LLP Registration No. OC303621 (England and Wales)

REGISTRAR'S
COPY

PINTO POTTS LLP

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2005

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PINTO POTTS LLP

OFFICERS AND PROFESSIONAL ADVISERS

Members	D F Pinto D S I Potts S E M Hindle I N Bradley A Leiper N J Parr
Registered number	OC303621
Registered office	30 Camp Road Farnborough Hampshire GU14 6EW
Auditors	HW 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

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PINTO POTTS LLP

MEMBERS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2005

The members present their report and the accounts for the year ended 31 December 2005.

Principal activities
The principal activity of the LLP continued to be 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
HW (formerly 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

.....
DF PINTO
Designated member
Dated.....30/10/06...

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 15 for the year ended 31 December 2005. 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 applied to limited liability partnerships by Regulation 3 Limited Liability Partnership Regulations 2001). Our audit work has been undertaken so that we might state to the limited liability partnersip'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 (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the accounts 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 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.We read the Members' report and consider the implications for our report if we become aware of any apparent misstatements within

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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the limited liability partnership's affairs as at 31 December 2005 and of its result for the year 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).

HW

HW
Registered Auditors and
Chartered Accountants

30 October 2006

30 Camp Road
Farnborough
Hampshire
GU14 6EW

PINTO POTTS LLP

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	2005 £	2004 as restated £
Turnover	2	4,422,208	4,199,597
Cost of sales		(298,402)	(429,214)
Gross profit		4,123,806	3,770,383
Administrative expenses		(3,913,231)	(3,684,004)
Other operating income		2,888	19,794
Operating profit	3	213,463	106,173
Other interest receivable and similar income		54,417	70,068
Interest payable and similar charges	5	(182,019)	(110,273)
Profit on ordinary activities before *members remuneration and profit* shares		85,861	65,968
Salaried remuneration of members	7	(175,095)	(190,790)
Loss for the year available for division among members		(89,234)	(124,822)

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 2005

	Notes	2005 £	2005 £	2004 £	2004 £
Fixed assets					
Intangible assets	**8**		2,833,333		3,233,333
Tangible assets	**9**		225,724		176,098
			3,059,057		3,409,431
Current assets					
Stocks	**10**	30,001		53,134	
Debtors	**11**	5,410,677		5,470,040	
Cash at bank and in hand		*27,467*		*640*	
		5,468,145		5,523,814	
Creditors: amounts falling due within one year	**12**	(4,976,714)		(4,527,131)	
Net current assets			491,431		996,683
Total assets less current liabilities			3,550,488		4,406,114
Creditors: amounts falling due after more than one year	**13**		(956,353)		(965,195)
Loans and other debts due to members	**15**		(1,277,767)		(2,124,551)
Net assets			1,316,368		1,316,368
Members' other interests					
Members' capital			1,316,368		1,316,368
Total members' interests					
Loans and other debts due to members	**15**		1,277,767		2,124,551
Members' other interests	**14**		1,316,368		1,316,368
			2,594,135		3,440,919

The accounts were approved on 30/10/06 and signed by the members

DF PINTO
Designated Member

DS POTTS
Designated Member

PINTO POTTS LLP

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2005

	£	2005 £	£	2004 £
Net cash inflow/(outflow) from operating activities		1,007,095		(1,088,049)
Returns on investments and servicing of finance				
Interest received	54,417		70,068	
Interest paid	(182,019)		(110,273)	
Net cash (outflow)/outflow for returns on investments and servicing of finance		(127,602)		(40,205)
Capital expenditure				
Payments to acquire tangible assets	(126,734)		(5,000)	
Receipts from sales of tangible assets	-		2,477	
Net cash outflow for capital expenditure		(126,734)		(2,523)
Transactions with members and former members				
Payments to members	(932,645)		(992,473)	
		(932,645)		(992,473)
Net cash inflow/(outflow) before management of liquid resources and financing		(179,886)		(2,123,250)
Financing				
New long term bank loan	220,983		725,000	
Repayment of long term bank loan	(101,290)		1,321,850	
Net cash inflow from financing		119,693		2,046,850
Decrease in cash in the year		(60,193)		(76,400)

PINTO POTTS LLP

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2005

1	Reconciliation of operating profit to net cash inflow/(outflow) from operating activities	2005	2004
		£	£
	Operating profit	213,463	106,173
	Depreciation of tangible assets	77,108	54,371
	Amortisation of intangible assets	400,000	400,000
	Decrease in stocks	23,133	16,866
	Decrease in debtors	59,363	(1,862,013)
	Increase in creditors within one year	234,028	196,554
	Net cash inflow/(outflow) from operating activities	1,007,095	(1,088,049)

2	Analysis of net debt	1 January 2005	Cash flow	Other non-cash changes	31 December 2005
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	640	26,827	-	27,467
	Bank overdrafts	(110,051)	(87,020)	-	(197,071)
		(109,411)	(60,193)	-	(169,604)
	Debt:				
	Debts falling due within one year	(1,501,097)	(128,535)	-	(1,629,632)
	Debts falling due after one year	(965,195)	8,842	-	(956,353)
		(2,466,292)	(119,693)	-	(2,585,985)
	Net debt	(2,575,703)	(179,886)	-	(2,755,589)

3	Reconciliation of net cash flow to movement in net debt	2005	2004
		£	£
	Decrease in cash in the year	(60,193)	(76,400)
	Cash inflow from increase in debt	(119,693)	(2,046,850)
	Movement in net debt in the year	(179,886)	(2,123,250)
	Opening net debt	(2,575,703)	(452,453)
	Closing net debt	(2,755,589)	(2,575,703)

PINTO POTTS LLP

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2005

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 entity for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2005

3	**Operating profit**	**2005**	**2004**
		£	**£**
	Operating profit is stated after charging:		
	Depreciation of tangible assets	77,108	54,371
	Operating lease rentals		
	- Plant and machinery	10,307	16,528
	- Land and buildings	174,765	184,419
	Auditors' remuneration	2,000	2,000
	and after crediting:		
	Rents receivable	2,888	19,794

4	**Investment income**	**2005**	**2004**
		£	**£**
	Bank interest	41,970	47,775
	Other interest	12,447	22,293
		54,417	70,068

5	**Interest payable**	**2005**	**2004**
		£	**£**
	On bank overdrafts	15,919	43,992
	On bank loans	166,064	54,868
	Interest paid to clients	36	11,413
		182,019	110,273

6 Employee information

Number of employees

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

	2005 Number	2004 Number
Designated Members	2	2
Members	4	4
Assistant Solicitors	7	7
Litigation Assistants	14	16
Accounts and IT	4	4
Administration	40	41
	71	74

Employment costs	2005 £	2004 £
Wages and salaries	1,822,527	1,770,505
Social security costs	192,217	188,835
	2,014,744	1,959,340

7 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.

	2005 Number	2004 Number
Average number of members	6	6
	£	**£**
Average (loss)/profit per member	(14,872)	(20,804)
Salaried remuneration of members	**£**	**£**
Paid under employment contract	175,095	190,790
Paid under the terms of the LLP agreement	-	-
	175,095	190,790
The amount of (loss)/profit attributable to the member with the largest entitlement was	(72,442)	(88,264)

8 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2005 & at 31 December 2005	4,000,000
Amortisation	
At 1 January 2005	766,667
Charge for the year	400,000
At 31 December 2005	1,166,667
Net book value	
At 31 December 2005	2,833,333
At 31 December 2004	3,233,333

9 Tangible fixed assets

	Computer equipment	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2005	30,020	114,008	67,994	66,631	278,653
Additions	126,734	-	-	-	126,734
Disposals	(4,359)	(21,013)	(4,851)	(4,531)	(34,754)
At 31 December 2005	152,395	92,995	63,143	62,100	370,633
Depreciation					
At 1 January 2005	13,123	46,474	18,097	24,861	102,555
On disposals	(4,359)	(21,013)	(4,851)	(4,531)	(34,754)
Charge for the year	28,253	25,995	10,453	12,407	77,108
At 31 December 2005	37,017	51,456	23,699	32,737	144,909
Net book value					
At 31 December 2005	115,378	41,539	39,444	29,363	225,724
At 31 December 2004	16,897	67,534	49,897	41,770	176,098

10 Work in progress

	2005	2004
	£	£
Work in progress	30,001	53,134

11 Debtors

	2005	2004
	£	£
Trade debtors	268,137	296,456
Client bank accounts	2,467,421	2,188,746
Unbilled disbursements	2,567,260	2,929,180
Other debtors	29,061	84
Prepayments and accrued income	78,798	55,574
	5,410,677	5,470,040

12 Creditors: amounts falling due within one year	2005 £	2004 £
Bank loans and overdrafts	1,826,703	1,611,148
Trade creditors	24,200	22,593
Client bank accounts	2,467,421	2,188,746
Taxes and social security costs	234,720	241,669
Other creditors	44,678	368,987
Accruals and deferred income	378,992	93,988
	4,976,714	4,527,131

Bank loans of £1,629,632 (2004 : £1,501,097) are made up as follows:-

£1,493,533 (2004 : £1,407,097) which comprises many individual loan balances to fund initial disbursements and costs incured in the set up of new cases. These loans are repayable on finalisation of each case and as it is not possible to ascertain how much will be repayable in the next year, the entire amount has been classified as due within one year.

£99,120 (2004 : £94,000) loan which is secured over Manor Park Chambers, which is owned jointly between D F Pinto and D S I Potts; and

£36,979 (2004 : £nil) which along with the bank overdraft is secured by a fixed and floating charge over the assets of the LLP along with insurance policies for D F Pinto and D S I Potts.

13 Creditors: amounts falling due after more than one year	2005 £	2004 £
Bank loans	956,353	965,195
Analysis of loans		
Not wholly repayable within five years by instalments:	963,025	965,195
Wholly repayable within five years	1,622,960	1,501,097
	2,585,985	2,466,292
Included in current liabilities	(1,629,632)	(1,501,097)
	956,353	965,195
Instalments not due within five years	467,425	589,195
Loan maturity analysis		
In more than one year but not more than two years	136,099	94,000
In more than two years but not more than five years	352,829	282,000
In more than five years	467,425	589,195

The bank loans are secured by a fixed and floating charge over the assets of the LLP along with insurance policies for D F Pinto and D S I Potts, both designated members. There is also a charge over Manor Park Chambers, which is owned jointly and personally by D F Pinto and D S I Potts.

There is a loan facility of up to £1,150,000. The loan is due for repayment within 10 years by instalments and interest was charged during the period at 5.25%.

14 Members' interests

	Members' other interests					
	Members' capital	Other reserves	Total	Loans and other debts due to/(from) members	Total members' interests 2005	Total members' interests 2004
	£	£	£	£	£	£
Members' interests: balance at 1 January 2005	1,316,368	-	1,316,368	2,124,551	3,440,919	4,367,424
Remuneration of salaried members	-	-	-	175,095	175,095	190,790
Loss for the financial period available for division among members	-	(89,234)	(89,234)	-	(89,234)	(124,822)
Members' interests after loss for the period	1,316,368	(89,234)	1,227,134	2,299,646	3,526,780	4,433,392
Allocated losses	-	89,234	89,234	(89,234)	-	-
Introduced by members	-	-	-	-	-	-
Repayments of capital	-	-	-	-	-	-
Repayment of debt	-	-	-	-	-	-
Drawings	-	-	-	(932,645)	(932,645)	(992,473)
Members' interest at 31 December 2005	1,316,368	-	1,316,368	1,277,767	2,594,135	3,440,919

15 Loans and other debts due to members'

	2005	2004
	£	£
Loans from members	2,400,000	2,400,000
Amounts owed to members in respect of profits	(1,122,233)	(275,449)
	1,277,767	2,124,551
Due within one year	(1,122,233)	(275,449)
Due in more than one year	2,400,000	2,400,000
	1,277,767	2,124,551

16 Financial commitments

At 31 December 2005 the company was committed to making the following payments under non-cancellable operating leases in the year 31 December 2006:

	Land and buildings		Other	
	2005	2004	2005	2004
	£	£	£	£
Operating leases which expire:				
Within one year	-	-	209	2,296
Between two and five years	-	-	3,437	7,138
In over five years	150,000	150,000	-	-
	150,000	150,000	3,646	9,434

17 Comparatives

The comparatives in the profit and loss account have been restated as the members are of the opinion that referral fees are more accurately described as cost of sales rather than administrative expenses.

18 Related party transactions

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 year end.