

Sanctum FI LLP

Report And Financial Statements

31 March 2011

Rees Pollock
Chartered Accountants

WEDNESDAY



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COMPANIES HOUSE

INFORMATION

Designated Members	A J Mayhew J H Corn Sanctum Fixed Income Limited
Registered office	1 Oakleigh Park South London N20 9JS
Auditors	Rees Pollock 35 New Bridge Street London EC4V 6BW
Bankers	HSBC plc 88 The Broadway Muswell Hill London N10 3RX
Solicitors	Iliad Consulting LLP 18b Charles Street London W1J 5DU
LLP registered number	OC304321

MEMBERS' REPORT

for the year ended 31 March 2011

The members present their annual report together with the audited financial statements of Sanctum FI LLP (the LLP) for the year ended 31 March 2011

Principal activities

The principal activity of the LLP during the year was that of fund management. The members intend to continue to develop the business.

Pillar III disclosures

The firm has documented the disclosures required by the FSA under BIPRU 11. These are available from the registered office.

Stewardship Code

In relation to FSA 2010/57 Conduct of Business Sourcebook (Stewardship Code) Instrument 2010, it may be noted that the firm is a hedge fund manager with only one client, the Sanctum Fixed Income Fund, L.P. This fund invests only in US government bonds and US government bond derivatives. There are thus no investee companies for the firm to interact with, or shareholder value to protect, and the Code cannot therefore have any application in relation to the firm's activities as an asset manager. Sanctum will keep the position under review and should it consider expanding its range of activities it will determine whether the Code is likely to become applicable to its asset management activities and act accordingly to ensure compliance with the Code and the associated rules of the FSA or any successor regulator.

Results for the year and allocation to members

Profit for the year to 31 March 2011 available for distribution to members was £4,700,547 (15 months to 31 March 2010 £5,984,515).

Designated Members

The following were designated members during the period:

A J Mayhew
J H Corn
Sanctum Fixed Income Limited

Policy with regard to members' drawings and subscriptions and repayment of members' capital

Member's share profits and losses in accordance with agreed profit sharing agreements.

Members' capital and drawings are determined by the regulatory capital requirements of the Financial Services Authority (FSA) and any trading needs of the LLP. Members' capital is not repayable except where allowed under FSA rules.

Statement of Members' responsibilities

The members are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law, as applied to LLPs, 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). Under company law, as applied to LLPs, 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

MEMBERS' REPORT (continued)
for the year ended 31 March 2011

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the entity's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Each of the persons who is a member at the date of approval of this annual report confirms that

- so far as the member is aware, there is no relevant audit information of which the LLP's auditors are unaware, and
- the member has taken all steps that he ought to have taken as a member to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

The auditor, Rees Pollock, has indicated its willingness to continue in office. The Designated Members will propose a motion re-appointing the auditor at a meeting of the Members.

This report was approved by the members on 5 May 2011 and signed on their behalf



J H Corn
Designated member



REES POLLOCK

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SANCTUM FI LLP

We have audited the financial statements of Sanctum FI LLP for the year ended 31 March 2011, set out on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the LLP's members in accordance with the Companies Act 2006, as applied by Part 12 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 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 statement of members' responsibilities, 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 applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the LLP's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the designated members, and the overall presentation of the financial statements.

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 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom 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.

Christopher Barnett (Senior statutory auditor)
for and on behalf of
Rees Pollock

6 May 2011

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2011

	Note	Year to 31 March 2011 £	15 months to 31 March 2010 £
TURNOVER	2	6,454,261	8,059,599
Cost of sales		(999,075)	(1,241,161)
GROSS PROFIT		5,455,186	6,818,438
Administrative expenses		(758,355)	(848,057)
OPERATING PROFIT	3	4,696,831	5,970,381
Interest receivable and similar income		3,716	14,134
PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS		4,700,547	5,984,515

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the profit and loss account

The notes on pages 8 to 11 form part of these financial statements

BALANCE SHEET
as at 31 March 2011

	Note	£	2011 £	£	2010 £
CURRENT ASSETS					
Debtors	6	189,835		618,962	
Cash in hand		2,671,188		2,958,356	
		<u>2,861,023</u>		<u>3,577,318</u>	
CREDITORS: amounts falling due within one year	7	<u>(306,652)</u>		<u>(88,484)</u>	
NET CURRENT ASSETS			2,554,371		3,488,834
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,554,371</u>		<u>3,488,834</u>
REPRESENTED BY:					
Loans and other debts due to members within one year					
Other amounts			47,107		-
Equity					
Members' capital		150,000		120,000	
Other reserves		<u>2,357,264</u>		<u>3,368,834</u>	
			2,507,264		3,488,834
			<u>2,554,371</u>		<u>3,488,834</u>
TOTAL MEMBERS' INTERESTS					
Amounts due from members (included in debtors)			-		(111,908)
Loans and other debts due to members			47,107		-
Members' other interests			<u>2,507,264</u>		<u>3,488,834</u>
	9		<u>2,554,371</u>		<u>3,376,926</u>

The financial statements were approved and authorised for issue by the members and were signed on their behalf on 5 May 2011



J H Corn
Designated member

The notes on pages 8 to 11 form part of these financial statements

CASH FLOW STATEMENT
for the year ended 31 March 2011

	Note	Year to 31 March 2011 £	15 months to 31 March 2010 £
Net cash flow from operating activities	10	5,379,566	6,633,546
Returns on investments and servicing of finance	11	3,716	58,582
Net cash flow from transactions with members	11	(5,670,450)	(7,563,049)
DECREASE IN CASH IN THE YEAR		(287,168)	(870,921)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
for the year ended 31 March 2011

	Year to 31 March 2011 £	15 months to 31 March 2010 £
Decrease in cash in the year	(287,168)	(870,921)
MOVEMENT IN NET FUNDS IN THE PERIOD	(287,168)	(870,921)
Net funds at 1 April 2010	2,958,356	3,829,277
NET FUNDS AT 31 MARCH 2011	2,671,188	2,958,356

The notes on pages 8 to 11 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2011

1 ACCOUNTING POLICIES

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships"

Turnover

Turnover comprises revenue recognised by the LLP in respect of services supplied, exclusive of Value Added Tax

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

Tax provisions

The taxation payable on profits is the personal liability of the members during the year

Members' profit allocation

A members' discretionary share in the profit or loss for the year is accounted for as an allocation of profits
Any unallocated profits and losses are included within other reserves

2 TURNOVER

The turnover and operating profit for the year was derived from the LLP's principal continuing activity which was carried out wholly within the United Kingdom

3 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	Year to 31 March 2011 £	15 months to 31 March 2010 £
Auditors' remuneration	11,000	8,000
Auditors' remuneration - non-audit	9,200	4,000
Difference on foreign exchange	(28,948)	129,680
	<u> </u>	<u> </u>

4 STAFF COSTS

No staff were employed by the LLP during the year Sanctum Fixed Income Limited provides staff support to the LLP and recharges the cost of this service to the LLP (note 8)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2011

5. INFORMATION IN RELATION TO MEMBERS

	Year to 31 March 2011 Number	15 months to 31 March 2010 Number
The average number of members during the year was	<u>4</u>	<u>4</u>
	£	£
The amount of profit attributable to the member with the largest entitlement was	<u>2,465,450</u>	<u>3,188,934</u>

6 DEBTORS

	2011 £	2010 £
Other debtors	8,540	8,540
Prepayments and accrued income	181,295	498,514
Amounts due from members	-	111,908
	<u>189,835</u>	<u>618,962</u>

7 CREDITORS.

Amounts falling due within one year

	2011 £	2010 £
Trade creditors	28,391	27,330
Accruals and deferred income	278,261	61,154
	<u>306,652</u>	<u>88,484</u>

8 RELATED PARTY TRANSACTIONS

During the period the LLP was charged £630,942 (2010 £594,177) in respect of expenses incurred on its behalf by Sanctum Fixed Income Limited. The LLP and Sanctum Fixed Income Limited are under common control. At the year end an amount of £47,107 was due to (2010 £111,908 due from) Sanctum Fixed Income Limited.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2011

9 RECONCILIATION OF MEMBERS' INTERESTS

	Members' capital (classified as equity) £	Other reserves £	Total members' other interests £	Loans and debts due to members less any amounts due from members in debtors £	Total 2011 £	Total 2010 £
Amounts due to members				-		
Amounts due from members				(111,908)		
Members' interests balance at 1 April 2010	120,000	3,368,834	3,488,834	(111,908)	3,376,926	5,237,857
Profit for the year available for discretionary division among members	-	4,700,547	4,700,547	-	4,700,547	5,984,515
Members' interests after profit for the year	120,000	8,069,381	8,189,381	(111,908)	8,077,473	11,222,372
Allocated profit for period	-	(5,712,117)	(5,712,117)	5,712,117	-	-
Corporate member recharge net of drawings	-	-	-	117,348	117,348	(282,397)
Amounts withdrawn by members	-	-	-	(5,670,450)	(5,670,450)	(7,563,049)
Capital amounts introduced by members	30,000	-	30,000	-	30,000	-
Members' interests at 31 March 2011	150,000	2,357,264	2,507,264	47,107	2,554,371	3,376,926

Members' other interests rank after unsecured creditors, and loans and other debts due to members rank pari passu with unsecured creditors in the event of a winding up

The amount due to members at the year end represents amounts due to the corporate member, Sanctum Fixed Income Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2011

10 NET CASH FLOW FROM OPERATING ACTIVITIES

	Year to 31 March 2011 £	15 months to 31 March 2010 £
Operating profit	4,696,831	5,970,381
Decrease in debtors	317,219	997,055
Increase/(decrease) in creditors	365,516	(333,890)
Net cash inflow from operating activities	5,379,566	6,633,546

11 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	Year to 31 March 2011 £	15 months to 31 March 2010 £
Returns on investments and servicing of finance		
Interest received	3,716	58,582
Transactions with members		
Payments to members	(5,670,450)	(7,563,049)

12 ANALYSIS OF CHANGES IN NET FUNDS

	1 April 2010 £	Cash flow £	31 March 2011 £
Cash at bank and in hand	2,958,356	(287,168)	2,671,188
Net funds	2,958,356	(287,168)	2,671,188