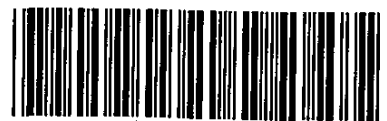


**BADGER PROPERTY PARTNERS LLP**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 5 APRIL 2011**

MONDAY



\*L2H1WZTT\*

LD6

05/12/2011

38

COMPANIES HOUSE

**BADGER PROPERTY PARTNERS LLP**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 5 APRIL 2011**

**CONTENTS**

	<b><u>Page</u></b>
Designated Members and Advisers	2
Members' Report	3
Statement of Members' Responsibilities in Respect of the Members' Report and the Financial Statements	4
Independent Auditors' Report to the Members of Badger Property Partners LLP	5
Profit and Loss Account	6
Statement of Total Recognised Gains and Losses	7
Balance Sheet	8
Cash flow Statement	9
Notes to the Financial Statements	10 - 13

**BADGER PROPERTY PARTNERS LLP**  
**MEMBERS AND PROFESSIONAL ADVISERS**  
**FOR THE YEAR ENDED 5 APRIL 2011**

**DESIGNATED MEMBERS**

Mr R C Desmond  
LTS Partners Limited (appointed 26 May 2010)  
Mrs J Desmond (resigned 26 May 2010)

**REGISTERED NUMBER**

OC 313362

**AUDITORS**

KPMG LLP  
8 Salisbury Square  
London  
EC4Y 8BB

**BANKERS**

Bank of Scotland  
PO Box 54873  
London  
SW1 5WX

**REGISTERED OFFICE**

The Northern & Shell Building  
Number 10 Lower Thames Street  
London EC3R 6EN

**MEMBERS' REPORT**

**FOR THE YEAR ENDED 5 APRIL 2011**

The members present their report and the audited financial statements for the year ended 5 April 2011

**PRINCIPAL ACTIVITIES**

The principal activity of Badger Property Partners LLP is the business of acquiring freehold or leasehold interests in commercial property, the management and exploitation thereof and receiving rental income therefrom

**REVIEW OF THE PERIOD AND FUTURE PROSPECTS**

The profit and loss account is set out on page 6

The members consider the results for the year to be satisfactory. In light of recent market conditions the members sought professional advice on the valuation of the property and based on that advice are of the opinion that the open market value at the year end was £118,750,000 (2010: £120,000,000)

The LLP continues to consider commercial property transactions with a view to increasing its portfolio

**RESULTS FOR THE PERIOD**

The profit for the period available for distribution to members was £1,489,521 (2010: £1,418,375)

**DESIGNATED MEMBERS**

The following were designated members during the year

Mr R C Desmond  
LTS Partners Limited (appointed 26 May 2010)  
Mrs J Desmond (resigned 26 May 2010)

**POLICY WITH RESPECT TO MEMBERS' DRAWINGS AND REPAYMENT OF MEMBERS' CAPITAL**

The members participate in the LLP's profit

The members have subscribed to capital in set percentages per the partnership agreement. The members shall contribute any further capital which the designated members determine as being required for the purpose of the LLP based on the same percentages

There is no opportunity for appreciation of capital subscribed. Members introduce their capital at 'par' and retiring members are repaid their capital at 'par'. An outgoing member will be paid the amount of any capital which they are entitled to be credited by the LLP to their capital account

The profits of the LLP may be divided between the members in the set percentages per the partnership agreement as soon as the annual accounts for the relevant accounting year are approved by the members

All payments are made subject to the cash requirements of the LLP and must be approved by the designated members

**DISCLOSURE OF INFORMATION TO AUDITORS**

The members as at the date of approval of this members' report confirm that so far as they are each aware, there is no relevant audit information of which the LLP's auditors are unaware and each member has taken all the steps that he/she ought to have taken as a member to make himself/herself aware of any relevant audit information and to establish that the LLP's auditors are aware of that information

**AUDITORS**

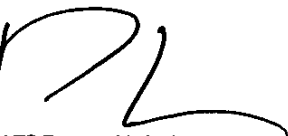
In accordance with Section 487 of the Companies Act 2006 a resolution for the re-appointment of KPMG LLP as auditors of the LLP will be proposed by the designated members

Approved by the members and signed on their behalf



Mr R C Desmond  
Designated Member

Date 9 September 2011



LTS Partners Limited  
Designated Member

Date 9 September 2011

**BADGER PROPERTY PARTNERS LLP**

**STATEMENT OF MEMBERS' RESPONSIBILITIES IN RESPECT OF THE MEMBERS' REPORT AND THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 5 APRIL 2011**

The members are responsible for preparing the Members' Report and the LLP 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 LLP financial statements for each financial year. Under that law the members have elected to prepare the LLP 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 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 LLP will continue in business

Under Regulation 6 of 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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

**BADGER PROPERTY PARTNERS LLP**

**FOR THE YEAR ENDED 5 APRIL 2011**



8 Salisbury Square  
London  
EC4Y 8BB  
United Kingdom

**Independent auditor's report to the members of Badgers Property Partnership LLP**

We have audited the financial statements of Badgers Property Partnerships LLP for the year ended 5 April 2011. 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 members of the limited liability partnership (LLP) as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by Regulation 39 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. 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**

As explained more fully in the Members' Responsibilities Statement set out on page 4, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view, of the state of affairs of the LLP as at 5 April 2011 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 requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- we have not received all the information and explanations we require for our audit.

Adrian John Wilcox (Senior Statutory Auditor)  
for and on behalf of KPMG,  
Statutory Auditor Chartered Accountants

8 Salisbury Square  
London  
EC4Y 8BB

15 September 2011

**BADGER PROPERTY PARTNERS LLP - REGISTERED NUMBER OC313362**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 5 APRIL 2011**

	Notes	2011 £	2010 £
<b>TURNOVER</b>	2	<b>8,252,016</b>	<b>8,258,614</b>
Other operating expenses		<u>(105,432)</u>	<u>(99,982)</u>
<b>OPERATING PROFIT</b>	3	<b>8,146,584</b>	<b>8,158,632</b>
Interest payable and similar charges	6	<u>(6,657,063)</u>	<u>(6,740,257)</u>
<b>PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES</b>	12	<b>1,489,521</b>	<b>1,418,375</b>
Members' remuneration charged as an expense		<u>-</u>	<u>-</u>
<b>PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS</b>		<b><u>1,489,521</u></b>	<b><u>1,418,375</u></b>

A note on historical gains and losses has not been included as part of the financial statements as the results as disclosed in the profit and loss account, whilst prepared on a modified historical cost basis, do not differ from those that would be prepared on an unmodified and historical cost basis as the LLP's policy is not to depreciate investment properties

The results for the current and preceding year arose from continuing operations

**BADGER PROPERTY PARTNERS LLP - REGISTERED NUMBER OC313362**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

**FOR THE YEAR ENDED 5 APRIL 2011**

	<b>2011</b> <b>£</b>	<b>2010</b> <b>£</b>
Revaluation of investment property	<u>(1,250,000)</u>	<u>5,000,000</u>
<b>NET (EXPENSE)/INCOME RECOGNISED DIRECTLY IN EQUITY</b>	<b>(1,250,000)</b>	<b>5,000,000</b>
Profit for the financial year	<u>1,489,521</u>	<u>1,418,375</u>
<b>TOTAL RECOGNISED GAIN FOR THE YEAR ATTRIBUTABLE TO MEMBERS</b>	<b><u>239,521</u></b>	<b><u>6,418,375</u></b>



**BADGER PROPERTY PARTNERS LLP - REGISTERED NUMBER OC313362****BALANCE SHEET as at 5 April 2011**

	Notes	2011 £	2010 £
<b>FIXED ASSETS</b>			
Tangible assets	7	118,750,000	120,000,000
<b>CURRENT ASSETS</b>			
Debtors	8	213,865	306,063
Cash at bank and in hand		<u>2,098,429</u>	<u>2,121,146</u>
		2,312,294	2,427,209
<b>CREDITORS</b> amounts falling due within one year	9	<u>(4,869,791)</u>	<u>(4,773,174)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(2,557,497)</u>	<u>(2,345,965)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		116,192,503	117,654,035
<b>CREDITORS</b> amounts falling due after more than one year	10	<u>(111,303,402)</u>	<u>(113,004,455)</u>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		<u>4,889,101</u>	<u>4,649,580</u>
<b>REPRESENTED BY</b>			
<b>LOANS AND OTHER DEBTS DUE TO MEMBERS</b>			
Members' capital classified as a liability under FRS 25	12	150,000	150,000
<b>EQUITY</b>			
Members' other interests - other reserves classified as equity under FRS 25	12	<u>4,739,101</u>	<u>4,499,580</u>
		<u>4,889,101</u>	<u>4,649,580</u>
<b>TOTAL MEMBERS' INTERESTS</b>			
Loans and other debts due to members		150,000	150,000
Members' other interests	12	<u>4,739,101</u>	<u>4,499,580</u>
		<u>4,889,101</u>	<u>4,649,580</u>

The financial statements were approved by the members on **9 September 2011** and signed on their behalf by



Mr R C Desmond  
Designated Member

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 5 APRIL 2011**

	<b>Notes</b>	<b>2011 £</b>	<b>2010 £</b>
<b>RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES</b>			
Operating profit		<b>8,146,584</b>	8,158,632
Increase in creditors		<u>9,493</u>	<u>31,228</u>
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		<u><b>8,156,077</b></u>	<u><b>8,189,860</b></u>
<b>CASH FLOW STATEMENT</b>			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>8,156,077</b>	8,189,860
<b>RETURNS ON INVESTMENT AND SERVICING OF FINANCE</b>	13	<u><b>(6,621,486)</b></u>	<u>(6,667,761)</u>
<b>CASH INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING</b>		<b>1,534,591</b>	1,522,099
<b>FINANCING</b>	14	<u><b>(1,557,308)</b></u>	<u>(1,501,748)</u>
<b>(DECREASE)/INCREASE IN CASH IN THE YEAR</b>		<u><b>(22,717)</b></u>	<u><b>20,351</b></u>
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT</b>			
<b>(DECREASE)/INCREASE IN CASH IN THE YEAR</b>	15	<b>(22,717)</b>	20,351
Change in net debt resulting from cash flows		<u><b>1,557,308</b></u>	<u>1,501,748</u>
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>		<b>1,534,591</b>	1,522,099
<b>NET DEBT AT THE START OF THE YEAR</b>		<u><b>(112,418,741)</b></u>	<u>(113,940,840)</u>
<b>NET DEBT AT THE END OF THE YEAR</b>	15	<u><b>(110,884,150)</b></u>	<u><b>(112,418,741)</b></u>

**BADGER PROPERTY PARTNERS LLP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 5 APRIL 2011**

**1 ACCOUNTING POLICIES**

The accounts have been prepared in accordance with applicable accounting standards and the requirements of the Statement of Recommended Practice Accounting by Limited Liability Partnerships, except for the departure from the Companies Act described below. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Limited Liability Partnership's financial statements.

***Basis of preparation***

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 land and buildings.

The financial statements have been prepared on a going concern basis, notwithstanding net current liabilities of £2,557,497 (2010 £2,345,965) and net assets of £4,889,101 at the year end (2010 £4,649,580 net assets) which the members believe to be appropriate for the following reasons. The members have prepared profit and cash flow projections for the period to the end of the term loan which indicate that the business is expected to be profitable and cash generative. On the basis of this cash flow, the members consider it will continue in operational existence by meeting its liabilities as they fall due. However, there is no certainty in relation to these matters. The financial statements do not include any adjustments that would result from the partnership not achieving its cash flow projections.

***Tangible fixed assets and investment properties***

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. In accordance with SSAP19, (i) investment properties are revalued annually by the members at open market value and the aggregate surplus or deficit is transferred to an investment revaluation reserve unless the deficit is expected to be permanent in which case it is charged to the profit and loss account, (ii) an external professional valuation will be carried out at least every five years, (iii) no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run, (iv) the profit on disposal is based on book value.

The requirement of the Companies Act 2006 is to depreciate all properties, but that requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The members consider that, as the property is not held for consumption but for investment, to depreciate it would not give a true and fair view and that it is necessary to adopt SSAP 19 in order to give a true and fair view.

Depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

***Leases***

Income in respect of assets held for use in operating leases is recognised over the period it relates to based on the accruals principle.

***Taxation***

Taxation on all LLP profits is solely the personal liability of individual members. Consequently neither taxation nor related deferred taxation arising in respect of the LLP are accounted for in these financial statements.

***Classification of members' capital of the partnership***

In line with FRS 25, the members' capital of the partnership is treated as equity only to the extent that the partnership has an unconditional right to avoid repaying the capital. If the partnership is liable to repay the capital, it should be classified as debt.

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 partnership, the profit is classified as a liability of the partnership and shown as a charge to the profit and loss account under members' profit allocation. Where the profit share of members is not pre-determined, the profit is classified as equity and there is no charge to the profit and loss account.

***Allocation of profits***

The allocation of the profit to those who are members during the period occurs following the finalisation of the annual financial statements as per the LLP agreement. Unallocated profits are shown in 'members' other interests'.

***Turnover***

Turnover represents rental income receivable in respect of the LLP's property interests.

**BADGER PROPERTY PARTNERS LLP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 5 APRIL 2011**

**2 TURNOVER**

The LLP's turnover and profit arises solely from its commercial property interests

There is no significant turnover and profit arising in geographical locations other than the United Kingdom

**3 NOTES TO THE PROFIT AND LOSS ACCOUNT**

Operating profit is stated after charging/(crediting)

Auditors' remuneration - audit services  
Operating income - rental income

2011 £	2010 £
6,600	6 169
<u>(8,252,016)</u>	<u>(8,258,614)</u>

**4 MEMBERS' REMUNERATION**

The average number of members of the Limited Liability Partnership for the financial year was 2 (2010 2)

There was no remuneration or drawings allocated to the members during the year (2010 £nil)

**5 STAFF NUMBERS AND COSTS**

There were no employees during the current or preceding year

**6 INTEREST PAYABLE AND SIMILAR CHARGES**

On Bank loans and overdrafts  
Other financing costs

2011 £	2010 £
6,564,865	6,648,059
<u>92,198</u>	<u>92 198</u>
<u>6,657,063</u>	<u>6,740 257</u>

**BADGER PROPERTY PARTNERS LLP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 5 APRIL 2011**

**7 TANGIBLE ASSETS**

	Freehold land and buildings £
Valuation	
At 6 April 2010	120,000,000
Revaluation	(1,250,000)
	<u>118,750,000</u>
At 5 April 2011	
Net book value	
At 5 April 2011	<u>118,750,000</u>
At 5 April 2010	<u>120,000,000</u>

The property is being leased under an operating lease and the year end net book value is shown above. As at 5 April 2011, the building was valued at £118,750,000 by GM Real Estate, chartered surveyors dated 29 July 2011. This was on a market value basis and in accordance with the RICS Appraisal and Valuation Manual.

**8 DEBTORS**

	2011 £	2010 £
Prepayments and accrued income	<u>213,865</u>	<u>306,063</u>

**9 CREDITORS amounts falling due within one year**

	2011 £	2010 £
Bank loan (see note 11)	1,679,177	1,535,432
Accruals and deferred income	<u>3,190,614</u>	<u>3,237,742</u>
	<u>4,869,791</u>	<u>4,773,174</u>

**10 CREDITORS amounts falling due after more than one year**

	2011 £	2010 £
Bank loan (see note 11)	<u>111,303,402</u>	<u>113,004,455</u>

**11 BANK LOAN OBLIGATION**

	2011 £	2010 £
The LLP's bank loan obligations are due		
Within 1 year	1,679,177	1,535,432
In more than 1 year but not more than 2 years	1,756,696	1,679,177
In more than 2 years but not more than 5 years	<u>109,546,706</u>	<u>111,325,278</u>
	<u>112,982,579</u>	<u>114,539,887</u>

Bank loans are secured against the LLP's investment property (note 7). The LLP has a loan facility with Bank of Scotland which totals £119,000,000 and is repayable in quarterly instalments over 7 years with a final payment made at the end of the agreement. The loan carries interest at LIBOR plus a margin of 0.9125%.

Interest rate swaps are used to manage interest rate exposure, and any amounts payable or receivable in respect of the arrangements in place are recognised as an interest expense in the profit and loss account in the accounting period in which they arise. The LLP has entered into an interest rate swap facility which has the effect of fixing the interest rate on the above loans at 4.74% and 5.19% respectively, plus a margin of 0.9125%. The fair value of the derivative as at 5 April 2011 had a market value of £10,806,098 liability (2010: £12,837,594 liability).

**BADGER PROPERTY PARTNERS LLP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 5 APRIL 2011**

**12 MEMBERS' OTHER INTERESTS**

	Revaluation reserve £	Other reserves £	Total £	Loans and other debts due to members £	Total £
At 6 April 2010	989,497	3,510,083	4,499,580	150,000	4,649,580
Profit for the financial year available for discretionary division among members	-	1,489,521	1,489,521	-	1,489,521
	989,497	4,999,604	5,989,101	150,000	6,139,101
Deficit on revaluation of investment property	(1,250,000)	-	(1,250,000)	-	(1,250,000)
At 5 April 2011	(260,503)	4,999,604	4,739,101	150,000	4,889,101

The revaluation reserve is shown net of a distribution to members in the year ended 5 April 2007 of £14,250,000

In the event of a winding-up the amounts included in 'Loans and other debts due to members' will rank equally with other unsecured creditors. No protection is afforded to creditors in the event of a winding-up.

**13 RETURNS ON INVESTMENT AND SERVICING OF FINANCE**

	2011 £	2010 £
Interest paid	(6,621,486)	(6,667,761)
	<u>(6,621,486)</u>	<u>(6,667,761)</u>

**14 ANALYSIS OF CASH FLOWS**

	2011 £	2010 £
Financing		
Repayment of long-term loan	(1,557,308)	(1,501,748)
	<u>(1,557,308)</u>	<u>(1,501,748)</u>

**15 ANALYSIS OF NET DEBT**

	At 6 April 2010 £	Cash flow £	Non cash flow £	At 5 April 2011 £
Cash at hand and in bank	2,121,146	(22,717)	-	2,098,429
Debt due within one year	(1,535,432)	1,557,308	(1,701,053)	(1,679,177)
Debt due after one year	(113,004,455)	-	1,701,053	(111,303,402)
Total	<u>(112,418,741)</u>	<u>1,534,591</u>	<u>-</u>	<u>(110,884,150)</u>

**16 RELATED PARTY TRANSACTIONS**

During the year, the LLP made a distribution to its members of £nil (2010: £nil)

The LLP leases the property to Express Newspapers, a company of which Mr R C Desmond is also a director, for a rental of £8,180,930 per annum (2010: £8,180,930). No amounts remained outstanding at 5 April 2011 (2010: £nil).

The designated members control the LLP.