

Limited Liability Partnership Registration No. OC313378 (England and Wales)

HEATH WEST LLP
MEMBERS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007

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HEATH WEST LLP

LIMITED LIABILITY PARTNERSHIP INFORMATION

Designated members	Mr J Stein Mrs S A Stein Stein West End (Cayman) Limited S. G. Consultants Holdings Limited Mr J Ledley
Limited liability partnership number	OC313378
Registered office	66 Wigmore Street London W1U 2SB
Auditors	HLB Vantis Audit plc 66 Wigmore Street London W1U 2SB
Bankers	Bank of Ireland 4-8 High Street Belfast Northern Ireland BT1 2BA

HEATH WEST LLP

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HEATH WEST LLP

MEMBERS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2007

The members present their report and financial statements for the year ended 30 September 2007.

Principal activities

The principal activity of the LLP is that of the acquisition of land and buildings at West Heath Drive, London, NW3 and the construction of a number of residential units on this site to hold as investment with a long view to long term rental returns.

The results for the period and the financial position at the period end were considered satisfactory by the members who expect satisfactory results in the foreseeable future.

Designated Members

The following designated members have held office since 1 October 2006:

Mr J Stein

Mrs S A Stein

Stein West End (Cayman) Limited

S. G. Consultants Holdings Limited

Mr J Ledley

Policy on members' drawings

The members' drawing policy allows each member to draw a proportion of their profit share, subject to the cash requirements of the business.

A member's capital requirement is linked to their share of profit and the financing requirement of the limited liability partnership. There is no opportunity for appreciation of the capital subscribed. Just as incoming members introduce their capital at "par", so the retiring members are repaid their capital at "par".

Statement of members' responsibilities

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

Company law (as applied to limited liability partnerships by regulation 3 of the Limited Liability Partnerships Regulations 2001) requires 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the limited liability partnership and of the profit or loss of the limited liability partnership for that year. In preparing those 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the limited liability partnership will continue in business.

The members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the limited liability partnership and enable them to ensure that the financial statements comply with the Companies Act 1985 (as applied to limited liability partnerships by regulation 3 of the Limited Liability Partnerships Regulations 2001). They are also responsible for safeguarding the assets of the limited liability partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

HEATH WEST LLP

MEMBERS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2007

Statement of disclosure to auditor

So far as the members are aware, there is no relevant audit information of which the limited liability partnership's auditors are unaware. Additionally, the members have taken all the necessary steps that they ought to have taken as members in order to make themselves aware of all relevant audit information and to establish that the limited liability partnership's auditors are aware of that information.

On behalf of the members

.....
Mr J Stein
Designated Member

28 JANUARY 2009
.....

HEATH WEST LLP

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HEATH WEST LLP

We have audited the financial statements of Heath West LLP for the year ended 30 September 2007 set out on pages 5 to 11. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

This report is made solely to the limited liability partnership's members, as a body, in accordance with Section 235 of the Companies Act 1985 (as applied to limited liability partnerships by regulation 3 of the Limited Liability Partnerships Regulations 2001). Our audit work has been undertaken so that we might state to the limited liability partnership's 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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the members and auditors

The members' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Members' Responsibilities.

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 (as applied to limited liability partnerships by regulation 3 of the Limited Liability Partnerships Regulations 2001).

In addition we report to you if, in our opinion, 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.

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 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 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.

HEATH WEST LLP

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF HEATH WEST LLP

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the limited liability partnership's affairs as at 30 September 2007 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985 (as applied to limited liability partnerships by regulation 3 of the Limited Liability Partnerships Regulations 2001).

HLB Vantis Audit plc
HLB Vantis Audit plc

28 January 2009

Chartered Accountants
Registered Auditor

66 Wigmore Street
London
W1U 2SB



HEATH WEST LLP

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2007

		Year ended 30 September 2007 £	Period 30 September 2006 £
	Notes		
Administrative expenses		(22,650)	(70,141)
Operating loss	2	(22,650)	(70,141)
Other interest receivable and similar income	3	83	410
Interest payable and similar charges		(490,109)	(363,644)
Loss on ordinary activities before taxation		(512,676)	(433,375)
Tax on loss on ordinary activities		-	-
Loss for the year before members' remuneration and profit shares		<u>(512,676)</u>	<u>(433,375)</u>

HEATH WEST LLP

BALANCE SHEET

AS AT 30 SEPTEMBER 2007

	Notes	2007 £	£	2006 £	£
Fixed assets					
Tangible assets	4	7,953,095		6,553,105	
Current assets					
Debtors	5	915,020		486,263	
		915,020		486,263	
Creditors: amounts falling due within one year	6	(8,426,488)		(6,253,743)	
Net current liabilities		(7,511,468)		(5,767,480)	
Total assets less current liabilities		441,627		785,625	
REPRESENTED BY:					
Members' other interests - Equity:					
Other reserves classified as equity	7	(946,051)		(433,375)	
Members capital	7	1,387,678		1,219,000	
		441,627		785,625	
TOTAL MEMBERS' INTERESTS					
Amounts due from members	5	(626,591)		(343,230)	
Members' other interests	7	441,627		785,625	
		(184,964)		442,395	

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 (as applied to limited liability partnerships by regulation 3 of the Limited Liability Partnerships Regulations 2001) relating to small limited liability partnerships and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Approved by the Members for issue on 28 January 2009

Mr J Stein

Designated Member

HEATH WEST LLP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2007

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

The LLP meets its day to day working capital and property construction requirements through various bank facilities. These facilities whilst normally granted for a set period of time are repayable on demand. The current economic conditions create uncertainty over the valuations of the LLP's properties and the future estimated rental income. The LLP's forecasts and projections show that continued bank support will be required for the foreseeable future. The members consider the current relationship with the bank to be very good and are not aware of any reason why renewal and on-going provision of sufficient facilities to enable the LLP to continue trading/complete its property construction projects will not be forthcoming on acceptable terms.

There can however be no certainty that the outcome of the matters discussed above will be as forecast by the members. The members believe that they will secure adequate bank funding on an on-going basis as described above. On this basis the members believe it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustment to the value of balance sheet assets, particularly the carrying value of property or the provision for further liabilities which may result should the going concern concept not be valid.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Limited Liability Partnership Statement of Recommended Practice, which have been applied consistently (except as otherwise stated).

1.3 Tangible fixed assets and depreciation

Properties in the course of construction for rental are carried at cost less any recognised impairment loss. Cost includes professional fees. These assets will be transferred to Investment Property when they are ready for their intended use.

2 Operating loss

	2007	2006
	£	£
Operating loss is stated after charging:		
Auditors' remuneration	2,500	2,500

HEATH WEST LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2007

3	Investment income	2007 £	2006 £
	Bank interest	-	410
	Other interest	83	-
		<u>83</u>	<u>410</u>

4	Tangible fixed assets	Properties in the course of construction £	Total £
	Cost		
	At 1 October 2006	6,553,105	6,553,105
	Additions	1,399,990	1,399,990
		<u>1,399,990</u>	<u>1,399,990</u>
	At 30 September 2007	<u>7,953,095</u>	<u>7,953,095</u>

5	Debtors	2007 £	2006 £
	Amounts due from members	626,591	343,230
	Other debtors	288,429	143,033
		<u>915,020</u>	<u>486,263</u>

HEATH WEST LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2007

6	Creditors: amounts falling due within one year	2007 £	2006 £
	Bank loans and overdrafts	7,941,095	6,209,290
	Trade creditors	72,471	3,951
	Other creditors	412,922	40,502
		<u>8,426,488</u>	<u>6,253,743</u>

The bank loans are secured by a fixed and floating debenture over the property, an unlimited guarantee from Mr J Stein personally and a guarantee of £1million from Central Securities Limited, a company connected through the interests of Mr J Stein.

Additionally there are three intercompany cross guarantees in place; firstly between Heath West LLP and South Ken LLP; secondly between Heath West LLP, South Ken LLP and Central Securities Limited; and thirdly between Heath West LLP, South Ken LLP and London Central & Gloucester Limited. All companies and LLPs are associated through the interests of Mr J Stein.

HEATH WEST LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2007

7 Members' interests

	Members' other interests			Loans and other debts due to/(from) members	Total	2006
	Members' capital (classified as equity)	Other reserves	Total			
	£	£	£	£	£	£
Amount due from members				(343,230)		
Members' interests at 1 October 2006	1,219,000	(433,375)	785,625	(343,230)	442,395	-
Loss for the year available for discretionary division among members	-	(512,676)	(512,676)	-	(512,676)	(433,375)
Members' interests after loss for the year	1,219,000	(946,051)	272,949	(343,230)	(70,281)	(433,375)
Capital introduced by members	168,678	-	168,678	-	168,678	1,219,000
Drawings	-	-	-	(283,361)	(283,361)	(343,230)
Members' interests at 30 September 2007	1,387,678	(946,051)	441,627	(626,591)	(184,964)	442,395
Amounts due from members, included in debtors				(626,591)		

In the event of a winding up the amounts included in "Loans and other debts due to members" will rank equally with unsecured creditors.

8 Capital commitments

2007
£

2006
£

At 30 September 2007 the limited liability partnership had capital commitments as follows:

Contracted for but not provided in the financial statements

14,000,000

-

9 Information in relation to members

2007
Number

2006
Number

The average number of members during the year was:

5

5

HEATH WEST LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2007

10 Control

The ultimate controlling party is Mr J Stein.

11 Related party transactions

Included within debtors is £256,849 (2006: £140,951) owed by Central Securities Limited, a company connected to the limited liability partnership through the interests of Mr J Stein, a designated member.

Included in creditors is £140,000 (2006: £NIL) owed to London, Central & Gloucester Limited. London, Central & Gloucester Limited is a subsidiary undertaking of Central Securities Limited and is a company in which Mr J Stein is a director.

Also included within creditors is £210,000 (2006: £NIL) owed to South Ken LLP. South Ken LLP is connected to the limited liability partnership by Mr J Stein, a designated member in both limited liability partnerships.

As security on the bank loan Mr J Stein has provided a personal guarantee.