

Cardinal Square LLP

**Members' report and financial
statements**

**Registered number OC308210
For the year ended 31 March 2012**



Contents

Members' report	1
Statement of members' responsibilities in respect of the Members' Report and financial statements	3
Independent auditor's report to the members of Cardinal Square LLP	4
Profit and loss account	6
Balance sheet	7
Statement of total recognised gains and losses	8
Notes	9

Members' report

The members present their annual report and the audited financial statements for the year ended 31 March 2012

Principal activity

The principal activity of the LLP is that of property investment

The designated members manage each investment on an individual basis. Maximising returns and minimising risks are the key performance measures for the business. The designated members believe that any further performance indicators are not necessary or appropriate for an understanding of the performance or position of the business.

Designated members

The designated members of the LLP during the year were as follows

DG Bradshaw
KG Bradshaw

Policy on members' drawing, subscription and repayment of members' capital

The initial capital of the LLP was contributed by the members. The designated members may, from time to time, require the members to make such contributions as are necessary for the LLP's business. Each member shall have the option to contribute pro-rata based on their existing share. If required, the designated members may recommend that additional debt finance is obtained.

Profits or losses of the LLP are divided annually between the members and each member is entitled to a share equal to their percentage interest in the LLP. The designated members have the right to reserve amounts out of profit, prior to distribution, which they consider necessary to provide further working capital.

In the event of the death, retirement or expulsion of any member there shall be due to them the amount of their share of net capital shown in the accounts following the event.

Drawings are paid to each member when a simple majority of members decide to receive drawings. The amount of drawings is as agreed by the designated members from time to time.

Results for the period and allocation to members

The profit for the year available for division among members was £387,037 (2011 £57,289). The net assets of the LLP at the year end were £3,012,855 (2011 £2,303,350).

Business risks and uncertainties

The LLP leases its investment property to a number of tenants. It is dependent on the receipt of rental income to meet its liabilities, including servicing its financing. It is also exposed to risk of movements in interest rates, which would impact finance costs if there were a material change in the LIBOR.

Going concern

After making appropriate enquiries, the members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Members' report *(continued)*

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will, therefore, continue in office

Approved by the members on 21 December 2012 and signed on its behalf by



DG Bradshaw
Designated member

11 Waterloo Street
Birmingham
West Midlands
B2 5TB

Statement of members' responsibilities in respect of the members' report and financial statements

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

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under Regulation 8 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period.

In preparing these financial statements, the members are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- 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 LLP will continue in business.

Under the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, the members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that its financial statements comply with those regulations. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the LLP and to prevent and detect fraud and other irregularities.



KPMG LLP

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Independent auditor's report to the members of Cardinal Square LLP

We have audited the financial statements of Cardinal Square LLP for the year ended 31 March 2012 set out on pages 6 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Section 495 of the Companies Act 2006, as required by Regulation 39 of the Limited Liability Partnership (Accounts and Audit) (Application of Companies Act 2006) Regulations 2009. 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 auditor

The members' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the statement of members' 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, have been properly prepared in accordance with UK Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006.

We also report to you if, in our opinion, the LLP has not kept adequate accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of members' remuneration specified by law are not made.

We read the members' report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 members in the preparation of the financial statements, and of whether the accounting policies are appropriate to the LLP's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditor's report to the members of Cardinal Square LLP *(continued)*

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the LLP's affairs as at 31 March 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the Companies Act 2006



IG Greaves (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

21 December 2012

Profit and loss account
for the year ended 31 March 2012

	<i>Note</i>	2012 £	2011 £
Turnover	<i>1</i>	1,641,555	699,577
Cost of sales		(567,176)	(150,641)
		<hr/>	<hr/>
Gross profit		1,074,379	548,936
Administrative expenses		(385,225)	(214,179)
		<hr/>	<hr/>
Operating profit		689,154	334,757
Interest receivable and similar income	<i>3</i>	4,147	276
Interest payable and similar charges	<i>4</i>	(306,264)	(277,744)
		<hr/>	<hr/>
Profit for the financial period before members' remuneration and profit shares	<i>2</i>	387,037	57,289
Members' remuneration charged as an expense	<i>5</i>	-	-
		<hr/>	<hr/>
Profit for the financial period available for discretionary division among members	<i>11</i>	387,037	57,289
		<hr/>	<hr/>

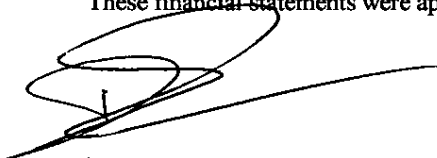
All amounts relate to continuing operations

The notes on pages 9 to 14 form part of these financial statements

Balance sheet
at 31 March 2012

	<i>Note</i>	2012 £	£	2011 £	£
Fixed assets					
Investment property	7		13,000,000		12,635,827
Current assets					
Debtors	8	757,065		137,527	
Cash at bank and in hand		-		204,714	
		<u>757,065</u>		<u>342,241</u>	
Creditors. Amounts falling due within one year	9	<u>(694,424)</u>		<u>(744,327)</u>	
Net current assets/(liabilities)			<u>62,641</u>		<u>(402,086)</u>
Total assets less current liabilities			<u>13,062,641</u>		<u>12,233,741</u>
Creditors. Amounts falling due after more than one year	10		<u>(10,049,786)</u>		<u>(9,930,391)</u>
Net assets attributable to members			<u>3,012,855</u>		<u>2,303,350</u>
Represented by:					
Loans and other debts due to members within one year					
Other amounts classified as a liability under FRS 25	11		780,436		393,399
Equity					
Members' other interests – other reserves classified as equity under FRS 25	11		2,232,419		1,909,951
Total members' interests	11		<u>3,012,855</u>		<u>2,303,350</u>

These financial statements were approved by the members on 21 December 2012 and were signed on its behalf by


DG Bradshaw
Designated member

Company number OC 308210

The notes on pages 9 to 14 form part of these financial statements

Statement of total recognised gains and losses
for the year ended 31 March 2012

	2012 £	2011 £
Profit for the financial year available for discretionary division among members	387,036	57,289
Current year revaluation	322,468	-
Total recognised gains and losses relating to the financial year	709,504	57,289

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 Limited Liability Partnership's (LLP's) financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, including the Statement of Recommended Practice (SORP) 2008, "Accounting by Limited Liability Partnerships" issued in March 2008 and under the historical cost accounting rules

Under FRS 1 (Revised 1996) "Cash flow statements", the LLP is exempt from the requirement to prepare a cash flow statement on the grounds of its size

Due to the nature of the LLP's business, the members do not believe that the LLP has different classes of business as defined in SSAP 25. Accordingly, the additional disclosures set out in SSAP 25 are not considered to be required

The financial statements have been prepared on the going concern basis which the members believe is appropriate for the following reasons

The LLP's business activities, together with the factors likely to affect its future development, performance and position are set out in the members' report on pages 1 to 2. The financial position of the LLP, its liquidity position and borrowing facilities are described in the Members' Report and in notes 9 and 10

The LLP has sufficient financial resources to meet its operational needs and benefits from holding long-term leases with a number of tenants. As a consequence, the members believe that the LLP is well placed to manage its business risks successfully despite the current uncertain economic outlook

The LLP has received an undertaking from certain members and certain related undertakings that they will continue to provide financial and other support to enable the LLP to settle all current and future debts as they fall due for at least twelve months from the date of approval of these financial statements and in particular will not seek repayment of the amounts currently made available. As with any LLP placing reliance on other individuals for financial support, the designated members acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so

The members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate

The preparation of financial statements in accordance with generally accepted accounting principles requires the use of estimates and assumptions which affect the amounts of assets and liabilities at the reporting date and the reported results for the period. These estimates are based on the members' best knowledge, actual amounts may subsequently differ from these estimates

Taxation

Taxation on all partnership profits is solely the personal liability of individual partners

Classification of members rights to profits

Following the adoption of FRS 25, members' rights to profits are treated as a liability and shown as a charge to the profit and loss account under members' remuneration where the profit share of members is pre-determined, without the need for any further decision on the division of those profits, and not at the discretion of the LLP

Where there is no pre-determined profit share for members, there is no charge to the profit and loss account. When the LLP subsequently decides to allocate profit to members this is treated as an equity transaction, being an appropriation of profit

Notes (continued)

1 Accounting policies (continued)

Turnover

Turnover represents rental income which is credited to the profit and loss account on a straight line basis over the period of the lease and other property derived income

Investment properties

In accordance with Statement of Standard Accounting Practice No 19 "Accounting for investment properties"

- (i) investment properties are revalued annually at open market value. All surpluses and deficits arising are taken directly to revaluation reserve except that any permanent diminution in the value of an investment property is taken to the profit and loss account for the year, and
- (ii) no depreciation or amortisation is provided in respect of freehold investment properties

This treatment, as regards the LLP's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of tangible fixed assets. However, these properties are not held for consumption but for investment and the members consider that the systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

2 Notes to the profit and loss account

	2012 £	2011 £
<i>Profit for the financial period before members' remuneration and profit shares is stated after charging/(crediting)</i>		
Rents receivable under operating leases and service charge income	(1,074,379)	(548,936)
<i>Auditor's remuneration</i>		
Audit of these financial statements	3,350	3,100
<i>Amounts receivable by auditors and their associates in respect of</i>		
Other services relating to taxation	-	-

3 Interest receivable and similar income

	2012 £	2011 £
Bank interest	20	27
Interest receivable on amounts owed by related undertakings	4,127	249
	<u>4,147</u>	<u>276</u>

Notes (continued)

4 Interest payable and similar charges

	2012 £	2011 £
Bank interest	301,760	275,292
Interest payable on amounts owed to related undertakings	4,504	2,452
	<hr/> 306,264	<hr/> 277,744

5 Members' remuneration

Profits and losses are shared amongst the members each period in accordance with agreed profit and loss sharing arrangements. Members are required to make their own provision for pensions and taxation from their profit share.

None of the members received any salaried remuneration in the financial period for their services to the LLP (2011 £Nil)

The average number of members in the period was five (2011 five)

The amount of profit attributable to the member with the largest entitlement was £193,518 (2011 £28,645)

6 Staff numbers and costs

Other than the members, the LLP had no employees (2011 Nil)

7 Investment property

	£
<i>Valuation and net book value</i>	
At beginning of year	12,635,827
Additions	41,705
Revaluation	322,468
	<hr/> 13,000,000
At end of year	

The investment property has been revalued to its open market value for existing use, performed by Jones Lang LaSalle, valuers holding MRICS qualifications, on 9 August 2011. An internal valuation at 31 March 2012 has been performed by Paul Bradshaw confirming the valuation performed by Jones Lang LaSalle was still appropriate.

The valuation of investment properties is reviewed by the designated members. At both the period end and the date of approval of these financial statements, the designated members were satisfied that the realisable values were not less than the LLP carrying values and accordingly, no change was required.

Notes (continued)

8 Debtors

	2012 £	2011 £
Trade debtors	19,330	95,649
Amounts owed by related undertakings (see note 12)	110,047	-
Prepayments	627,688	41,878
	<u>757,065</u>	<u>137,527</u>

9 Creditors: Amounts falling due within one year

	2012 £	2011 £
Bank overdrafts	2,384	-
Trade creditors	261,058	360,186
Amounts owed to related undertakings (see note 12)	-	189,816
Accruals and deferred income	372,200	179,987
Other taxation	58,782	14,338
	<u>694,424</u>	<u>744,327</u>

10 Creditors: Amounts falling due after more than one year

	2012 £	2011 £
Bank loans (secured)	8,769,395	8,650,000
Other loans (see note 12)	1,280,391	1,280,391
	<u>10,049,786</u>	<u>9,930,391</u>

Bank loans are secured by way of a legal charge over the investment property of the partnership, cross guarantees by related companies over the properties they hold, personal guarantees from the members KG Bradshaw and DG Bradshaw and an unlimited guarantee by a related company

On 12 September 2011, a new loan facility of £23,370,000 was obtained by the LLP and four Nurton Developments group companies (related through common control) Interest is payable on the new loan at LIBOR + 2.5%

Each advance shall be repaid in full every three months either by cleared funds or money borrowed by way of a further advance The loan shall be repaid in full in October 2016

Notes (continued)

10 Creditors Amounts falling due after more than one year (continued)

Loans

	Bank loans 2012 £	Deferred finance costs 2012 £	Total 2012 £	Bank loans 2011 £	Deferred finance costs 2011 £	Total 2011 £
Due within one year	1,050,000	(19,507)	1,030,493	-	-	-
Due in more than one year, but not more than two years	1,162,000	(19,507)	1,142,493	-	-	-
Due in more than two years, but not more than five years	6,611,107	(14,698)	6,596,409	-	-	-
Due in more than five years	-	-	-	8,650,000	-	8,650,000
	<u>8,823,107</u>	<u>(53,712)</u>	<u>8,769,395</u>	<u>8,650,000</u>	<u>-</u>	<u>8,650,000</u>

11 Total members' interests

	Revaluation reserve £	Loans and other debts due to members less any amounts due from members in debtors £	Total £
At beginning of year	1,909,951	393,399	2,303,350
Profit for the year	-	387,037	387,037
Members' interests after loss for the year	1,909,951	780,436	2,690,387
Current year revaluation	322,468	-	322,468
At end of year	<u>2,232,419</u>	<u>780,436</u>	<u>3,012,855</u>

Included within loans and other debts due to members is £Nil (2011 £Nil) due after more than one year

Loans and other debts due to members rank equally with debts due to ordinary creditors in a winding up

	2012 £	2011 £
Advanced by members by way of loan	386,058	386,058
Owed to/(from) members in respect of profits	394,378	7,341
	<u>780,436</u>	<u>393,399</u>

Notes (continued)

12 Related party transactions

The members of Cardinal Square LLP have made the following loans to the LLP. Each of the loans is interest free and whilst there is no formal agreement, the members confirm that these loans will not be repaid for at least twelve months.

	£
DG Bradshaw	320,098
KG Bradshaw	640,195
DE Bradshaw	64,020
Trust of JK Bradshaw	128,039
TC Bradshaw	128,039
	<hr/>
	1,280,391
	<hr/>

Nurton Developments Limited and Cardinal Square LLP are related as one of the designated members of Cardinal Square LLP is also a director of Nurton Developments Limited. During the year net transactions of £294,663 (2011 £357,212) including a management charge of £258,000 (2011 £96,273) occurred between the two parties and a debtor of £110,047 remains at the year end (2011 creditor £189,816).

Colmore Square LLP and Cardinal Square LLP are related as one of the designated members of Cardinal Square LLP is also a designated member of Colmore Square LLP. During the year, net transactions of £5,200 (2011 £Nil) occurred between the two parties and a creditor of £Nil remains at the year end (2011 £5,200).

13 Controlling party

In the opinion of the members, at 31 March 2012, there was no controlling party due to the constitution of the membership.