partnership ('CILP') was novated (solely in the capacity of CILP as borrower and not in its capacity as guarantor) to the following related entities, Aurora (Leigh) Limited Partnership, Aurora (Normanton) Limited Partnership, Aurora (Hinckley) Limited Partnership, Aurora (Bedworth) Limited Partnership, Aurora (Motherwell) Limited Partnership and Aurora (Nuneaton) Limited Partnership. The above amount of £8,240,637 represents the amount novated to this partnership.

### 10 Creditors: amounts falling due after more than one year

	2009 £	2008 £
Intercompany loan	-	8,240,637

## Notes (continued)

### 11 Reconciliation of movement in partners' deficit

	2009 £	2008 £
Opening partners' funds	218,306	522,798
Loss on ordinary activities for the financial period	(243,893)	(85,369)
Advances	-	85,369
Revaluations	(2,145,508)	(304,492)
	<u>(2,171,095)</u>	<u>218,306</u>
Closing partners' (deficit)/funds	<u>(2,171,095)</u>	<u>218,306</u>

### 12 Partners' capital

	2008 £000	2007 £000
Opening and closing capital contributions	810	810
	<u>810</u>	<u>810</u>

Carisbrooke Aurora (UK) Limited is the general partner and is owned Carisbrooke Aurora Limited, a company registered in the Isle of Man. Aurora (Normanton) Limited and A Wardle are the limited partners.

### 13 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 April 2008	217,496	-
Revaluation of property	(2,145,508)	-
Loss for the year	-	(243,893)
	<u>(1,928,012)</u>	<u>(243,893)</u>
At 31 March 2009	<u>(1,928,012)</u>	<u>(243,893)</u>

### 14 Related party transactions

During the year there was a reduction in the intercompany loan account balance of £8,240,637 (2008 £nil) with Carisbrooke Investments Limited Partnership, a related party, which relates to the loan novation (see note 9). The amount due to Carisbrooke Investments Limited Partnership for the loan at the year end was £nil (2008 £8,240,637).

During the year amounts totalling £78,494 were advanced to Carisbrooke Aurora (UK) Limited resulting in a balance of £227,092 outstanding at the year end. This was subsequently deemed irrecoverable and hence was written off.

### 15 Contingent liability

The bank loan novated to Aurora (Normanton) Limited Partnership is secured on certain of the assets of the partnership and has been guaranteed by Aurora (Normanton) Limited Partnership, Carisbrooke Investments General Partner Limited, Aurora Nominee 1 Limited, Aurora Nominee 2 Limited, Aurora (Leigh) Limited Partnership, Aurora (Bedworth) Limited Partnership, Aurora (Hinckley) Limited Partnership, Aurora (Motherwell) Limited Partnership, Aurora (Nuneaton) Limited Partnership, Carisbrooke Aurora Limited and Carisbrooke Arkle LLP.

## **Notes (continued)**

### **16 Subsequent event**

#### ***Property values***

The General Partner is of the view that, given the decline noted in the property market, the value of the property is likely to have risen significantly since the year end in line with market conditions. In the absence of any further exercise, the General Partner is not in a position to evaluate the quantum of this change.

### **17 Fair value of assets and liabilities**

The company is party to a derivative financial instrument that it has not recognised at fair value as follows:

- Discounted callable interest rate swap fixing £85 million of the group's bank loan at LIBOR rates from 5.05% (September 2007 to October 2009) to 5.5% (October 2009 to October 2014 plus the bank's right to extend the swap at 5.55% to October 2017). The fair value of this instrument at 31 March 2009 was a liability to the group of £14,324,726.

**Aurora (Motherwell) Limited Partnership**

**Directors' report and financial  
statements**

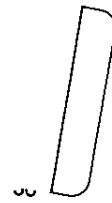
Registered number LP 011572

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## **Company information**

<b>General Partner</b>	Carisbrooke Aurora (UK) limited
<b>Limited Partners</b>	Aurora (Motherwell) Limited Anthony Wardle
<b>Registered number</b>	LP 011572
<b>Registered office</b>	22 Grosvenor Square London W1K 6DT
<b>Auditors</b>	KPMG LLP St Nicholas House Park Row Nottingham NG1 6FQ



## **General Partner's report**

The General Partner presents its report and the financial statements for the year ended 31 March 2009

### **Principal activity and review of the business**

The principal activity of the Partnership is that of property investment

### **Business review and future developments**

The partnership's key financial and other performance indicators for the period are as follows

	2009 £	2008 £
Turnover	380,000	379,045
Operating profit	207,151	351,657
Net loss	(158,077)	(36,809)

The partners consider profitability to be the most important measure of the partnership's performance and expect the profitability to improve going forward

### **Risk management policy**

The principal financial risks that the partnership is exposed to and manages are as follow

#### *Credit risk*

Credit risk is the risk arising from the possibility that the partnership will incur losses from the failure of customers to meet their obligations

Risk is managed on a periodic basis by the partners

Customers with emerging credit problems are managed on a daily basis to ensure that any contractual cash flow obligations can be met as they arise

#### *Liquidity risk*

Liquidity risk is the risk that the partnership is unable to meet its obligations as they fall due

The liquidity of the company is managed on a daily basis to ensure that any contractual cash flow obligations and potential cash flows arising can be met as they arise

#### *Valuation risk*

Valuation risk is the risk that the valuation of the partnership's property falls thus compromising the availability of funds

The partners seek to mitigate this risk through the appropriate selection of investment property

### **Supplier payment policy**

The partnership is committed to maintaining a sound commercial relationship with its suppliers. Consequently, it is the partnership's policy to negotiate and agree terms and conditions with its suppliers, which includes the giving of an undertaking in the partnership to pay suppliers following the receipt of a correctly prepared invoice, in accordance with the terms of the contract

**General Partner's report** *(continued)*

**Disclosure of information to auditors**

The General Partner who held office at the date of approval of this General Partner's report confirms that, so far as they are aware, there is no relevant audit information of which the partnership's auditors are unaware, and the General Partner has taken all the steps that they ought to have taken as a General Partner to make themselves aware of any relevant audit information and to establish that the partnership's auditors are aware of that information

On behalf of Carisbrooke Aurora (UK) Limited



**CJ Phoenix**  
*Director*

Date 12 April 2010

## **Statement of General Partner's responsibilities in respect of the General Partner's report and the financial statements**

The General Partner is responsible for preparing the General Partner's Report and the financial statements in accordance with applicable law and regulations

The partnership deed requires the General Partner to prepare financial statements for each financial year. Under the partnership deed the Partners have elected to prepare the financial statements in accordance with applicable UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to give a true and fair view of the partnership and of the profit or loss for that period

In preparing these financial statements, the General Partner is required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business

The General Partner is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the partnership and enable them to ensure that its financial statements comply with the partnership deed. The General Partner has a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the partnership and to prevent and detect fraud and other irregularities



## **Independent auditors' report to the partners of Aurora (Motherwell) Limited Partnership**

We have audited the financial statements of Aurora (Motherwell) Limited Partnership for the year ended 31 March 2009 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the partners, as a body, in accordance with the terms of our engagement. Our audit work has been undertaken so that we might state to the partners 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 partners as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the directors and auditors**

The General Partner's responsibilities for preparing the financial statements in accordance with the Limited Partnership Deed dated 21 September 2006 are set out in the Statement of General Partner's responsibilities on page 4.

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 Partnership Deed dated 21 September 2006. In addition, we report to you whether in our opinion the information given in the General Partner's Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the partnership has not kept proper accounting records and if we have not received all the information and explanations we require for our audit.

We read the General Partner's Report 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 judgments made by the General Partner in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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.



## **Independent auditors' report to the partners of Aurora (Motherwell) Limited Partnership** *(continued)*

### **Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the partnership's affairs as at 31 March 2009 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Limited Partnership Deed dated 21 September 2006, and
- the information given in the General Partner's Report is consistent with the financial statements

### **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 note 2 to the financial statements concerning the partnership's ability to continue as a going concern. The partnership is party to cross guarantees of a banking facility which has expired (see note 9) and has related party balances which means that its ability to continue as a going concern is dependent on the ability of the Group, of which it is a part, to continue to operate as a going concern. The Group's ability to continue to operate as a going concern is largely dependent on the successful outcome of negotiations with the lenders to procure sufficient and appropriate facilities to allow it to trade in an orderly fashion and to meet its liabilities as they fall due. The facilities which the Group are currently utilising have expired and are repayable on demand at the option of the lender. The partners are in discussions with the lenders but the willingness and ability of the existing, or any new lenders, to make available such funds as are necessary to meet the ongoing requirements of the group is inherently uncertain. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the partnership's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the partnership were unable to continue as a going concern.

Chartered Accountants  
Registered Auditor  
Nottingham

12 April 2010

**Profit and loss account**  
*for the year ended 31 March 2009*

	<i>Note</i>	<b>2009</b> <b>£</b>	<b>2008</b> <b>£</b>
<b>Turnover</b>	<b>3</b>	<b>380,000</b>	<b>379,045</b>
Administrative expenses (including exceptional costs of £166,418 as per note 5)		<b>(172,849)</b>	<b>(27,388)</b>
<b>Operating profit</b>		<b>207,151</b>	<b>351,657</b>
Interest receivable	<b>4</b>	<b>13</b>	<b>-</b>
Interest payable and similar charges	<b>4</b>	<b>(365,241)</b>	<b>(388,466)</b>
<b>Loss on ordinary activities before taxation</b>	<b>5</b>	<b>(158,077)</b>	<b>(36,809)</b>
Tax on loss on ordinary activities	<b>2</b>	<b>-</b>	<b>-</b>
<b>Loss for the year</b>		<b>(158,077)</b>	<b>(36,809)</b>

All of the partnership's activities in the above periods derive wholly from continuing operations

**Statement of total recognised gains and losses**  
*for the year ended 31 March 2009*

	<b>2009</b> <b>£</b>	<b>2008</b> <b>£</b>
Loss on ordinary activities after taxation	<b>(158,077)</b>	<b>(36,809)</b>
Unrealised movement on revaluation of property	<b>(788,152)</b>	<b>(186,848)</b>
<b>Total recognised losses relating to the year</b>	<b>(946,229)</b>	<b>(223,657)</b>

**Balance sheet**  
*as at 31 March 2009*

	<i>Note</i>	<b>£</b>	<b>2009</b> <b>£</b>	<b>£</b>	<b>2008</b> <b>£</b>
<b>Fixed assets</b>					
Tangible assets	7		4,425,000		5,213,152
<b>Current assets</b>					
Debtors	8	-		94,998	
Creditors amounts falling due within one year	9	(5,619,400)		(129,560)	
<b>Net current liabilities</b>			<b>(5,619,400)</b>		<b>(34,562)</b>
<b>Total assets less current liabilities</b>			<b>(1,194,400)</b>		<b>5,178,590</b>
Creditors amounts falling due after more than one year	10		-		(5,426,761)
<b>Net liabilities</b>			<b>(1,194,400)</b>		<b>(248,171)</b>
<b>Capital and reserves</b>					
Partners' capital	12		590		590
Revaluation reserve	13		(1,036,913)		(248,761)
Profit and loss account	13		(158,077)		-
			<b>(1,194,400)</b>		<b>(248,171)</b>

The financial statements were approved by the General Partner and signed on its behalf by



**C J Phoenix**  
*Director*  
*for and on behalf of*  
*Carisbrooke Aurora (UK) Limited*

Date 12 April 2010

Company number LP 011572

## **Notes**

*(forming part of the financial statements)*

### **1 The Partnership**

#### ***Establishment of the partnership***

Aurora (Motherwell) Limited Partnership is a United Kingdom Limited Partnership, established by the Limited Partnership Deed dated 21 September 2006

The General Partner of the partnership is Carisbrooke Aurora (UK) Limited, which is responsible for the management, operation and administration of the Limited Partnership in accordance with the Limited Partnership Deed

#### ***Business of the partnership***

The purpose of the partnership is to hold property for investment purposes

#### ***Duration of the partnership***

The partnership will continue until dissolved in accordance with Clause 2 4 of the Limited Partnership Deed

### **2 Principal accounting policies**

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

#### ***Accounting convention***

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of investment properties and in accordance with The Partnerships and Unlimited Companies (Accounts) Regulations 1993

Under FRS 1 the Partnership is exempt from the requirement to prepare a cash flow statement on the grounds of its size

#### ***Basis of preparation***

##### ***Going concern***

The entity is part of a group of entities (the 'Group') that are subject to common control, which comprises, but is not limited to Carisbrooke Investments General Partner Limited, Carisbrooke Investments Limited Partnership, Carisbrooke Aurora Limited (Isle of Man), Carisbrooke Aurora (UK) Limited, Carisbrooke Aurora Nominee 1 Limited, Carisbrooke Aurora Nominee 2 Limited, Aurora (Leigh) Limited, Aurora (Leigh) Limited Partnership, Aurora (Normanton) Limited, Aurora (Normanton) Limited Partnership, Aurora (Hinckley) Limited, Aurora (Hinckley) Limited Partnership, Aurora (Bedworth) Limited, Aurora (Bedworth) Limited Partnership, Aurora (Motherwell) Limited, Aurora (Motherwell) Limited Partnership, Aurora (Nuneaton) Limited, Aurora (Nuneaton) Limited Partnership and Merrington Unit Trust

As a result of cross guarantees and intra-group indebtedness the application of the going concern assumption to each entity is dependent on the circumstances of the group as a whole, notably the extent to which the cross-guarantees are called upon and the extent to which intra-group balances may be irrecoverable in the event of any such call

The financial statements of the partnership have been prepared on a going concern basis, notwithstanding the overall indebtedness of the group and the cross guarantees entered into by it

The banking facilities under which the group currently operates have expired. At the present time those facilities are being made available to the Group but they are technically repayable on demand at the option of the lender. Negotiations are ongoing with the bankers with the objective of putting in place appropriate and sufficient facilities. These negotiations are, however, being affected by the current state of the property and financial markets.

In the opinion of the partners in aggregate the market value of the properties of the group noted above as at the date of approval of these accounts is less than the aggregated loans secured on them



## **Notes (continued)**

### **2 Accounting policies (continued)**

#### *Going concern (continued)*

Cash flow projections have been prepared for the group for a period ending not less than twelve months from the date of the approval of these financial statements. These projections indicate that the entity will be dependent on either a renegotiation or replacement of the banking facilities which makes available sufficient funds for the Group to be able to trade in an orderly fashion and to meet its liabilities as they fall due for payment, including the settlement of intra-group balances. Further, the projections indicate that the facilities required will be greater than those which are currently being made available.

In the opinion of the partners there remains a reasonable likelihood that appropriate and sufficient banking facilities will be made available to the Group to allow it to continue to operate within these projected facilities. However both the financial circumstances of the Group and the current state of the property and financial markets mean that the successful negotiation of the required facilities is uncertain.

As a consequence of the above the partners are of the opinion that it remains appropriate to prepare the financial statements on a going concern basis. However, this material uncertainty may cast significant doubt on the partnership's ability to continue as a going concern and, it may therefore, be unable to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate due to the projected facilities being unavailable.

#### *Turnover*

All turnover is generated in the UK from rental income on investment properties. Revenue is recognized on an accruals basis.

#### *Investment properties*

Investment properties are revalued to open market value annually and the aggregate surplus or deficit is transferred to a revaluation reserve. Any permanent diminution in the value of investment properties is charged to the profit and loss account to the extent that a deficit exceeds revaluation surpluses.

No depreciation is provided in respect of freehold investment properties. The directors consider that this accounting policy results in the financial statements giving a true and fair view. Depreciation is only one of many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

#### *Tax*

Taxation on all partnership profits is solely the liability of the partners. Consequently, neither taxation nor related deferred taxation arising in respect of Aurora (Motherwell) Limited Partnership is accounted for in the financial statements.

#### *Classification of partners' advances received by the Partnership*

Under FRS 25, partners' advances received by the partnership are treated as capital (i.e. forming part of partners' funds) only to the extent that they include no contractual obligations upon the Partnership to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Partnership.

To the extent that this definition is not met, the partners' advances are classified as a financial liability.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with partners' advances that are classified as part of partners' funds, are dealt with as appropriations in the reconciliation of movements in partners' funds.

## Notes (continued)

### 3 Turnover

All turnover derives from rental income from investment properties in the United Kingdom and relates to continuing operations

### 4 Interest

	2009 £	2008 £
<i>Interest receivable</i>		
Interest receivable	13	-
	<u>          </u>	<u>          </u>
<i>Interest payable</i>		
On bank loan	365,241	-
On intercompany loans	-	388,466
	<u>          </u>	<u>          </u>
	<u>365,241</u>	<u>388,466</u>

### 5 Loss on ordinary activities before taxation

	2009 £	2008 £
Exceptional cost - write off of inter-company balance	166,418	
Auditors remuneration - audit of these financial statements	1,750	1,750
	<u>          </u>	<u>          </u>

### 6 Employees

The company has no employees and the partners received no remuneration for their services during the year

### 7 Tangible fixed assets

	Investment property £
<i>Valuation</i>	
At 1 April 2008	5,213,152
Revaluation	(788,152)
	<u>          </u>
<b>At 31 March 2009</b>	<u><b>4,425,000</b></u>

The historical cost of the property is £5,461,913. The partners revalued the property on 31 March 2009 on an open market basis.

## Notes (continued)

### 8 Debtors

	2009 £	2008 £
Amounts owed by group undertakings	-	58,035
Advances to partners	-	36,568
Prepayments and accrued income	-	395
	<u>-</u>	<u>94,998</u>
	<u>-</u>	<u>94,998</u>

### 9 Creditors, amounts falling due within one year

	2009 £	2008 £
Bank loan	5,426,761	-
Trade creditors	-	3,417
Other taxes and social security costs	28,500	32,449
Accruals	75,472	5,027
Rents in advance	88,667	88,667
	<u>5,619,400</u>	<u>129,560</u>
	<u>5,619,400</u>	<u>129,560</u>

Interest is payable on the borrowings at a rate of LIBOR plus a margin of 1.5%. There is an interest rate swap in place, fixing £85 million of the group loan at rates between 5.05% and 5.50% plus a margin of 1.5%, details of which are disclosed in note 17. The bank borrowings are secured by cross guarantees against investment properties held within the group (note 15).

#### *Loan novation*

On 26 June 2008, part of a loan originally assigned to Carisbrooke Investments Limited Partnership ('CILP') was novated (solely in the capacity of CILP as borrower and not in its capacity as guarantor) to the following related entities, Aurora (Leigh) Limited Partnership, Aurora (Normanton) Limited Partnership, Aurora (Hinckley) Limited Partnership, Aurora (Bedworth) Limited Partnership, Aurora (Motherwell) Limited Partnership and Aurora (Nuneaton) Limited Partnership. The above amount of £5,426,761 represents the amount novated to this partnership.

### 10 Creditors: amounts falling due after more than one year

	2009 £	2008 £
Intercompany loan	-	5,426,761
	<u>-</u>	<u>5,426,761</u>

## Notes (continued)

### 11 Reconciliation of movement in partners' deficit

	2009 £	2008 £
Opening partners' deficit	(248,171)	(61,323)
Loss on ordinary activities for the financial period	(158,077)	(36,809)
Advances	-	36,809
Revaluations	(788,152)	(186,848)
	<u>(1,194,400)</u>	<u>(248,171)</u>
Closing partners' deficit	<u>(1,194,400)</u>	<u>(248,171)</u>

### 12 Partners' capital

	2008 £000	2007 £000
Opening and closing capital contributions	590	590
	<u>590</u>	<u>590</u>

Carisbrooke Aurora (UK) Limited is the general partner and is owned Carisbrooke Aurora Limited, a company registered in the Isle of Man. Aurora (Motherwell) Limited and A Wardle are the limited partners.

### 13 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 April 2008	(248,761)	-
Revaluation of property	(788,152)	-
Loss for the year	-	(158,077)
	<u>(1,036,913)</u>	<u>(158,077)</u>
At 31 March 2009	<u>(1,036,913)</u>	<u>(158,077)</u>

### 14 Related party transactions

During the year there was a reduction in the intercompany loan account balance of £5,426,761 (2008 £nil) with Carisbrooke Investments Limited Partnership, a related party, which relates to the loan novation (see note 9). The amount due to Carisbrooke Investments Limited Partnership for the loan at the year end was £nil (2008 £5,426,761).

During the year amounts totalling £71,815 were advanced to Carisbrooke Aurora (UK) Limited resulting in a balance due of £166,418 at the year end. This was subsequently deemed irrecoverable and hence was written off.

### 15 Contingent liability

The bank loan novated to Aurora (Motherwell) Limited Partnership is secured on certain of the assets of the partnership and has been guaranteed by Aurora (Motherwell) Limited Partnership, Carisbrooke Investments General Partner Limited, Carisbrooke Aurora Limited, Aurora Nominee 1 Limited, Aurora Nominee 2 Limited, Aurora (Leigh) Limited Partnership, Aurora (Normanton) Limited Partnership, Aurora (Hinckley) Limited Partnership, Aurora (Bedworth) Limited Partnership, Aurora (Nuneaton) Limited Partnership and Carisbrooke Arkle LLP.

## **Notes (continued)**

### **16 Subsequent event**

#### ***Property values***

The General Partner is of the view that, given the decline noted in the property market, the value of the property is likely to have risen significantly since the year end in line with market conditions. In the absence of any further exercise, the General Partner is not in a position to evaluate the quantum of this change.

### **17 Fair value of assets and liabilities**

The company is party to a derivative financial instrument that it has not recognised at fair value as follows:

- Discounted callable interest rate swap fixing £85 million of the group's bank loan at LIBOR rates from 5.05% (September 2007 to October 2009) to 5.5% (October 2009 to October 2014 plus the bank's right to extend the swap at 5.55% to October 2017). The fair value of this instrument at 31 March 2009 was a liability to the group of £14,324,726.

**Aurora (Hinckley) Limited Partnership**

**Directors' report and financial  
statements**

**Registered number LP 011576**

**31 March 2009**

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## **Company information**

**General Partner** Carisbrooke Aurora (UK) limited

**Limited Partners** Aurora (Hinckley) Limited  
Anthony Wardle

**Registered number** LP 011576

**Registered office** 22 Grosvenor Square  
London  
W1K 6DT

**Auditors** KPMG LLP  
St Nicholas House  
Park Row  
Nottingham  
NG1 6FQ



## **General Partner's report**

The General Partner presents its report and the financial statements for the year ended 31 March 2009

### **Principal activity and review of the business**

The principal activity of the Partnership is that of property investment

### **Business review and future developments**

The partnership's key financial and other performance indicators for the period are as follows

	2009 £	2008 £
Turnover	270,000	269,322
Operating profit	124,644	247,448
Net loss	(118,843)	(11,529)

The partners consider profitability to be the most important measure of the partnership's performance and expect the profitability to improve going forward

### **Risk management policy**

The principal financial risks that the partnership is exposed to and manages are as follow

#### *Credit risk*

Credit risk is the risk arising from the possibility that the partnership will incur losses from the failure of customers to meet their obligations

Risk is managed on a periodic basis by the partners

Customers with emerging credit problems are managed on a daily basis to ensure that any contractual cash flow obligations can be met as they arise

#### *Liquidity risk*

Liquidity risk is the risk that the partnership is unable to meet its obligations as they fall due

The liquidity of the company is managed on a daily basis to ensure that any contractual cash flow obligations and potential cash flows arising can be met as they arise

#### *Valuation risk*

Valuation risk is the risk that the valuation of the partnership's property falls thus compromising the availability of funds

The partners seek to mitigate this risk through the appropriate selection of investment property

### **Supplier payment policy**

The partnership is committed to maintaining a sound commercial relationship with its suppliers. Consequently, it is the partnership's policy to negotiate and agree terms and conditions with its suppliers, which includes the giving of an undertaking in the partnership to pay suppliers following the receipt of a correctly prepared invoice, in accordance with the terms of the contract

**General Partner's report** *(continued)*

**Disclosure of information to auditors**

The General Partner who held office at the date of approval of this General Partner's report confirms that, so far as they are aware, there is no relevant audit information of which the partnership's auditors are unaware, and the General Partner has taken all the steps that they ought to have taken as a General Partner to make themselves aware of any relevant audit information and to establish that the partnership's auditors are aware of that information

On behalf of Carisbrooke Aurora (UK) Limited



**CJ Phoenix**  
*Director*

Date 12 April 2010

## **Statement of General Partner's responsibilities in respect of the General Partner's report and the financial statements**

The General Partner is responsible for preparing the General Partner's Report and the financial statements in accordance with applicable law and regulations

The partnership deed requires the General Partner to prepare financial statements for each financial year. Under the partnership deed the Partners have elected to prepare the financial statements in accordance with applicable UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to give a true and fair view of the partnership and of the profit or loss for that period

In preparing these financial statements, the General Partner is required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business

The General Partner is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the partnership and enable them to ensure that its financial statements comply with the partnership deed. The General Partner has a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the partnership and to prevent and detect fraud and other irregularities



## **Independent auditors' report to the partners of Aurora (Hinckley) Limited Partnership**

We have audited the financial statements of Aurora (Hinckley) Limited Partnership for the year ended 31 March 2009 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the partners, as a body, in accordance with the terms of our engagement. Our audit work has been undertaken so that we might state to the partners 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 partners as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the directors and auditors**

The General Partner's responsibilities for preparing the financial statements in accordance with the Limited Partnership Deed dated 21 September 2006 are set out in the Statement of General Partner's responsibilities on page 4.

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 Partnership Deed dated 21 September 2006. In addition, we report to you whether in our opinion the information given in the General Partner's Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the partnership has not kept proper accounting records and if we have not received all the information and explanations we require for our audit.

We read the General Partner's Report 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 judgments made by the General Partner in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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.



## **Independent auditors' report to the partners of Aurora (Hinckley) Limited Partnership** *(continued)*

### **Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the partnership's affairs as at 31 March 2009 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Limited Partnership Deed dated 21 September 2006, and
- the information given in the General Partner's Report is consistent with the financial statements

### **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 note 2 to the financial statements concerning the partnership's ability to continue as a going concern. The partnership is party to cross guarantees of a banking facility which has expired (see note 9) and has related party balances which means that its ability to continue as a going concern is dependent on the ability of the Group, of which it is a part, to continue to operate as a going concern. The Group's ability to continue to operate as a going concern is largely dependent on the successful outcome of negotiations with the lenders to procure sufficient and appropriate facilities to allow it to trade in an orderly fashion and to meet its liabilities as they fall due. The facilities which the Group are currently utilising have expired and are repayable on demand at the option of the lender. The partners are in discussions with the lenders but the willingness and ability of the existing, or any new lenders, to make available such funds as are necessary to meet the ongoing requirements of the group is inherently uncertain. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the partnership's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the partnership were unable to continue as a going concern.

*Chartered Accountants  
Registered Auditor  
Nottingham*

12 April 2010

**Profit and loss account**  
*for the year ended 31 March 2009*

	<i>Note</i>	2009 £	2008 £
Turnover	3	270,000	269,322
Administrative expenses (including exceptional costs of £139,595 as per note 5)		(145,356)	(21,874)
<b>Operating profit</b>		<b>124,644</b>	<b>247,448</b>
Interest payable and similar charges	4	(243,487)	(258,977)
<b>Loss on ordinary activities before taxation</b>	5	<b>(118,843)</b>	<b>(11,529)</b>
Tax on loss on ordinary activities	2	-	-
<b>Loss for the year</b>	<b>13</b>	<b>(118,843)</b>	<b>(11,529)</b>

All of the partnership's activities in the above periods derive wholly from continuing operations

**Statement of total recognised gains and losses**  
*for the year ended 31 March 2009*

	2009 £	2008 £
Loss on ordinary activities after taxation	(118,843)	(11,529)
Unrealised movement on revaluation of property	(518,515)	(131,485)
<b>Total recognised losses relating to the year</b>	<b>(637,358)</b>	<b>(143,014)</b>

**Balance sheet**  
*as at 31 March 2009*

	<i>Note</i>	<b>2009</b>	<b>2008</b>
		<b>£</b>	<b>£</b>
<b>Fixed assets</b>			
Tangible assets	7	3,150,000	3,668,515
<b>Current assets</b>			
Debtors	8	-	76,292
<b>Creditors</b> amounts falling due within one year	9	(3,752,733)	(92,341)
<b>Net current liabilities</b>		<b>(3,752,733)</b>	<b>(16,049)</b>
<b>Total assets less current liabilities</b>		<b>(602,733)</b>	<b>3,652,466</b>
<b>Creditors</b> amounts falling due after more than one year	10	-	(3,617,841)
<b>Net (liabilities)/assets</b>		<b>(602,733)</b>	<b>34,625</b>
<b>Capital and reserves</b>			
Partners' capital	12	361	361
Revaluation reserve	13	(484,251)	34,264
Profit and loss account	13	(118,843)	-
		<b>(602,733)</b>	<b>34,625</b>

The financial statements were approved by the General Partner and signed on its behalf by



**C J Phoenix**  
*Director*  
*for and on behalf of*  
*Carisbrooke Aurora (UK) Limited*

Date 12 April 2010

Company number LP 011576

## **Notes**

*(forming part of the financial statements)*

### **1 The Partnership**

#### ***Establishment of the partnership***

Aurora (Hinckley) Limited Partnership is a United Kingdom Limited Partnership, established by the Limited Partnership Deed dated 21 September 2006

The General Partner of the partnership is Carisbrooke Aurora (UK) Limited, which is responsible for the management, operation and administration of the Limited Partnership in accordance with the Limited Partnership Deed

#### ***Business of the partnership***

The purpose of the partnership is to hold property for investment purposes

#### ***Duration of the partnership***

The partnership will continue until dissolved in accordance with Clause 2.4 of the Limited Partnership Deed

### **2 Principal accounting policies**

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

#### ***Accounting convention***

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of investment properties and in accordance with The Partnerships and Unlimited Companies (Accounts) Regulations 1993

Under FRS 1 the Partnership is exempt from the requirement to prepare a cash flow statement on the grounds of its size

#### ***Basis of preparation***

##### ***Going concern***

The entity is part of a group of entities (the 'Group') that are subject to common control, which comprises, but is not limited to Carisbrooke Investments General Partner Limited, Carisbrooke Investments Limited Partnership, Carisbrooke Aurora Limited (Isle of Man), Carisbrooke Aurora (UK) Limited, Carisbrooke Aurora Nominee 1 Limited, Carisbrooke Aurora Nominee 2 Limited, Aurora (Leigh) Limited, Aurora (Leigh) Limited Partnership, Aurora (Normanton) Limited, Aurora (Normanton) Limited Partnership, Aurora (Hinckley) Limited, Aurora (Hinckley) Limited Partnership, Aurora (Bedworth) Limited, Aurora (Bedworth) Limited Partnership, Aurora (Motherwell) Limited, Aurora (Motherwell) Limited Partnership, Aurora (Nuneaton) Limited, Aurora (Nuneaton) Limited Partnership and Merrington Unit Trust

As a result of cross guarantees and intra-group indebtedness the application of the going concern assumption to each entity is dependent on the circumstances of the group as a whole, notably the extent to which the cross-guarantees are called upon and the extent to which intra-group balances may be irrecoverable in the event of any such call

The financial statements of the partnership have been prepared on a going concern basis, notwithstanding the overall indebtedness of the group and the cross guarantees entered into by it

The banking facilities under which the group currently operates have expired. At the present time those facilities are being made available to the Group but they are technically repayable on demand at the option of the lender. Negotiations are ongoing with the bankers with the objective of putting in place appropriate and sufficient facilities. These negotiations are, however, being affected by the current state of the property and financial markets.

In the opinion of the partners in aggregate the market value of the properties of the group noted above as at the date of approval of these accounts is less than the aggregated loans secured on them.



## **Notes (continued)**

### **2 Accounting policies (continued)**

#### *Going concern (continued)*

Cash flow projections have been prepared for the group for a period ending not less than twelve months from the date of the approval of these financial statements. These projections indicate that the entity will be dependent on either a renegotiation or replacement of the banking facilities which makes available sufficient funds for the Group to be able to trade in an orderly fashion and to meet its liabilities as they fall due for payment, including the settlement of intra-group balances. Further, the projections indicate that the facilities required will be greater than those which are currently being made available.

In the opinion of the partners there remains a reasonable likelihood that appropriate and sufficient banking facilities will be made available to the Group to allow it to continue to operate within these projected facilities. However both the financial circumstances of the Group and the current state of the property and financial markets mean that the successful negotiation of the required facilities is uncertain.

As a consequence of the above the partners are of the opinion that it remains appropriate to prepare the financial statements on a going concern basis. However, this material uncertainty may cast significant doubt on the partnership's ability to continue as a going concern and, it may therefore, be unable to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate due to the projected facilities being unavailable.

#### *Turnover*

All turnover is generated in the UK from rental income on investment properties. Revenue is recognized on an accruals basis.

#### *Investment properties*

Investment properties are revalued to open market value annually and the aggregate surplus or deficit is transferred to a revaluation reserve. Any permanent diminution in the value of investment properties is charged to the profit and loss account to the extent that a deficit exceeds revaluation surpluses.

No depreciation is provided in respect of freehold investment properties. The directors consider that this accounting policy results in the financial statements giving a true and fair view. Depreciation is only one of many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

#### *Tax*

Taxation on all partnership profits is solely the liability of the partners. Consequently, neither taxation nor related deferred taxation arising in respect of Aurora (Hinckley) Limited Partnership is accounted for in the financial statements.

#### *Classification of partners' advances received by the Partnership*

Under FRS 25, partners' advances received by the partnership are treated as capital (i.e. forming part of partners' funds) only to the extent that they include no contractual obligations upon the Partnership to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Partnership.

To the extent that this definition is not met, the partners' advances are classified as a financial liability.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with partners' advances that are classified as part of partners' funds, are dealt with as appropriations in the reconciliation of movements in partners' funds.

## Notes (continued)

### 3 Turnover

All turnover derives from rental income from investment properties in the United Kingdom and relates to continuing operations

### 4 Interest payable and similar charges

	2009 £	2008 £
Interest payable on bank loans	243,487	-
Interest payable on intercompany loans	-	258,977
	<u>243,487</u>	<u>258,977</u>

### 5 Loss on ordinary activities before taxation

	2009 £	2008 £
Exceptional cost - write off of intercompany balance	139,595	-
Auditors remuneration - audit of these financial statements	1,750	1,750
	<u>139,595</u>	<u>1,750</u>

### 6 Employees

The company has no employees and the partners received no remuneration for their services during the year

### 7 Tangible fixed assets

	Investment property £
<i>Valuation</i>	
At 1 April 2008	3,668,515
Revaluation	(518,515)
	<u>3,150,000</u>
<b>At 31 March 2009</b>	<b><u>3,150,000</u></b>

The historical cost of the property is £3,634,251. The partners revalued the property on 31 March 2009 on an open market basis.

### 8 Debtors

	2009 £	2008 £
Amounts owed by group undertakings	-	71,256
Advances to partners	-	4,708
Prepayments and accrued income	-	328
	<u>-</u>	<u>76,292</u>

## Notes (continued)

### 9 Creditors: amounts falling due within one year

	2009 £	2008 £
Bank loan	3,617,841	-
Trade creditors	-	3,417
Other taxes and social security costs	20,250	22,386
Accruals	51,642	3,538
Rents in advance	63,000	63,000
	<u>3,752,733</u>	<u>92,341</u>

Interest is payable on the borrowings at a rate of LIBOR plus a margin of 1.5%. There is an interest rate swap in place, fixing £85 million of the group loan at rates between 5.05% and 5.50% plus a margin of 1.5%, details of which are disclosed in note 17. The bank borrowings are secured by cross guarantees against investment properties held within the group (note 15).

#### *Loan novation*

On 26 June 2008, part of a loan originally assigned to Carisbrooke Investments Limited Partnership ('CILP') was novated (solely in the capacity of CILP as borrower and not in its capacity as guarantor) to the following related entities, Aurora (Leigh) Limited Partnership, Aurora (Normanton) Limited Partnership, Aurora (Hinckley) Limited Partnership, Aurora (Bedworth) Limited Partnership, Aurora (Motherwell) Limited Partnership and Aurora (Nuneaton) Limited Partnership. The above amount of £3,617,841 represents the amount novated to this partnership.

### 10 Creditors: amounts falling due after more than one year

	2009 £	2008 £
Intercompany loan	-	3,617,841
	<u>-</u>	<u>3,617,841</u>

### 11 Reconciliation of movement in partners' deficit

	2009 £	2008 £
Opening partners' funds	34,625	160,110
Loss on ordinary activities for the financial period	(118,843)	(11,529)
Advances	-	11,529
Revaluations	(518,515)	(131,485)
	<u>(602,733)</u>	<u>34,625</u>
Closing partners' (deficit)/funds	<u>(602,733)</u>	<u>34,625</u>

### 12 Partners' capital

	2008 £000	2007 £000
Opening and closing capital contributions	361	361
	<u>361</u>	<u>361</u>

Carisbrooke Aurora (UK) Limited is the general partner and is owned Carisbrooke Aurora Limited, a company registered in the Isle of Man. Aurora (Hinckley) Limited and A Wardle are the limited partners.

## Notes (continued)

### 13 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 April 2008	34,264	-
Revaluation of property	(518,515)	-
Loss for the year	-	(118,843)
	<hr/>	<hr/>
At 31 March 2009	(484,251)	(118,843)
	<hr/>	<hr/>

### 14 Related party transactions

During the year there was a reduction in the intercompany loan account balance of £3,617,841 (2008 *£nil*) with Carisbrooke Investments Limited Partnership, a related party, which relates to the loan novation (see note 9). The amount due to Carisbrooke Investments Limited Partnership for the loan at the year end was *£nil* (2008 *£3,617,841*).

During the year amounts of £71,256 were repaid by Carisbrooke Aurora (UK) Limited and further amounts of £139,595 were loaned to that company. This was subsequently deemed irrecoverable and hence was written off.

### 15 Contingent liability

The bank loan novated to Aurora (Hinckley) Limited Partnership is secured on certain of the assets of the partnership and has been guaranteed by Aurora (Hinckley) Limited Partnership, Carisbrooke Investments General Partner Limited, Carisbrooke Aurora Limited, Aurora Nominee 1 Limited, Aurora Nominee 2 Limited, Aurora (Leigh) Limited Partnership, Aurora (Normanton) Limited Partnership, Aurora (Bedworth) Limited Partnership, Aurora (Motherwell) Limited Partnership, Aurora (Nuneaton) Limited Partnership and Carisbrooke Arkle LLP.

### 16 Subsequent event

#### *Property values*

The General Partner is of the view that, given the decline noted in the property market, the value of the property is likely to have risen significantly since the year end in line with market conditions. In the absence of any further exercise, the General Partner is not in a position to evaluate the quantum of this change.

### 17 Fair value of assets and liabilities

The company is party to a derivative financial instrument that it has not recognised at fair value as follows:

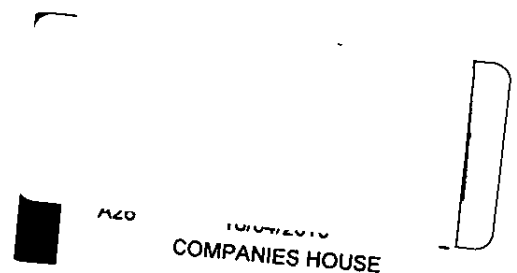
- Discounted callable interest rate swap fixing £85 million of the group's bank loan at LIBOR rates from 5.05% (September 2007 to October 2009) to 5.5% (October 2009 to October 2014) plus the bank's right to extend the swap at 5.55% to October 2017. The fair value of this instrument at 31 March 2009 was a liability to the group of £14,324,726.

**Aurora (Bedworth) Limited Partnership**

**General Partner's report and financial  
statements**

Registered number LP 011573

31 March 2009



## **Contents**

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## **Company information**

**General Partner** Cansbrooke Aurora (UK) limited

**Limited Partners** Aurora (Bedworth) Limited  
Anthony Wardle

**Registered number** LP 011573

**Registered office** 22 Grosvenor Square  
London  
W1K 6DT

**Auditors** KPMG LLP  
St Nicholas House  
Park Row  
Nottingham  
NG1 6FQ

## General Partner's report

The General Partner presents its report and the financial statements for the year ended 31 March 2009

### Principal activity and review of the business

The principal activity of the Partnership is that of property investment

### Business review and future developments

The partnership's key financial and other performance indicators for the period are as follows

	2009 £	2008 £
Turnover	1,100,000	1,097,237
Operating profit	607,445	1,022,970
Net loss	(484,867)	(138,831)

The partners consider profitability to be the most important measure of the partnership's performance and expect the profitability to improve going forward

### Risk management policy

The principal financial risks that the partnership is exposed to and manages are as follow

#### *Credit risk*

Credit risk is the risk arising from the possibility that the partnership will incur losses from the failure of customers to meet their obligations

Risk is managed on a periodic basis by the partners

Customers with emerging credit problems are managed on a daily basis to ensure that any contractual cash flow obligations can be met as they arise

#### *Liquidity risk*

Liquidity risk is the risk that the partnership is unable to meet its obligations as they fall due

The liquidity of the company is managed on a daily basis to ensure that any contractual cash flow obligations and potential cash flows arising can be met as they arise

#### *Valuation risk*

Valuation risk is the risk that the valuation of the partnership's property falls thus compromising the availability of funds

The partners seek to mitigate this risk through the appropriate selection of investment property

### Supplier payment policy

The partnership is committed to maintaining a sound commercial relationship with its suppliers. Consequently, it is the partnership's policy to negotiate and agree terms and conditions with its suppliers, which includes the giving of an undertaking in the partnership to pay suppliers following the receipt of a correctly prepared invoice, in accordance with the terms of the contract



**General Partner's report** *(continued)*

**Disclosure of information to auditors**

The General Partner who held office at the date of approval of this General Partner's report confirms that, so far as they are aware, there is no relevant audit information of which the partnership's auditors are unaware, and the General Partner has taken all the steps that they ought to have taken as a General Partner to make themselves aware of any relevant audit information and to establish that the partnership's auditors are aware of that information

On behalf of Carisbrooke Aurora (UK) Limited



**CJ Phoenix**  
*Director*

Date 12 April 2010

## **Statement of General Partner's responsibilities in respect of the General Partner's report and the financial statements**

The General Partner is responsible for preparing the General Partner's Report and the financial statements in accordance with applicable law and regulations

The partnership deed requires the General Partner to prepare financial statements for each financial year. Under the partnership deed the Partners have elected to prepare the financial statements in accordance with applicable UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to give a true and fair view of the partnership and of the profit or loss for that period

In preparing these financial statements, the General Partner is required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business

The General Partner is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the partnership and enable them to ensure that its financial statements comply with the partnership deed. The General Partner has a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the partnership and to prevent and detect fraud and other irregularities



## **Independent auditors' report to the partners of Aurora (Bedworth) Limited Partnership**

We have audited the financial statements of Aurora (Bedworth) Limited Partnership for the year ended 31 March 2009 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the partners, as a body, in accordance with the terms of our engagement. Our audit work has been undertaken so that we might state to the partners 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 partners as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the directors and auditors**

The General Partner's responsibilities for preparing the financial statements in accordance with the Limited Partnership Deed dated 21 September 2006 are set out in the Statement of General Partner's responsibilities on page 4.

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 Partnership Deed dated 21 September 2006. In addition, we report to you whether in our opinion the information given in the General Partner's Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the partnership has not kept proper accounting records and if we have not received all the information and explanations we require for our audit.

We read the General Partner's Report 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 judgments made by the General Partner in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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.



## **Independent auditors' report to the partners of Aurora (Bedworth) Limited Partnership** *(continued)*

### **Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the partnership's affairs as at 31 March 2009 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Limited Partnership Deed dated 21 September 2006, and
- the information given in the General Partner's Report is consistent with the financial statements

### **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 note 2 to the financial statements concerning the partnership's ability to continue as a going concern. The partnership is party to cross guarantees of a banking facility which has expired (see note 9) and has related party balances which means that its ability to continue as a going concern is dependent on the ability of the Group, of which it is a part, to continue to operate as a going concern. The Group's ability to continue to operate as a going concern is largely dependent on the successful outcome of negotiations with the lenders to procure sufficient and appropriate facilities to allow it to trade in an orderly fashion and to meet its liabilities as they fall due. The facilities which the Group are currently utilising have expired and are repayable on demand at the option of the lender. The partners are in discussions with the lenders but the willingness and ability of the existing, or any new lenders, to make available such funds as are necessary to meet the ongoing requirements of the group is inherently uncertain. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the partnership's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the partnership were unable to continue as a going concern.

Chartered Accountants  
Registered Auditor  
Nottingham

12 April 2010

**Profit and loss account**  
*for the year ended 31 March 2009*

	<i>Note</i>	2009 £	2008 £
<b>Turnover</b>	3	1,100,000	1,097,237
Administrative expenses (including exceptional costs of £480,596 as per note 5)		(492,555)	(74,267)
<b>Operating profit</b>		<u>607,445</u>	<u>1,022,970</u>
Interest payable and similar charges	4	(1,092,312)	(1,161,801)
<b>Loss on ordinary activities before taxation</b>	5	(484,867)	(138,831)
Tax on loss on ordinary activities	2	-	-
<b>Loss for the year</b>		<u><u>(484,867)</u></u>	<u><u>(138,831)</u></u>

All of the partnership's activities in the above periods derive wholly from continuing operations

**Statement of total recognised gains and losses**  
*for the year ended 31 March 2009*

	2009 £	2008 £
Loss on ordinary activities after taxation	(484,867)	(138,831)
Unrealised movement on revaluation of property	(5,342,572)	(657,428)
<b>Total recognised losses relating to the year</b>	<u><u>(5,827,439)</u></u>	<u><u>(796,259)</u></u>

**Balance sheet**  
*as at 31 March 2009*

	<i>Note</i>	<b>£</b>	<b>2009</b> <b>£</b>	<b>£</b>	<b>2008</b> <b>£</b>
<b>Fixed assets</b>					
Tangible assets	7		13,000,000		18,342,572
<b>Current assets</b>					
Debtors	8	-		465,787	
Creditors amounts falling due within one year	9	(16,786,928)		(537,813)	
<b>Net current liabilities</b>			<b>(16,786,928)</b>		<b>(72,026)</b>
<b>Total assets less current liabilities</b>			<b>(3,786,928)</b>		<b>18,270,546</b>
Creditors amounts falling due after more than one year	10		-		(16,230,035)
<b>Net (liabilities)/assets</b>			<b>(3,786,928)</b>		<b>2,040,511</b>
<b>Capital and reserves</b>					
Partners' capital	12		1,589		1,589
Revaluation reserve	13		(3,303,650)		2,038,922
Profit and loss account	13		(484,867)		-
			<b>(3,786,928)</b>		<b>2,040,511</b>

The financial statements were approved by the General Partner and signed on its behalf by



**C J Phoenix**  
*Director*  
*for and on behalf of*  
*Carisbrooke Aurora (UK) Limited*

Date 12 April 2010

Company number LP 011573

## **Notes**

*(forming part of the financial statements)*

### **1 The Partnership**

#### ***Establishment of the partnership***

Aurora (Bedworth) Limited Partnership is a United Kingdom Limited Partnership, established by the Limited Partnership Deed dated 21 September 2006

The General Partner of the partnership is Carisbrooke Aurora (UK) Limited, which is responsible for the management, operation and administration of the Limited Partnership in accordance with the Limited Partnership Deed

#### ***Business of the partnership***

The purpose of the partnership is to hold property for investment purposes

#### ***Duration of the partnership***

The partnership will continue until dissolved in accordance with Clause 2.4 of the Limited Partnership Deed

### **2 Principal accounting policies**

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

#### ***Accounting convention***

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of investment properties and in accordance with The Partnerships and Unlimited Companies (Accounts) Regulations 1993

Under FRS 1 the Partnership is exempt from the requirement to prepare a cash flow statement on the grounds of its size

#### ***Basis of preparation***

##### ***Going concern***

The entity is part of a group of entities (the 'Group') that are subject to common control, which comprises, but is not limited to Carisbrooke Investments General Partner Limited, Carisbrooke Investments Limited Partnership, Carisbrooke Aurora Limited (Isle of Man), Carisbrooke Aurora (UK) Limited, Carisbrooke Aurora Nominee 1 Limited, Carisbrooke Aurora Nominee 2 Limited, Aurora (Leigh) Limited, Aurora (Leigh) Limited Partnership, Aurora (Normanton) Limited, Aurora (Normanton) Limited Partnership, Aurora (Hinckley) Limited, Aurora (Hinckley) Limited Partnership, Aurora (Bedworth) Limited, Aurora (Bedworth) Limited Partnership, Aurora (Motherwell) Limited, Aurora (Motherwell) Limited Partnership, Aurora (Nuneaton) Limited, Aurora (Nuneaton) Limited Partnership and Merrington Unit Trust

As a result of cross guarantees and intra-group indebtedness the application of the going concern assumption to each entity is dependent on the circumstances of the group as a whole, notably the extent to which the cross-guarantees are called upon and the extent to which intra-group balances may be irrecoverable in the event of any such call

The financial statements of the partnership have been prepared on a going concern basis, notwithstanding the overall indebtedness of the group and the cross guarantees entered into by it

The banking facilities under which the group currently operates have expired. At the present time those facilities are being made available to the Group but they are technically repayable on demand at the option of the lender. Negotiations are ongoing with the bankers with the objective of putting in place appropriate and sufficient facilities. These negotiations are, however, being affected by the current state of the property and financial markets

## **Notes (continued)**

### **2 Accounting policies (continued)**

#### *Going concern (continued)*

In the opinion of the partners in aggregate the market value of the properties of the group noted above as at the date of approval of these accounts is less than the aggregated loans secured on them

Cash flow projections have been prepared for the group for a period ending not less than twelve months from the date of the approval of these financial statements. These projections indicate that the entity will be dependent on either a renegotiation or replacement of the banking facilities which makes available sufficient funds for the Group to be able to trade in an orderly fashion and to meet its liabilities as they fall due for payment, including the settlement of intra-group balances. Further, the projections indicate that the facilities required will be greater than those which are currently being made available.

In the opinion of the partners there remains a reasonable likelihood that appropriate and sufficient banking facilities will be made available to the Group to allow it to continue to operate within these projected facilities. However both the financial circumstances of the Group and the current state of the property and financial markets mean that the successful negotiation of the required facilities is uncertain.

As a consequence of the above the partners are of the opinion that it remains appropriate to prepare the financial statements on a going concern basis. However, this material uncertainty may cast significant doubt on the partnership's ability to continue as a going concern and, it may therefore, be unable to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate due to the projected facilities being unavailable.

#### **Turnover**

All turnover is generated in the UK from rental income on investment properties. Revenue is recognised on an accruals basis.

#### **Investment properties**

Investment properties are revalued to open market value annually and the aggregate surplus or deficit is transferred to a revaluation reserve. Any permanent diminution in the value of investment properties is charged to the profit and loss account to the extent that a deficit exceeds revaluation surpluses.

No depreciation is provided in respect of freehold investment properties. The directors consider that this accounting policy results in the financial statements giving a true and fair view. Depreciation is only one of many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

#### **Tax**

Taxation on all partnership profits is solely the liability of the partners. Consequently, neither taxation nor related deferred taxation arising in respect of Aurora (Bedworth) Limited Partnership is accounted for in the financial statements.

#### **Classification of partners' advances received by the Partnership**

Under FRS 25, partners' advances received by the partnership are treated as capital (i.e. forming part of partners' funds) only to the extent that they include no contractual obligations upon the Partnership to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Partnership.

To the extent that this definition is not met, the partners' advances are classified as a financial liability.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with partners' advances that are classified as part of partners' funds, are dealt with as appropriations in the reconciliation of movements in partners' funds.



## Notes (continued)

### 3 Turnover

All turnover derives from rental income from investment properties in the United Kingdom and relates to continuing operations

### 4 Interest payable and similar charges

	2009 £	2008 £
Interest payable on bank loans	1,092,312	-
Interest payable on intercompany loans	-	1,161,801
	<u>1,092,312</u>	<u>1,161,801</u>

### 5 Loss on ordinary activities before taxation

	2009 £	2008 £
Exceptional cost – write off of intercompany balance	480,596	-
Auditors' remuneration – audit of these financial statements	1,750	1,750
	<u>482,346</u>	<u>1,750</u>

### 6 Employees

The company has no employees and the partners received no remuneration for their services during the year

### 7 Tangible fixed assets

	Investment property £
<i>Valuation</i>	
At 1 April 2008	18,342,572
Revaluation	(5,342,572)
	<u>13,000,000</u>
<b>At 31 March 2009</b>	<b><u>13,000,000</u></b>

The historical cost of the property is £16,303,650. The partners revalued the property on 31 March 2009 on an open market basis.

### 8 Debtors

	2009 £	2008 £
Trade debtors	-	323,125
Advances to partners	-	141,868
Prepayments and accrued income	-	794
	<u>-</u>	<u>465,787</u>

## Notes (continued)

### 9 Creditors: amounts falling due within one year

	2009 £	2008 £
Bank loan	16,230,035	-
Trade creditors	-	3,417
Other taxes and social security costs	82,500	95,449
Amounts owed to group undertakings	-	164,591
Accruals	217,726	17,689
Rents in advance	256,667	256,667
	<u>16,786,928</u>	<u>537,813</u>

Interest is payable on the borrowings at a rate of LIBOR plus a margin of 1.5%. There is an interest rate swap in place, fixing £85 million of the group loan at rates between 5.05% and 5.50% plus a margin of 1.5%, details of which are disclosed in note 17. The bank borrowings are secured by cross guarantees against investment properties held within the group (note 15).

#### *Loan novation*

On 26 June 2008, part of a loan originally assigned to Carisbrooke Investments Limited Partnership ('CILP') was novated (solely in the capacity of CILP as borrower and not in its capacity as guarantor) to the following related entities, Aurora (Leigh) Limited Partnership, Aurora (Normanton) Limited Partnership, Aurora (Hinckley) Limited Partnership, Aurora (Bedworth) Limited Partnership, Aurora (Motherwell) Limited Partnership and Aurora (Nuneaton) Limited Partnership. The above amount of £16,230,035 represents the amount novated to this partnership.

### 10 Creditors: amounts falling due after more than one year

	2009 £	2008 £
Intercompany loan	-	16,230,035
	<u>-</u>	<u>16,230,035</u>

### 11 Reconciliation of movement in partners' deficit

	2009 £	2008 £
Opening partners' funds	2,040,511	2,697,939
Loss on ordinary activities for the financial period	(484,867)	(138,831)
Advances	-	138,831
Revaluations	(5,342,572)	(657,428)
	<u>(3,786,928)</u>	<u>2,040,511</u>
Closing partners' (deficit)/funds	<u>(3,786,928)</u>	<u>2,040,511</u>

## Notes (continued)

### 12 Partners' capital

	2008 £000	2007 £000
Opening and closing capital contributions	1,589	1,589

Carisbrooke Aurora (UK) Limited is the general partner and is owned Carisbrooke Aurora Limited, a company registered in the Isle of Man Aurora (Bedworth) Limited and A Wardle are the limited partners

### 13 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 April 2008	2,038,922	-
Revaluation of property	(5,342,572)	-
Loss for the year	-	(484,867)
At 31 March 2009	(3,303,650)	(484,867)

### 14 Related party transactions

During the year there was a reduction in the intercompany loan account balance of £16,230,035 (2008 £323,054) with Carisbrooke Investments Limited Partnership, a related party, which relates to the loan novation (see note 9) The amount due to Carisbrooke Investments Limited Partnership for the loan at the year end was £nil (2008 £16,230,035)

During the year the balance of £164,591 due to Carisbrooke Aurora (UK) Limited was repaid and amounts of £480,596 loaned to that company This was subsequently deemed irrecoverable and hence was written off

### 15 Contingent liability

The bank loan novated to Aurora (Bedworth) Limited Partnership is secured on certain of the assets of the partnership and has been guaranteed by Aurora (Bedworth) Limited Partnership, Carisbrooke Investments General Partner Limited, Carisbrooke Aurora Limited, Aurora Nominee 1 Limited, Aurora Nominee 2 Limited, Aurora (Leigh) Limited Partnership, Aurora (Normanton) Limited Partnership, Aurora (Hinckley) Limited Partnership, Aurora (Motherwell) Limited Partnership, Aurora (Nuneaton) Limited Partnership and Carisbrooke Arkle LLP

### 16 Subsequent event

#### *Property values*

The General Partner is of the view that, given the decline noted in the property market, the value of the property is likely to have risen significantly since the year end in line with market conditions In the absence of any further exercise, the General Partner is not in a position to evaluate the quantum of this change

**Notes (continued)**

**17 Fair value of assets and liabilities**

The company is party to a derivative financial instrument that it has not recognised at fair value as follows

- Discounted callable interest rate swap fixing £85 million of the group's bank loan at LIBOR rates from 5.05% (September 2007 to October 2009) to 5.5% (October 2009 to October 2014) plus the bank's right to extend the swap at 5.55% to October 2017. The fair value of this instrument at 31 March 2009 was a liability to the group of £14,324,726.

**Aurora (Nuneaton) Limited Partnership**

**Directors' report and financial  
statements**

Registered number LP 011574

31 March 2009



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## **Company information**

**General Partner** Carisbrooke Aurora (UK) limited

**Limited Partners** Aurora (Nuneaton) Limited  
Anthony Wardle

**Registered number** LP 011574

**Registered office** 22 Grosvenor Square  
London  
W1K 6DT

**Auditors** KPMG LLP  
St Nicholas House  
Park Row  
Nottingham  
NG1 6FQ

## **General Partner's report**

The General Partner presents its report and the financial statements for the year ended 31 March 2009

### **Principal activity and review of the business**

The principal activity of the Partnership is that of property investment

### **Business review and future developments**

The partnership's key financial and other performance indicators for the period are as follows

	2009 £	2008 £
Turnover	725,000	723,179
Operating profit	355,244	676,833
Net loss	(314,343)	(35,355)

The partners consider profitability to be the most important measure of the partnership's performance and expect the profitability to improve going forward

### **Risk management policy**

The principal financial risks that the partnership is exposed to and manages are as follow

#### *Credit risk*

Credit risk is the risk arising from the possibility that the partnership will incur losses from the failure of customers to meet their obligations

Risk is managed on a periodic basis by the partners

Customers with emerging credit problems are managed on a daily basis to ensure that any contractual cash flow obligations can be met as they arise

#### *Liquidity risk*

Liquidity risk is the risk that the partnership is unable to meet its obligations as they fall due

The liquidity of the company is managed on a daily basis to ensure that any contractual cash flow obligations and potential cash flows arising can be met as they arise

#### *Valuation risk*

Valuation risk is the risk that the valuation of the partnership's property falls thus compromising the availability of funds

The partners seek to mitigate this risk through the appropriate selection of investment property

### **Supplier payment policy**

The partnership is committed to maintaining a sound commercial relationship with its suppliers. Consequently, it is the partnership's policy to negotiate and agree terms and conditions with its suppliers, which includes the giving of an undertaking in the partnership to pay suppliers following the receipt of a correctly prepared invoice, in accordance with the terms of the contract



**General Partner's report** *(continued)*

**Disclosure of information to auditors**

The General Partner who held office at the date of approval of this General Partner's report confirms that, so far as they are aware, there is no relevant audit information of which the partnership's auditors are unaware, and the General Partner has taken all the steps that they ought to have taken as a General Partner to make themselves aware of any relevant audit information and to establish that the partnership's auditors are aware of that information

On behalf of Carisbrooke Aurora (UK) Limited

A handwritten signature in black ink, appearing to read 'CJ Phoenix'.

**CJ Phoenix**  
*Director*

Date 12 April 2010

## **Statement of General Partner's responsibilities in respect of the General Partner's report and the financial statements**

The General Partner is responsible for preparing the General Partner's Report and the financial statements in accordance with applicable law and regulations

The partnership deed requires the General Partner to prepare financial statements for each financial year. Under the partnership deed the Partners have elected to prepare the financial statements in accordance with applicable UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to give a true and fair view of the partnership and of the profit or loss for that period

In preparing these financial statements, the General Partner is required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business

The General Partner is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the partnership and enable them to ensure that its financial statements comply with the partnership deed. The General Partner has a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the partnership and to prevent and detect fraud and other irregularities



## **Independent auditors' report to the partners of Aurora (Nuneaton) Limited Partnership**

We have audited the financial statements of Aurora (Nuneaton) Limited Partnership for the year ended 31 March 2009 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the partners, as a body, in accordance with the terms of our engagement. Our audit work has been undertaken so that we might state to the partners 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 partners as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the directors and auditors**

The General Partner's responsibilities for preparing the financial statements in accordance with the Limited Partnership Deed dated 21 September 2006 are set out in the Statement of General Partner's responsibilities on page 4.

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 Partnership Deed dated 21 September 2006. In addition, we report to you whether in our opinion the information given in the General Partner's Report is consistent with the financial statements.

- In addition we report to you if, in our opinion, the partnership has not kept proper accounting records and if we have not received all the information and explanations we require for our audit.

We read the General Partner's Report 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 judgments made by the General Partner in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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.



## **Independent auditors' report to the partners of Aurora (Nuneaton) Limited Partnership** *(continued)*

### **Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the partnership's affairs as at 31 March 2009 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Limited Partnership Deed dated 21 September 2006, and
- the information given in the General Partner's Report is consistent with the financial statements

### **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 note 2 to the financial statements concerning the partnership's ability to continue as a going concern. The partnership is party to cross guarantees of a banking facility which has expired (see note 9) and has related party balances which means that its ability to continue as a going concern is dependent on the ability of the Group, of which it is a part, to continue to operate as a going concern. The Group's ability to continue to operate as a going concern is largely dependent on the successful outcome of negotiations with the lenders to procure sufficient and appropriate facilities to allow it to trade in an orderly fashion and to meet its liabilities as they fall due. The facilities which the Group are currently utilising have expired and are repayable on demand at the option of the lender. The partners are in discussions with the lenders but the willingness and ability of the existing, or any new lenders, to make available such funds as are necessary to meet the ongoing requirements of the group is inherently uncertain. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the partnership's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the partnership were unable to continue as a going concern.

*Chartered Accountants*  
*Registered Auditor*  
Nottingham

12 April 2010

**Profit and loss account**  
*for the year ended 31 March 2009*

	<i>Note</i>	<b>2009</b> <b>£</b>	<b>2008</b> <b>£</b>
<b>Turnover</b>	<b>3</b>	<b>725,000</b>	<b>723,179</b>
Administrative expenses (including exceptional costs of £361,083 as per note 5)		<b>(369,756)</b>	<b>(46,346)</b>
<b>Operating profit</b>		<b>335,244</b>	<b>676,833</b>
Interest receivable	<b>4</b>	<b>4</b>	<b>-</b>
Interest payable and similar charges	<b>4</b>	<b>(669,591)</b>	<b>(712,188)</b>
<b>Loss on ordinary activities before taxation</b>	<b>5</b>	<b>(314,343)</b>	<b>(35,355)</b>
Tax on loss on ordinary activities	<b>2</b>	<b>-</b>	<b>-</b>
<b>Loss for the year</b>	<b>13</b>	<b>(314,343)</b>	<b>(35,355)</b>

All of the partnership's activities in the above periods derive wholly from continuing operations

**Statement of total recognised gains and losses**  
*for the year ended 31 March 2009*

	<b>2009</b> <b>£</b>	<b>2008</b> <b>£</b>
Loss on ordinary activities after taxation	<b>(314,343)</b>	<b>(35,355)</b>
Unrealised movement on revaluation of property	<b>(2,072,845)</b>	<b>(377,155)</b>
<b>Total recognised losses relating to the year</b>	<b>(2,387,188)</b>	<b>(412,510)</b>

**Balance sheet**  
*as at 31 March 2009*

	<i>Note</i>	<b>£</b>	<b>2009 £</b>	<b>£</b>	<b>2008 £</b>
<b>Fixed assets</b>					
Tangible assets	7		8,450,000		10,522,845
<b>Current assets</b>					
Debtors	8	1		228,210	
Cash		4		-	
		5		228,210	
<b>Creditors</b> amounts falling due within one year	9	(10,307,619)		(272,419)	
<b>Net current liabilities</b>			(10,307,614)		(44,209)
<b>Total assets less current liabilities</b>			(1,857,614)		10,478,636
<b>Creditors</b> amounts falling due after more than one year	10		-		(9,949,062)
<b>Net (liabilities)/assets</b>			(1,857,614)		529,574
<b>Capital and reserves</b>					
Partners' capital	12		980		980
Revaluation reserve	13		(1,544,251)		528,594
Profit and loss account	13		(314,343)		-
			(1,857,614)		529,574

The financial statements were approved by the General Partner and signed on its behalf by



**C J Phoenix**  
*Director*  
*for and on behalf of*  
*Carisbrooke Aurora (UK) Limited*

Date 12 April 2010

Company number LP 011574

## **Notes**

*(forming part of the financial statements)*

### **1 The Partnership**

#### ***Establishment of the partnership***

Aurora (Nuneaton) Limited Partnership is a United Kingdom Limited Partnership, established by the Limited Partnership Deed dated 21 September 2006

The General Partner of the partnership is Carisbrooke Aurora (UK) Limited, which is responsible for the management, operation and administration of the Limited Partnership in accordance with the Limited Partnership Deed

#### ***Business of the partnership***

The purpose of the partnership is to hold property for investment purposes

#### ***Duration of the partnership***

The partnership will continue until dissolved in accordance with Clause 2.4 of the Limited Partnership Deed

### **2 Principal accounting policies**

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

#### ***Accounting convention***

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of investment properties and in accordance with The Partnerships and Unlimited Companies (Accounts) Regulations 1993

Under FRS 1 the Partnership is exempt from the requirement to prepare a cash flow statement on the grounds of its size

#### ***Basis of preparation***

##### ***Going concern***

The entity is part of a group of entities (the 'Group') that are subject to common control, which comprises, but is not limited to Carisbrooke Investments General Partner Limited, Carisbrooke Investments Limited Partnership, Carisbrooke Aurora Limited (Isle of Man), Carisbrooke Aurora (UK) Limited, Carisbrooke Aurora Nominee 1 Limited, Carisbrooke Aurora Nominee 2 Limited, Aurora (Leigh) Limited, Aurora (Leigh) Limited Partnership, Aurora (Normanton) Limited, Aurora (Normanton) Limited Partnership, Aurora (Hinckley) Limited, Aurora (Hinckley) Limited Partnership, Aurora (Bedworth) Limited, Aurora (Bedworth) Limited Partnership, Aurora (Motherwell) Limited, Aurora (Motherwell) Limited Partnership, Aurora (Nuneaton) Limited, Aurora (Nuneaton) Limited Partnership and Merrington Unit Trust

As a result of cross guarantees and intra-group indebtedness the application of the going concern assumption to each entity is dependent on the circumstances of the group as a whole, notably the extent to which the cross-guarantees are called upon and the extent to which intra-group balances may be irrecoverable in the event of any such call

The financial statements of the partnership have been prepared on a going concern basis, notwithstanding the overall indebtedness of the group and the cross guarantees entered into by it

The banking facilities under which the group currently operates have expired. At the present time those facilities are being made available to the Group but they are technically repayable on demand at the option of the lender. Negotiations are ongoing with the bankers with the objective of putting in place appropriate and sufficient facilities. These negotiations are, however, being affected by the current state of the property and financial markets

## **Notes (continued)**

### **2 Accounting policies (continued)**

#### *Going concern (continued)*

In the opinion of the partners in aggregate the market value of the properties of the group noted above as at the date of approval of these accounts is less than the aggregated loans secured on them

Cash flow projections have been prepared for the group for a period ending not less than twelve months from the date of the approval of these financial statements. These projections indicate that the entity will be dependent on either a renegotiation or replacement of the banking facilities which makes available sufficient funds for the Group to be able to trade in an orderly fashion and to meet its liabilities as they fall due for payment, including the settlement of intra-group balances. Further, the projections indicate that the facilities required will be greater than those which are currently being made available.

In the opinion of the partners there remains a reasonable likelihood that appropriate and sufficient banking facilities will be made available to the Group to allow it to continue to operate within these projected facilities. However both the financial circumstances of the Group and the current state of the property and financial markets mean that the successful negotiation of the required facilities is uncertain.

As a consequence of the above the partners are of the opinion that it remains appropriate to prepare the financial statements on a going concern basis. However, this material uncertainty may cast significant doubt on the partnership's ability to continue as a going concern and, it may therefore, be unable to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate due to the projected facilities being unavailable.

#### *Turnover*

All turnover is generated in the UK from rental income on investment properties. Revenue is recognized on an accruals basis.

#### *Investment properties*

Investment properties are revalued to open market value annually and the aggregate surplus or deficit is transferred to a revaluation reserve. Any permanent diminution in the value of investment properties is charged to the profit and loss account to the extent that a deficit exceeds revaluation surpluses.

No depreciation is provided in respect of freehold investment properties. The directors consider that this accounting policy results in the financial statements giving a true and fair view. Depreciation is only one of many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

#### *Tax*

Taxation on all partnership profits is solely the liability of the partners. Consequently, neither taxation nor related deferred taxation arising in respect of Aurora (Nuneaton) Limited Partnership is accounted for in the financial statements.

#### *Classification of partners' advances received by the Partnership*

Under FRS 25, partners' advances received by the partnership are treated as capital (i.e. forming part of partners' funds) only to the extent that they include no contractual obligations upon the Partnership to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Partnership.

To the extent that this definition is not met, the partners' advances are classified as a financial liability.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with partners' advances that are classified as part of partners' funds, are dealt with as appropriations in the reconciliation of movements in partners' capital.



## Notes (continued)

### 3 Turnover

All turnover derives from rental income from investment properties in the United Kingdom and relates to continuing operations

### 4 Interest

	2009 £	2008 £
<i>Interest receivable</i>		
Interest receivable	4	-
	<hr/>	<hr/>
<i>Interest payable</i>		
On bank loans	669,591	-
On intercompany loans	-	712,188
	<hr/>	<hr/>
	<b>669,591</b>	<b>712,188</b>
	<hr/>	<hr/>

### 5 Loss on ordinary activities before taxation

	2009 £	2008 £
Exceptional cost - write off of intercompany balance	361,083	-
Auditors remuneration - audit of these financial statements	1,750	1,750
	<hr/>	<hr/>

### 6 Employees

The company has no employees and the partners received no remuneration for their services during the year

### 7 Tangible fixed assets

	Investment property £
<i>Valuation</i>	
At 1 April 2008	10,522,845
Revaluation	(2,072,845)
	<hr/>
<b>At 31 March 2009</b>	<b>8,450,000</b>
	<hr/>

The historical cost of the property is £9,994,251 The partners revalued the property on 31 March 2009

## Notes (continued)

### 8 Debtors

	2009	2008
	£	£
Trade debtors	1	212,969
Advances to partners	-	14,679
Prepayments and accrued income	-	562
	<u>1</u>	<u>228,210</u>

### 9 Creditors: amounts falling due within one year

	2009	2008
	£	£
Bank loan	9,949,062	-
Trade creditors	-	3,417
Amounts due to group undertakings	-	27,051
Other taxes and social security costs	54,375	62,636
Accruals and deferred income	135,015	10,148
Rents in advance	169,167	169,167
	<u>10,307,619</u>	<u>272,419</u>

Interest is payable on the borrowings at a rate of LIBOR plus a margin of 1.5%. There is an interest rate swap in place, fixing £85 million of the group loan at rates between 5.05% and 5.50% plus a margin of 1.5%, details of which are disclosed in note 17. The bank borrowings are secured by cross guarantees against investment properties held within the group (note 15).

#### **Loan novation**

On 26 June 2008, part of a loan originally assigned to Carisbrooke Investments Limited Partnership ('CILP') was novated (solely in the capacity of CILP as borrower and not in its capacity as guarantor) to the following related entities, Aurora (Leigh) Limited Partnership, Aurora (Normanton) Limited Partnership, Aurora (Hinckley) Limited Partnership, Aurora (Bedworth) Limited Partnership, Aurora (Motherwell) Limited Partnership and Aurora (Nuneaton) Limited Partnership. The above amount of £9,949,062 represents the amount novated to this partnership.

### 10 Creditors: amounts falling due after more than one year

	2009	2008
	£	£
Intercompany loan	-	9,949,062
	<u>-</u>	<u>9,949,062</u>

## Notes (continued)

### 11 Reconciliation of movement in partners' deficit

	2009 £	2008 £
Opening partners' funds	529,574	906,729
Loss on ordinary activities for the financial period	(314,343)	(35,355)
Advances	-	35,355
Revaluations	(2,072,845)	(377,155)
	<u>(1,857,614)</u>	<u>529,574</u>
Closing partners' (deficit)/funds	<u>(1,857,614)</u>	<u>529,574</u>

### 12 Partners' capital

	2008 £000	2007 £000
Opening and closing capital contributions	980	980

Carisbrooke Aurora (UK) Limited is the general partner and is owned Carisbrooke Aurora Limited, a company registered in the Isle of Man. Aurora (Nuneaton) Limited and A Wardle are the limited partners.

### 13 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 April 2008	528,594	-
Revaluation of property	(2,072,845)	-
Loss for the year	-	(314,343)
	<u>(1,544,251)</u>	<u>(314,343)</u>
At 31 March 2009	<u>(1,544,251)</u>	<u>(314,343)</u>

### 14 Related party transactions

During the year there was a reduction in the intercompany loan account balance of £9,949,062 (2008 £nil) with Carisbrooke Investments Limited Partnership, a related party, which relates to the loan novation (see note 9). The amount due to Carisbrooke Investments Limited Partnership for the loan at the year end was £nil (2008 £9,949,062).

During the year the balance of £27,051 due to Carisbrooke Aurora (UK) Limited was repaid and amounts of £361,083 loaned to that company. This was subsequently deemed irrecoverable and hence was written off.

### 15 Contingent liability

The bank loan novated to Aurora (Nuneaton) Limited Partnership is secured on certain of the assets of the partnership and has been guaranteed by Aurora (Nuneaton) Limited Partnership, Carisbrooke Investments General Partner Limited, Carisbrooke Aurora Limited, Aurora Nominee 1 Limited, Aurora Nominee 2 Limited, Aurora (Leigh) Limited Partnership, Aurora (Normanton) Limited Partnership, Aurora (Hinckley) Limited Partnership, Aurora (Motherwell) Limited Partnership, Aurora (Bedworth) Limited Partnership and Carisbrooke Arkle LLP.

## **Notes (continued)**

### **16 Subsequent event**

#### ***Property values***

The General Partner is of the view that, given the decline noted in the property market, the value of the property is likely to have risen significantly since the year end in line with market conditions. In the absence of any further exercise, the General Partner is not in a position to evaluate the quantum of this change.

### **17 Fair value of assets and liabilities**

The company is party to a derivative financial instrument that it has not recognised at fair value as follows:

- Discounted callable interest rate swap fixing £85 million of the group's bank loan at LIBOR rates from 5.05% (September 2007 to October 2009) to 5.5% (October 2009 to October 2014 plus the bank's right to extend the swap at 5.55% to October 2017). The fair value of this instrument at 31 March 2009 was a liability to the group of £14,324,726.