

REGISTRAR OF COMPANIES

SilverStreet Capital LLP

Financial statements

Year ended 31 March 2011

Registration Number
OC325502 (England and Wales)

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COMPANIES HOUSE

Designated Members	A Da Costa G Vaughan-Smith SilverStreet Capital Management Limited
Registered office	20-22 Bedford Row London WC1R 4JS
Registered number	OC325502 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Banker	Coutts and Co 440 Strand London WC2R 0QS

Contents

Reports

Members' report	1
Independent auditor's report	3

Financial statements

Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Principal accounting policies	8
Notes to the financial statements	10

Unaudited information

Pillar 3 disclosures	
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Members' report 31 March 2011

The members present their annual report and the audited financial statements for the year ended 31 March 2011

Principal activity

The principal activity of SilverStreet Capital LLP (the "LLP") is the provision of investment advisory and management services

Business review and future developments

The LLP was authorised by the UK Financial Services Authority on 2 April 2007

During the forthcoming year the members expect the LLP to continue providing investment management services. The LLP remains active in identifying and developing new sources of revenue. The members therefore forecast future profitability.

The profit for the year is shown in the profit and loss account on page 5

Members and drawings

Designated members during the year and up to the date of this report were

Gary Vaughan-Smith
Alexander Da Costa
SilverStreet Capital Management Limited

All designated members served throughout the year

SilverStreet Capital Management Limited is the controlling party

Policy for members' profits, bonuses, drawings, subscriptions and repayment of members' capital

Policies for members' profits, drawings, bonuses, and transfers from equity to debt, subscriptions and repayment of members' capital are governed by the Limited Liability Partnership Agreement dated 27 March 2007. In summary, the Managing Member determines the capital contribution to be made by each member which shall be repayable only on winding-up. The Managing Member has discretion to determine the level of each member's drawings, except that the Managing Member is entitled to withdraw such amounts as required to discharge expenses which have not otherwise been reimbursed.

Statement of members' responsibilities

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

Legislation applicable to limited liability partnerships 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 to 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 year. In preparing the financial statements the members are required to

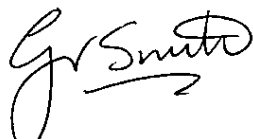
Statement of members responsibilities (continued)

- ◆ select suitable accounting policies and then apply them consistently
- ◆ make judgements and estimates that are reasonable and prudent
- ◆ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- ◆ prepare the financial statements on a going concern basis unless it is inappropriate to presume that the LLP will continue in business

The members are responsible for keeping proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the LLP and that enable them to ensure that financial statements comply with the Companies Act 2006 as modified by the Limited Liability Partnerships Regulations 2008. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

The responsibilities are exercised by the designated members on behalf of the members.

This report was approved and signed by



G Vaughan-Smith

on behalf of

SilverStreet Capital Management Limited, Designated Member

Date 22nd July 2011

Independent auditor's report to the members of SilverStreet Capital LLP

We have audited the financial statements of SilverStreet Capital LLP for the year ended 31 March 2011, which comprise the profit and loss account, the balance sheet, the cash flow statement, the principal accounting policies and the related notes. 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, as a body, in accordance with Chapter 3 of Part 16 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. 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 audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditors

As explained more fully in the statement of members' responsibilities set out on pages 1 and 2, 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 (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.

Opinion on financial statements

In our opinion financial statements

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 March and of its loss 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.

Emphasis of matter

Included in the balance sheet of the LLP is £341,180 of amounts due from members. The amounts are repayable from future profits of the LLP. In forming our opinion we have considered the adequacy of disclosures made in the financial statements concerning the recoverability of amounts due from members. For the reasons disclosed in note 5, the designated members consider that the recoverability of the amounts is not considered doubtful. However, until the LLP earns sufficient profits to allocate against members' drawings, the recoverability of these amounts remains subject to a significant uncertainty. Our opinion is not qualified in this respect.

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



Mark Farmar, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

27 July 2011

Profit and loss account Year to 31 March 2011

	Notes	2011 £	2010 £
Turnover		206,785	296,527
Administrative expenses		(212,937)	(246,126)
Operating (loss)/profit	1	(6,152)	50,401
Interest receivable and similar income		17	37
(Loss)/profit for the financial period before members' remuneration and profit shares, available for division among members	2	(6,135)	50,438

There are no recognised gains and losses in the period other than disclosed in the profit and loss account above

All activities related to continuing operations

There is no difference between the retained loss for the financial period available for discretionary division among members and their historical cost equivalents

The notes on pages 8 to 12 form part of these financial statements

Balance sheet 31 March 2011

	Notes	2011 £	2011 £	2010 £	2010 £
Current assets					
Amounts due from members	5	341,180		327,848	
Debtors	3	17,488		85,508	
Cash at bank and in hand		14,763		16,120	
		<u>373,431</u>		<u>429,476</u>	
Current liabilities					
Creditors amounts falling due within one year	4	<u>(2,620)</u>		<u>(35,691)</u>	
Net current assets			<u>370,811</u>		<u>393,785</u>
Net assets attributable to members			<u>370,811</u>		<u>393,785</u>
Represented by:					
Loans and other debts due to members within one year			51,615		43,552
Members' other interests					
Members' capital classified as equity	5	325,331		299,795	
Members' other interests – other interests classified as equity	5	<u>(6,135)</u>		<u>50,438</u>	
		<u>370,811</u>		<u>393,785</u>	
Total members' interests					
Amounts due from members	5	(341,180)		(327,848)	
Loans and other debts due to members		51,615		43,552	
Members' other interests	5	<u>319,196</u>		<u>350,233</u>	
		<u>29,631</u>		<u>65,937</u>	

The financial statements were approved by the Members on 22nd July 2011 and signed on their behalf by



G Vaughan-Smith
on behalf of

SilverStreet Capital Management Limited, Designated Member

SilverStreet Capital LLP

Registration number: OC325502 (England and Wales)

The notes on pages 8 to 12 form part of these financial statements

Cash flow statement Year to 31 March 2011

	Notes	2011 £	2011 £	2010 £	2010 £
Net cash inflow from operating activities	6		28,796		9,393
Return on investments and servicing of finance					
Interest received		<u>17</u>	<u>17</u>	<u>37</u>	<u>37</u>
Transactions with members and former members					
Capital contribution by members		25,536		822	
Drawings paid to members		<u>(55,706)</u>	<u>(30,170)</u>	<u>(35,024)</u>	<u>(34,202)</u>
Decrease in cash in the year			(1,357)		(24,772)

Reconciliation of net cash flow to movement in net funds

	Notes	2011 £	2010 £
Decrease in cash in the year		(1,357)	(24,772)
Movement in net funds in the year	7	(1,357)	(24,772)
Net funds at beginning of the year	7	16,120	40,892
Net funds at end of the year	7	14,763	16,120

The notes on pages 8 to 12 form part of these financial statements

Principal accounting policies 31 March 2011

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards, and in accordance with applicable law and the requirements of the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' (SORP) issued in March 2010

The principal accounting policies have remained unchanged from the previous year and are set out below

Going concern

As at 31 March 2011, the LLP made a loss of £6,135 and had net assets of £370,811. At the balance sheet date, £341,180 of net assets related to amounts due from individual members. These amounts are recoverable from future profits. The members are confident that future profits will be generated to allow the recoverability of the amounts due from members. The members have also confirmed that they currently intend to support the business financially for the foreseeable future to ensure that it continues as a going concern and therefore, consider it appropriate to prepare the financial statements on a going concern basis.

Turnover

Turnover comprises investment advisory, management and service fees. Fees are accounted for in the profit and loss account on an accruals basis exclusive of value added tax.

Expenses

Expenses relate to costs incurred by the LLP in relation to the administration and business of the LLP and are recognised on an accruals basis.

Taxation

The taxation payable on the partnership profits is the personal liability of the members and consequently neither taxation nor related deferred taxation are accounted for in the financial statements. Amounts retained for tax are treated in the same way as other profits of the partnership and are included in "Members' interests" or in "Loans and other debts due to members" depending on whether or not divisions of profits occurred.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of transaction. Assets and liabilities denominated in foreign currency are translated at the rates ruling at the balance sheet date. Exchange differences are taken into the profit and loss account.

Cash flow statement

For the purposes of the cash flow statement only, cash comprises cash in hand and overnight deposits, net of the amount of any overdrafts

Members' remuneration and interests

Members' rights to participate in the profits or losses, or assets of the LLP are analysed between those that give rise to, from the LLP's perspective, either a financial liability or equity, in accordance with FRS 25, 'Financial Instruments Disclosure and Presentation' ("FRS 25")

Members' remuneration

Non-discretionary amounts becoming due to members in respect of participation rights in the profits of the LLP for an accounting period that give rise to liabilities are presented as an expense within the profit and loss account (within the heading Members' remuneration charged as an expense)

Amounts becoming due to members in respect of equity participation rights, following a discretionary division of profits, are debited directly to equity in the accounting period in which the division occurs

Members' interests

Members' capital is accounted for in accordance with FRS 25. Where the LLP has a contractual obligation to deliver cash or another financial asset to the member, the capital is treated as debt. Where the LLP has an unconditional right to avoid delivering cash or other financial assets to a member in respect of such amounts (i.e. repayment of the member's capital is discretionary) it is treated as equity.

Notes to the financial statements 31 March 2011

1. Operating profit

Operating profit is stated after charging

	2011 £	2010 £
Management charge paid to the managing member, SilverStreet Capital Management Limited (see note 11 on related party transactions)	209,606	241,714
Fees payable to the LLP's auditor for the audit of the annual financial statements, included in the management charge from the managing member	9,000	6,300
Fees payable to the LLP's auditor and its associates for other services, included in the management charge from the managing member		
- other services relating to taxation	—	—
- other services	1,000	788
Foreign exchange differences	2,140	—

Audit fees are met by SilverStreet Capital Management Limited, in accordance with the service company agreement between SilverStreet Capital LLP and SilverStreet Capital Management Limited

2. Average number of members

	2011	2010
Average number of members	3	3

3. Debtors

	2011 £	2010 £
Trade debtors	—	59,925
Other debtors	1,395	—
Prepayments and accrued income	16,093	25,583
	17,488	85,508

4. Creditors: amounts falling due within one year

	2011 £	2010 £
Trade creditors	2,620	—
Accruals and deferred income	—	24,826
Social security and other taxes	—	10,865
	2,620	35,691

5. Reconciliation of movements in members' interests

	Members' other interests			Loans and other debts due to/(from) members £	2011 Total members' interests £	2010 Total members' interests £
	Members' capital - classified as equity £	Other reserves £	Total £			
Amounts due to members				43,552		
Amounts due from members				(327,848)		
Balance at 1 April 2010	299,795	50,438	350,233	(284,296)	65,937	49,701
(Loss)/profit for the financial year available for discretionary division among members	—	(6,135)	(6,135)	—	(6,135)	50,438
Members' interests after loss for the year	299,795	—	345,148	(284,296)	60,852	100,139
Other divisions of profit	—	(50,438)	(50,438)	50,438	—	—
Introduced by members	25,536	—	25,536	—	25,536	38,822
Repayments of capital	—	—	—	—	—	(38,000)
Drawings	—	—	—	(63,770)	—	(69,397)
Other movements	—	—	—	8,064	—	34,373
Amounts due to members				51,615		
Amounts due from members				(341,180)		
Balance at 31 March 2011	325,331	(6,135)	319,196	(289,565)	29,631	65,937

Amounts due to members have been subordinated to the claims of other creditors in a winding up of the LLP

Amounts due from members are primarily in respect of drawings made in anticipation of the current year profits

The recoverability of amounts due from members is dependent on the generation of future profits by the LLP. The Designated Members believe that the LLP will be able to generate sufficient profits in the future to ensure the recoverability of balances due from members

6. Reconciliation of operating profit to net cash inflow from operating activities

	2011 £	2010 £
Operating (loss)/profit	(6,152)	50,401
Decrease/(increase) in debtors	67,209	(76,138)
(Decrease)/increase in creditors	(33,071)	35,130
Foreign exchange differences	810	—
Net cash inflow from operating activities	28,796	9,393

Notes to the financial statements 31 March 2011

7. Analysis of changes in net funds

	At 1 April 2010 £	Cash (outflow) £	At 31 March 2011 £
Cash at bank and in hand	16,120	(1,357)	14,763
Net cash	16,120	(1,357)	14,763

8. Contingent liabilities

There were no contingent liabilities at 31 March 2011 or 31 March 2010

9. Capital commitments

The LLP had no capital commitments at 31 March 2011 or 31 March 2010

10. Control

SilverStreet Capital Management Limited, the LLP's immediate parent undertaking, is the smallest and largest group to consolidate the financial statements of the LLP. The ultimate controlling party of the LLP is G Vaughan-Smith.

11. Related party transactions

During the year SilverStreet Capital LLP ("the LLP") paid management charges to its corporate member, SilverStreet Capital Management Limited, of £209,606 (2010 £241,714) in respect of expenses incurred on behalf of the LLP.

During the year, the LLP earned advisory fees on behalf of a member's SIPP, G Vaughan-Smith, of £35,000 (2010 £35,000). The balance as at the year end was outstanding in full.

Pillar 3 disclosures

The Capital Requirements Directive ('the Directive') of the European Union establishes a revised regulatory capital framework across Europe governing the amount and nature of capital credit institutions and investment firms must maintain. In the United Kingdom, the Directive has been implemented by the Financial Services Authority ('FSA') in its regulations through the General Prudential Sourcebook ('GENPRU') and the Prudential Sourcebook for Banks, Building Societies and Investment Firms ('BIPRU')

The FSA framework consists of three 'Pillars'

- ◆ Pillar 1 sets out the minimum capital amount that meets the firm's credit, market and operational risk,
- ◆ Pillar 2 requires the firm to assess whether its Pillar 1 capital is adequate to meet its risks and is subject to annual review by the FSA, and
- ◆ Pillar 3 requires disclosure of specified information about the underlying risk management controls and capital position

The rules in BIPRU 11 set out the provision for Pillar 3 disclosure. This part of the report is designed to meet the Pillar 3 obligations of Silver Street capital LLP.

The members are permitted to omit required disclosures if they believe that the information is immaterial and that omission would not be likely to change or influence the decision of a reader relying on that information.

In addition, the members may omit required disclosures where they believe that the information is regarded as proprietary or confidential. In the view of the members, proprietary information is that which, if it were shared, would undermine their competitive position. Information is considered to be confidential where there are obligations binding them to confidentiality with their customers, suppliers and counterparties.

The members made no omissions on the grounds that it is immaterial, proprietary or confidential.

Scope and application of the requirements

SilverStreet Capital LLP ("the Firm") is authorised and regulated by the Financial Services Authority and as such is subject to minimum regulatory capital requirements. The Firm is categorised as a limited licence firm by the FSA for capital purposes. It is an investment management firm and as such has no trading book exposures.

The Firm is a member of a group and so is required to prepare consolidated reporting for prudential purposes.

Notes to the financial statements 31 March 2011

Risk management

The Firm is governed by its members ("Principals") who determine its business strategy and risk appetite. They are also responsible for establishing and maintaining the Firm's governance arrangements along with designing and implementing a risk management framework that recognises the risks that the business faces.

The Principals also determine how the risks the business faces may be mitigated and assess on an ongoing basis the arrangements to manage those risks. The Principals meet on a regular basis and discuss current projections for profitability, cash flow, regulatory capital management, and business planning and risk management. The Principals manage the Firm's business risks through a framework of policy and procedures having regard to relevant laws, standards, principles and rules (including FSA principles and rules) with the aim to operate a defined and transparent risk management framework. These policies and procedures are updated as required.

The Principals have identified that business, operational, market and credit risks are the main areas of risk to which the Firm is exposed. Annually the Principals formally review their risks, controls and other risk mitigation arrangements and assess their effectiveness. Where the Principals identify material risks they consider the financial impact of these risks as part of their business planning and capital management and conclude whether the amount of regulatory capital is adequate.

Regulatory capital

The Firm is a Limited Liability Partnership and its capital arrangements are established in its Partnership Agreement. Its capital at 31st March 2011 is summarised as follows:

Members	£
Members' capital	325,331
Other reserves	(6,135)
Total	319,196

Notes to the financial statements 31 March 2011

Regulatory capital (continued)

The main features of the Firm's capital resources for regulatory purposes are as follows

Capital item	£
Tier 1 capital less innovative tier 1 capital	319,196
Total tier 2, innovative tier 1 and tier 3 capital	–
Deductions from tier 1 and tier 2 capital	–
Total capital resources, net of deductions	319,196

The Firm is small with a simple operational infrastructure. Its market risk is limited to foreign exchange risk on its accounts receivable in foreign currency, and credit risk from management and performance fees receivable from the funds under its management. The Firm follows the standardised approach to market risk and the simplified standard approach to credit risk. The Firm is subject to the Fixed Overhead Requirement and is not required to calculate an operational risk capital charge though it considers this as part of its process to identify the level of risk based capital required.

As discussed above the firm is a limited licence firm and as such its capital requirements are the greater of

- ◆ Its base capital requirement of €50,000, or
- ◆ The sum of its market and credit risk requirements, or
- ◆ Its Fixed Overhead Requirement

It is the Firm's experience that the sum of capital requirements for market risk and credit risk exceed the fixed overhead requirement and determines the capital requirement.