

REGISTRAR'S
COPY

LLP Registration No. OC303621 (England and Wales)

PINTO POTTS LLP

REPORT AND ACCOUNTS

FOR THE PERIOD ENDED 31 DECEMBER 2003



PINTO POTTS LLP

LLP INFORMATION

Members	D F Pinto D S I Potts S E M Hindle I N Bradley A Leiper N J Parr
Limited liability partnership number	OC303621
Registered office	30 Camp Road Farnborough Hampshire GU14 6EW
Auditors	Haines Watts 30 Camp Road Farnborough Hampshire GU14 6EW
Business address	Manor Park Chambers 304 High Street Aldershot Hampshire GU12 4LT
Bankers	Lloyds TSB Bank plc 19/23 Obelisk Way Camberley Surrey GU15 3SE



PINTO POTTS LLP

CONTENTS

	Page
Members' report	1
Independent auditors' report	2
Profit and loss account	3
Balance sheet	4
Cash flow statement	5
Notes to the cash flow statement	6 - 7
Notes to the accounts	8 - 14

PINTO POTTS LLP

MEMBERS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2003

The members present their report and the accounts for the period ended 31 December 2003.

Principal activities

The LLP was incorporated on 23 December 2002 and began to trade on 20 January 2003. The principal activity of the LLP is that of a solicitors.

Designated members

The designated members who served the LLP during the period were as follows:

D F Pinto
D S I Potts

Transactions with members

The members participate fully in the LLP's profit and losses in accordance with agreed profit sharing arrangements.

The drawings policy is such that there shall be paid to each member drawings as agreed by the designated members. If the accounts show that a members' drawings exceed his share of the profits, then the member involved shall repay the excess together with interest.

Auditors

Haines Watts were appointed auditors to the LLP and a resolution proposing that they be re-appointed will be put to the next members' meeting.

Members' responsibilities

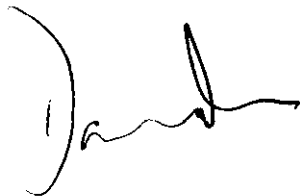
Company law requires the members to prepare accounts for each financial year which give a true and fair view of the limited liability partnership's state of affairs at the end of the period and of the profit or loss for the period then ended. In preparing those accounts, the members are required to:

- select suitable accounting policies and then apply them on a consist basis;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts 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 to enable them to ensure that the accounts comply with the Companies Act 1985 as applied to limited liability partnerships by Regulation 3 Limited Liability Partnership 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.

Approved by the members and signed on their behalf by

.....
Designated member
Dated 15/3/04



PINTO POTTS LLP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PINTO POTTS LLP

We have audited the accounts of Pinto Potts LLP on pages 3 to 14 for the period ended 31 December 2003. These accounts have been prepared under the historical cost convention and the accounting policies set out therein.

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 modified by Regulation 3 Limited Liability Partnership 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 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 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

As described in the statement of members' responsibilities on page 1 the members of the LLP are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

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

We report to you our opinion as to whether the accounts 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 Limited Liability Partnerships Regulations 2001. We also 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, or if information specified by law regarding members' remuneration and transactions with the LLP is not disclosed.

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 accounts. It also includes an assessment of the significant estimates and judgements made by the members in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2003 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985 as applied to limited liability partnerships by Regulation 3 Limited Liability Partnership Regulations 2001.

Haines Watts

Haines Watts

15 July 2004

**Registered Auditors and
Chartered Accountants**

30 Camp Road
Farnborough
Hampshire
GU14 6EW

PINTO POTTS LLP

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER 2003

	Notes	Period ended 31 December 2003 £
Turnover	2	4,201,324
Administrative expenses		(3,749,284)
Other operating income		2,029,535
Operating profit	3	2,481,575
Other interest receivable and similar income		109,098
Interest payable and similar charges	4	(16,565)
Profit on ordinary activities before members' remuneration and profit shares		2,574,108
Salaried remuneration of members	6	(131,488)
Profit for the period available for division among members		2,442,620

The profit and loss account has been prepared on the basis that all operations are continuing operations.

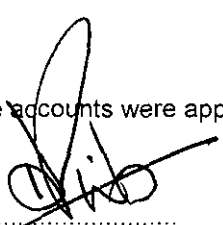
There are no recognised gains and losses other than those passing through the profit and loss account.

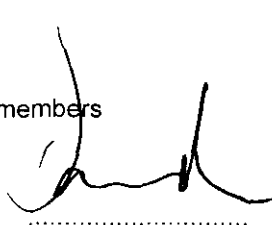
PINTO POTTS LLP

BALANCE SHEET AS AT 31 DECEMBER 2003

	Notes	2003 £	£
Fixed assets			
Intangible assets	7		3,633,333
Tangible assets	8		227,946
			<u>3,861,279</u>
Current assets			
Stocks	9	70,000	
Debtors	10	3,608,027	
			<u>3,678,027</u>
Creditors: amounts falling due within one year	11	(2,786,729)	
			<u>891,298</u>
Net current assets			<u>4,752,577</u>
Total assets less current liabilities			<u>4,752,577</u>
Creditors: amounts falling due after more than one year	12		(385,153)
Loans and other debts due to members	14		(3,051,056)
			<u>1,316,368</u>
Net assets			<u>1,316,368</u>
Members' other interests			
Members' capital			<u>1,316,368</u>
Total members' interests			
Loans and other debts due to members	13		3,051,056
Members' other interests	13		1,316,368
			<u>4,367,424</u>

The accounts were approved on 15/7/04 and signed by the members


D F Pinto
Designated Member


D S I Potts
Designated Member

PINTO POTTS LLP

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2003

		Period ended 31 December 2003 £	£
Net cash inflow/(outflow) from operating activities			1,960,235
Returns on investments and servicing of finance			
Interest received		54,809	
Interest paid		(16,565)	
Net cash inflow/(outflow) for returns on investments and servicing of finance			38,244
Capital expenditure			
Payments to acquire tangible assets		(49,425)	
Net cash outflow for capital expenditure			(49,425)
Transactions with members and former members			
Payments to members		(1,940,960)	
			(1,940,960)
Net cash inflow/(outflow) before management of liquid resources and financing			8,094
Financing			
New long term bank loan		425,000	
Repayment of long term bank loan		(5,559)	
Repayment of other long term loans		(450,000)	
Net cash inflow/(outflow) from financing			(30,559)
Increase/(decrease) in cash in the period			(22,465)

PINTO POTTS LLP

NOTES TO THE CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2003

1	Reconciliation of operating profit to net cash inflow/(outflow) from operating activities	2003
		£
	Operating profit/(loss)	2,481,575
	Depreciation of tangible assets	50,888
	Amortisation of intangible assets	366,667
	Increase in debtors	301,252
	Increase in creditors within one year	(1,240,147)
	Net cash inflow/(outflow) from operating activities	1,960,235

2	Analysis of net debt	Cash flow	Other non-cash changes	31 December 2003
		£	£	£
	Net cash:			
	Bank overdrafts	(22,465)	(10,546)	(33,011)
	Debt:			
	Debts falling due within one year	(34,289)	-	(34,289)
	Debts falling due after one year	(385,153)	-	(385,153)
		(419,442)	-	(419,442)
	Net debt	(441,907)	(10,546)	(452,453)

3	Reconciliation of net cash flow to movement in net debt	2003
		£
	Decrease in cash in the period	(22,465)
	Cash inflow from increase in debt	(419,442)
	Cash on transfer of partnership	(10,546)
	Movement in net debt in the period	(452,453)
	Opening net debt	-
	Closing net debt	(452,453)

PINTO POTTS LLP

NOTES TO THE CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2003

4 Major non-cash transactions

On the 1 February 2003 the LLP acquired the trade and net assets of the Pinto Potts Solicitors Partnership. The total consideration for the transfer of trade comprised of loan notes and members' interest accounts.

Net assets acquired

Tangible fixed assets	229,409
Stocks	70,000
Debtors	3,909,279
Cash	(10,546)
Creditors	(2,863,866)
	1,334,276
Goodwill	4,000,000
	5,334,276

Satisfied by

Members' interest introduced	1,334,276
Loan notes issued	4,000,000
	5,334,276

PINTO POTTS LLP

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 2003

1 Accounting policies

1.1 Accounting convention

The accounts are prepared under the historical cost convention and in accordance with the requirements of the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships'.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Goodwill

Acquired goodwill is written off in equal annual instalments over its useful economic life of ten years, as estimated by the members.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	33.33% reducing balance
Plant and machinery	25% reducing balance
Fixtures, fittings & equipment	15% reducing balance
Motor vehicles	25% reducing balance

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Stock and work in progress

Work in progress is valued at the lower of cost and net realisable value.

1.7 Members' remuneration

Remuneration is paid to certain members under a contract of employment and is included as an expense in the profit and loss account after arriving at 'profit for the financial year before members' remuneration and profit shares'.

In addition, the LLP agreement provides that fixed amounts, determined for each member each year, be paid to members, irrespective of the profits of the LLP. These amounts are also included within salaried remuneration of members.

A member's share in the profit or loss for the year is accounted for as an allocation of profits. Unallocated profits and losses are included within 'other reserves'.

1.8 Tax provisions

The taxation payable on profits is the liability of the members' during the period.

2 Turnover

The total turnover of the company for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

PINTO POTTS LLP

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 2003

3	Operating profit	2003
		£
	Operating profit is stated after charging:	
	Amortisation of intangible assets	366,667
	Depreciation of tangible assets	50,888
	Operating lease rentals	
	- Land and buildings	138,227
	- Other assets	77,260
	Auditors' remuneration	2,000
	and after crediting:	
	Rents receivable	19,321

4	Interest payable	2003
		£
	On bank overdrafts	250
	On bank loans not wholly repayable within 5 years	15,211
	Interest paid to clients	1,104

16,565

5 Employee information

Number of employees

The average monthly number of persons (including members with contracts of employment) employed by the LLP during the period was:

	2003
	Number
Designated Members	2
Members	4
Assistant Solicitors	10
Litigation Assistants	20
Accounts and IT	7
Administration	31

74

Employment costs

	£
Wages and salaries	1,563,233
Social security costs	161,268

1,724,501

PINTO POTTS LLP

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 2003

6 Members' share of profits

Profits are shared among the members after the end of the year in accordance with agreed profit sharing arrangements and include interest on members' funds. Members are required to make their own provision for pensions from their profit shares.

	2003 Number
Average number of members	6
	<u>£</u>
Average profit per member	407,103
	<u>£</u>
Salaried remuneration of members	£
Paid under employment contract	131,488
Paid under the terms of the LLP agreement	-
	<u>131,488</u>
	<u>£</u>
The amount of profit attributable to the member with the largest entitlement was	1,269,137
	<u>£</u>

7 Intangible fixed assets

	Goodwill £
Cost	
At 23 December 2002	-
Additions	4,000,000
	<u>4,000,000</u>
At 31 December 2003	4,000,000
Amortisation	
At 23 December 2002	-
Charge for the period	366,667
	<u>366,667</u>
At 31 December 2003	366,667
Net book value	
At 31 December 2003	3,633,333
	<u>£</u>
At 22 December 2002	-
	<u>£</u>

PINTO POTTS LLP

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 2003

8 Tangible fixed assets

	Computer equipment	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 23 December 2002	-	-	-	-	-
Additions	30,020	109,008	67,994	71,812	278,834
	<u>30,020</u>	<u>109,008</u>	<u>67,994</u>	<u>71,812</u>	<u>278,834</u>
At 31 December 2003	30,020	109,008	67,994	71,812	278,834
	<u>30,020</u>	<u>109,008</u>	<u>67,994</u>	<u>71,812</u>	<u>278,834</u>
Depreciation					
At 23 December 2002	-	-	-	-	-
Charge for the period	4,675	24,795	9,292	12,126	50,888
	<u>4,675</u>	<u>24,795</u>	<u>9,292</u>	<u>12,126</u>	<u>50,888</u>
At 31 December 2003	4,675	24,795	9,292	12,126	50,888
	<u>4,675</u>	<u>24,795</u>	<u>9,292</u>	<u>12,126</u>	<u>50,888</u>
Net book value					
At 31 December 2003	25,345	84,213	58,702	59,686	227,946
	<u>25,345</u>	<u>84,213</u>	<u>58,702</u>	<u>59,686</u>	<u>227,946</u>

9 Work in progress

2003
£

Work in progress	70,000
	<u>70,000</u>

10 Debtors

2003
£

Trade debtors	1,472,540
Client bank accounts	2,076,625
Other debtors	26,432
Prepayments and accrued income	32,430
	<u>3,608,027</u>

PINTO POTTS LLP

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 2003

11 Creditors: amounts falling due within one year	2003
	£
Bank loans and overdrafts	67,300
Trade creditors	33,080
Client bank accounts	2,076,625
Taxes and social security costs	209,816
Other creditors	27,057
Accruals and deferred income	372,851
	<u>2,786,729</u>

The bank loan and overdraft are secured by personal guarantees from the two designated members, D F Pinto and D S I Potts.

12 Creditors: amounts falling due after more than one year	2003
	£
Bank loans	<u>385,153</u>
Analysis of loans	
Not wholly repayable within five years by instalments:	419,442
	<u>419,442</u>
Included in current liabilities	(34,289)
	<u>385,153</u>
Instalments not due within five years	<u>230,522</u>
Loan maturity analysis	
In more than one year but not more than two years	35,954
In more than two years but not more than five years	118,677
In more than five years	<u>230,522</u>

The bank loan is secured by personal guarantees from the two designated members, D F Pinto and D S I Potts.

There is a loan facility of up to £1,150,000 of which £425,000 was drawn in the period. The loan is due for repayment within 10 years by instalments and interest was charged during the period at 4.75%.

PINTO POTTS LLP

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 2003

13 Members' interests

	Members' other interests			Loans and other debts due to/(from) members	Total members' interests
	Members' capital	Other reserves	Total		
	£	£	£	£	2003 £
Members' interests: balance at 23 December 2002	-	-	-	-	-
Remuneration of salaried members	-	-	-	131,488	131,488
Profit for the financial period available for division among members	-	2,442,620	2,442,620	-	2,442,620
Members' interests after profit for the period	-	2,442,620	2,442,620	131,488	2,574,108
Allocated profits	-	(2,442,620)	(2,442,620)	2,442,620	-
Introduced by members	1,334,276	-	1,334,276	4,000,000	5,334,276
Repayments of capital	(17,908)	-	(17,908)	-	(17,908)
Repayment of debt	-	-	-	(1,600,000)	(1,600,000)
Drawings	-	-	-	(1,923,052)	(1,923,052)
Members' interest at 31 December 2003	1,316,368	-	1,316,368	3,051,056	4,367,424

14 Loans and other debts due to members'

	2003 £
Loans from members	2,400,000
Amounts owed to members in respect of profits	651,056
	<u>3,051,056</u>
Due within one year	651,056
Due in more than one year	2,400,000
	<u>3,051,056</u>

PINTO POTTS LLP

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 2003

15 Financial commitments

At 31 December 2003 the LLP had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	Other
	2003	2003
	£	£
Expiry date:		
Within one year	-	1,384
Between two and five years	-	9,333
In over five years	150,000	-
	150,000	10,717

16 Related party transactions

As at 1 February 2003, the trade and net assets were transferred from a partnership which was jointly controlled by the two designated members, D F Pinto and D S I Potts, for a consideration of £5,334,276.

Rent is paid to the two designated members for the use of the business premises at £150,000 per annum. No amounts remained outstanding at the period end.