

REGISTERED NUMBER: OC307893

**PROTEGO REAL ESTATE INVESTORS LLP**  
**MEMBERS' REPORT**  
**AND**  
**FINANCIAL STATEMENTS**  
**FOR THE PERIOD TO 31 DECEMBER 2004**



**PROTEGO REAL ESTATE INVESTORS LLP**

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**PROTEGO REAL ESTATE INVESTORS LLP**

**PARTNERSHIP INFORMATION**

**Members**

Peder Smedvig Protego Limited  
Iain Reid  
Hugo Llewelyn  
Charles Weeks  
William Higgins

**Registered Office**

20 St James's Street  
London  
SW1A 1ES

**Auditors**

AGN Shipleys  
Chartered Accountants,  
10 Orange Street,  
Haymarket,  
London WC2H 7DQ.

**PROTEGO REAL ESTATE INVESTORS LLP****MEMBERS' REPORT**

The members present their report together with the audited financial statements of the partnership for the year ended 31 December 2004. The Limited Liability Partnership was incorporated and commenced trading on 6 May 2004.

**PRINCIPAL ACTIVITY**

The principal activity of Protego Real Estate Investors LLP is real estate investment management.

**REVIEW OF THE BUSINESS AND RESULTS**

The members are pleased with the first period results. The LLP is anticipating continued growth with further issue of property index certificates and the launching of its new property investment fund.

**POLICY WITH RESPECT TO MEMBERS' DRAWINGS**

Profits are divided between the members in accordance with the members' agreement and money will only be drawn when the Limited Liability Partnership has sufficient funds to maintain and develop the business.

**STATEMENT OF MEMBERS' RESPONSIBILITIES**

The members are required by the Companies Act 1985, as amended by the Limited Liability Partnership Regulations 2001 to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the partnership at the end of the financial period and of the profit or loss of the partnership for that period. The members consider that in preparing the financial statements the partnership has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and confirm that all applicable accounting standards have been followed. The financial statements have been prepared on a going concern basis.

The members are responsible for ensuring that the partnership keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the partnership and for ensuring that the financial statements comply with the Companies Act 1985, as amended by the Limited Liability Partnership Regulations 2001. The members also have responsibility for safeguarding the assets of the partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**PROTEGO REAL ESTATE INVESTORS LLP**

**MEMBERS' REPORT - CONTINUED**

**DESIGNATED MEMBERS**

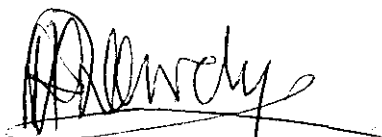
All the members listed on Page 1 are designated members at 31 December 2004 and all were appointed at incorporation on 6 May 2004.

**AUDITORS**

AGN Shipleys have been appointed as auditors.

A resolution to re-appoint AGN Shipleys as auditors will be proposed at the Annual Members' Meeting.

**On Behalf of the Board**

A handwritten signature in black ink, appearing to read 'H. Llewelyn', with a horizontal line drawn through it.

**Hugo Llewelyn**  
**Designated member**

23 February 2005

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
PROTEGO REAL ESTATE INVESTORS LLP**

We have audited the financial statements of for the period ended 31 December, 2004 which comprise the Profit and Loss Account, Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the LLP'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 LLP's members those matters we are required to state to them in an auditor's 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 LLP and the LLP's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of members and auditors**

As described in the Statement of Members' Responsibilities the members of the LLP are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the *Limited Liability Partnerships Regulations*. We also report to you if, in our opinion, the Members' Report is not consistent with the financial statements, if the Limited Liability Partnership 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 members' remuneration and transactions with the Limited Liability Partnership is not disclosed.

We read the Members' 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the members in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Limited Liability 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 MEMBERS OF  
PROTEGO REAL ESTATE INVESTORS LLP -  
CONTINUED**

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the Limited Liability Partnership's affairs as at 31 December, 2004 and of its profits for the period then ended and have been properly prepared in accordance with the Limited Liability Partnerships Regulations.



**AGN Shipley  
Registered Auditors  
10 Orange Street  
London  
WC2H 7DQ**

*1 March 2005*

**PROTEGO REAL ESTATE INVESTORS LLP**

**PROFIT AND LOSS ACCOUNT**

**PERIOD ENDED 31 DECEMBER, 2004**

	<b>Notes</b>	<b>2004 £</b>
<b>TURNOVER</b>	1.2	977,821
<b>ADMINISTRATIVE EXPENSES</b>		(518,644)
<b>OPERATING PROFIT</b>	4	459,177
<b>INTEREST RECEIVABLE AND SIMILAR INCOME</b>		3,262
<b>PROFIT FOR THE FINANCIAL PERIOD AVAILABLE FOR DIVISION AMONG MEMBERS</b>		<u>£462,439</u>

*All of the partnership's activities in the above financial period derived from continuing operations.*

*The partnership has no recognised gains and losses other than the profit for the period.*

*The profit for the period has been calculated on the historical cost basis.*

The notes on pages 9 to 13 form part of an integral part of these financial statements.



## PROTEGO REAL ESTATE INVESTORS LLP

## BALANCE SHEET

AS AT 31 DECEMBER, 2004

	Notes	2004 £	£
<b>FIXED ASSETS</b>			
Tangible	9		11,097
<b>CURRENT ASSETS</b>			
Debtors	5	68,048	
Cash at bank and in hand	6	<u>1,130,143</u>	
		1,198,191	
<b>CREDITORS: Amounts falling due within one year</b>		<u>(151,022)</u>	
<b>NET CURRENT ASSETS</b>			<u>1,047,169</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			1,058,266
<b>LOANS AND OTHER DEBTS DUE TO MEMBERS</b>			<u>(139,628)</u>
<b>NET ASSETS</b>			<u><u>£918,638</u></u>
<b>MEMBERS' OTHER INTERESTS</b>			
Members' capital	10	800,400	
Other reserves	10	<u>118,238</u>	
		£918,638	<u><u>£918,638</u></u>
<b>TOTAL MEMBERS' INTERESTS</b>			
Loans and other debts due to members	10	139,628	
Members' other interests	10	<u>918,638</u>	
		<u>£1,058,266</u>	<u><u>£1,058,266</u></u>

Approved by the Members on

23<sup>rd</sup> February 2005.

  
Hugo Llewelyn - Designated member

The notes on pages 9 to 13 form an integral part of these financial statements.

## PROTEGO REAL ESTATE INVESTORS LLP

## CASH FLOW STATEMENT

PERIOD ENDED 31 DECEMBER, 2004

	Notes	2004 £	£
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	7		544,472
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest paid		-	
Interest received		<u>3,262</u>	
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			3,262
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Purchase of tangible assets		<u>(13,418)</u>	
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			(13,418)
<b>TRANSACTIONS WITH MEMBERS</b>			
Payments to members		(204,573)	
Capital contributions by members		<u>800,400</u>	
<b>NET CASH INFLOW FROM TRANSACTIONS WITH MEMBERS</b>			595,827
<b>INCREASE IN CASH</b>	8		<u>£1,130,143</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase in cash in period			<u>1,130,143</u>
Movement in net funds in the period			<u>1,130,143</u>
Net funds at 31 December, 2004			<u>£1,130,143</u>

**PROTEGO REAL ESTATE INVESTORS LLP****NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER, 2004****1. ACCOUNTING POLICIES****1.1 Basis of Accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships".

**1.2 Turnover**

Turnover is the amount derived from ordinary trading activities and is stated net of trade discounts and valued added tax.

There are no separately identifiable business sectors and so no further disclosure of turnover has been made.

**1.3 Taxation**

Taxation payable on profits earned during the period is the personal liability of the members.

**1.4 Depreciation**

Depreciation is calculated to write down the cost of the cost less estimated residual value on all *tangible fixed assets over their expected useful lives.*

The rates used for depreciation are:

Computer equipment:	33.33% straight line
Fixtures & fittings:	25% reducing balance

**1.5 Comparatives**

This being the first period of accounts, there are no comparative figures for the LLP.

**1.6 Pension Costs**

The LLP has organised a Group Personal Pension for its employees. The LLP makes a contribution to each employees pension plan. The members have made their own arrangements.

**PROTEGO REAL ESTATE INVESTORS LLP**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**31 DECEMBER, 2004**

**2. INFORMATION IN RELATION TO MEMBERS**

	<b>Number</b>
The average number of members during the period was	5
	==
Salaried remuneration of members	-
	-
Paid under the terms of the LLP agreement	£204,573
	=====
The amount of profit attributable to the member with the largest entitlement was	£143,090
	=====

**3. EMPLOYEES**

The aggregate emoluments of the employees are shown below:-

	<b>£</b>
Wages and salaries	107,604
Social security	7,782
Pension costs	6,762
	=====
	£122,148
	=====

The average number of employees during the period was:

	<b>Number</b>
Administration	3
	==

**4. OPERATING PROFIT**

	<b>£</b>
Profit on ordinary activities is stated after charging:	
Auditors' remuneration - audit services	10,000
- other	14,000
Depreciation	2,321
	=====

**PROTEGO REAL ESTATE INVESTORS LLP**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**31 DECEMBER, 2004**

<b>5. DEBTORS</b>	<b>2004</b>
	<b>£</b>
Prepayments and accrued income	62,909
Other debtors	5,139
	<u>£68,048</u>
	<u>=====</u>
 <b>6. CREDITORS : Amounts falling due within one year</b>	 <b>£</b>
Trade creditors	85,659
Other creditors	2,905
Accruals and deferred income	62,458
	<u>£151,022</u>
	<u>=====</u>
 <b>7. NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	 <b>£</b>
Operating profit	459,177
Increase in debtors	(68,048)
Increase in creditors	151,022
Depreciation	2,321
	<u>£544,472</u>
	<u>=====</u>

**8. ANALYSIS OF CHANGES IN NET FUNDS**

	<b>At 6 May, 2004 £</b>	<b>Cash Flows £</b>	<b>Non-cash changes £</b>	<b>At 31 December, 2004 £</b>
	<u>£-</u>	<u>£1,130,143</u>	<u>£-</u>	<u>£1,130,143</u>
Cash at bank and in hand/net funds	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

**PROTEGO REAL ESTATE INVESTORS LLP**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**31 DECEMBER, 2004**

**9. TANGIBLE FIXED ASSETS**

**Cost**

	<b>Computer equipment £</b>	<b>Fixtures &amp; fittings £</b>	<b>Total £</b>
At 6 May, 2004	-	-	-
Additions	<u>11,459</u>	<u>1,959</u>	<u>13,418</u>
At 31 December, 2004	<u>£11,459</u>	<u>£1,959</u>	<u>13,418</u>

**Depreciation**

At 6 May, 2004	-	-	-
Charge for the period	<u>2,073</u>	<u>248</u>	<u>2,321</u>
At 31 December, 2004	<u>£2,073</u>	<u>£248</u>	<u>£2,321</u>

**Net Book Value**

At 31 December, 2004	<u>£9,386</u>	<u>£1,711</u>	<u>£11,097</u>
At 6 May, 2004	<u>-</u>	<u>-</u>	<u>-</u>

**PROTEGO REAL ESTATE INVESTORS LLP**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**31 DECEMBER, 2004**

**10. RECONCILIATION OF MOVEMENTS IN MEMBERS' INTERESTS FOR THE PERIOD ENDED 31 DECEMBER, 2004**

	<b>Members' other interests</b>		<b>Debts due</b>	<b>Total</b>
	<b>Members'</b>	<b>Other</b>	<b>due to</b>	<b>members</b>
	<b>capital</b>	<b>reserves</b>	<b>members</b>	<b>interests</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Members' interest at 6 May, 2004	-	-	-	-
Profits for the financial period available for distribution	<u>-</u>	<u>462,439</u>	<u>-</u>	<u>462,439</u>
Members' interest after profit for the period	-	462,439	-	462,439
Allocated profits	-	(344,201)	344,201	-
Drawings	-	-	(204,573)	(204,573)
Capital introduced	<u>800,400</u>	<u>-</u>	<u>-</u>	<u>800,400</u>
Members' interest at 31 December, 2004	<u>£800,400</u>	<u>£118,238</u>	<u>£139,628</u>	<u>£1,058,266</u>

**11. DISCLOSURE OF CONTROL**

The partnership is under the control of the members.

**12. RELATED PARTY TRANSACTIONS**

Peder Smedvig Protego Limited, the majority investor in Protego Real Estate Investors LLP, charges the LLP rent, a service charge for building work and management fees. The total invoiced during the period was £75,300 and at the period end the LLP owed £3,495.