

# REGISTRAR OF COMPANIES

## SilverStreet Capital LLP

### Financial statements

31 March 2012

Registration Number  
OC325502 (England and Wales)

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30/11/2012

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COMPANIES HOUSE

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|---------------------------|------------------------------------------------------------|
| <b>Designated members</b> | G Vaughan-Smith<br>SilverStreet Capital Management Limited |
| <b>Registered office</b>  | 20-22 Bedford Row<br>London<br>WC1R 4JS                    |
| <b>Registered number</b>  | OC325502 (England and Wales)                               |
| <b>Auditor</b>            | Buzzacott LLP<br>130 Wood Street<br>London<br>EC2V 6DL     |
| <b>Banker</b>             | Coutts and Co<br>440 Strand<br>London<br>WC2R 0QS          |

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## **Members' report** 31 March 2012

The members present their annual report and the audited financial statements for the year ended 31 March 2012

### **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 advisory services to SilverStreet Management S à r l

This advice is related to SilverStreet Private Equity Strategies SICAR – Silverlands Fund, a private equity fund based in Luxembourg (the 'Silverlands Fund')

The Silverlands Fund was launched on 26th July 2011 and has an expected 10 year life. At the time of writing the fund has Commitments of over \$200m from over 10 investors, exceeding the initial target of \$100m. These investors are mostly institutional investors based in Europe and the US, plus 3 European government funds.

The high quality and unleveraged nature of these investors creates significant certainty for the fund and its investments, especially comforting given the significant issues on the financial sector globally. The fund invests into the agricultural sector in Sub-Saharan Africa.

The successful launch of the fund has had a material impact on the LLP and its longer-term prospects. The long term commitment by investors, needed because of the nature of the investments, implies a predictable revenue stream for several years into the future. This predictability frees the team to focus fully on advice in respect of the fund and we are very excited by the opportunities in Africa.

The profit in the year is shown on the Profit & Loss account on page 6.

### **Members and drawings**

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

G Vaughan-Smith

A Da Costa (resigned 31 March 2012)

SilverStreet Capital Management Limited

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). Under that law 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 year.

In preparing the financial statements the members are required to

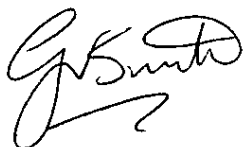
- ◆ select suitable accounting policies and then apply them consistently,
- ◆ make judgements and estimates that are reasonable and prudent,
- ◆ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- ◆ 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 adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and that enable them to ensure that the 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 the prevention and detection of fraud and other irregularities.

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

**Members' report** 31 March 2012

This report was approved and signed by

A handwritten signature in black ink, appearing to read 'G Vaughan-Smith', with a stylized, cursive script.

G Vaughan-Smith  
Designated Member

Date 12 July 2012

## **Independent auditor's report 31 March 2012**

### **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 2012, 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 page 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](http://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 2012 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.

## **Independent auditor's report** 31 March 2012

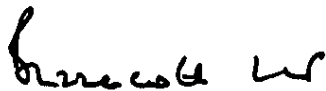
### **Emphasis of matter**

Included in the balance sheet of the LLP is £309,997 of amounts due from members. The amounts are repayable from future profits of the LLP. In forming our opinion we have reviewed 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 doubtful. However, until the LLP earns sufficient profits which have been allocated against individual members' drawings, the recoverability of these amounts remains subject to 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

18 July 2012

**Profit and loss account** Year ended 31 March 2012

|                                                                                            | Notes | 2012<br>£          | 2011<br>£ |
|--------------------------------------------------------------------------------------------|-------|--------------------|-----------|
| <b>Turnover</b>                                                                            |       | <b>2,092,482</b>   | 206,785   |
| Administrative expenses                                                                    |       | <b>(1,356,794)</b> | (212,937) |
| <b>Operating profit/(loss)</b>                                                             | 1     | <b>735,688</b>     | (6,152)   |
| Interest receivable and similar income                                                     |       | <b>29</b>          | 17        |
| <b>Profit/(loss) for the financial year before members' remuneration and profit shares</b> |       | <b>735,717</b>     | (6,135)   |
| <b>Members' remuneration charged as an expense</b>                                         | 5     | <b>(17,292)</b>    | —         |
| <b>Profit/(loss) for the financial year for discretionary division among members</b>       |       | <b>718,425</b>     | (6,135)   |

There are no recognised gains and losses in the year 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 9 to 13 form an integral part of these financial statements

# **Balance sheet** 31 March 2012

|                                                                 | Notes | 2012<br>£      | 2012<br>£      | 2011<br>£      | 2011<br>£      |
|-----------------------------------------------------------------|-------|----------------|----------------|----------------|----------------|
| <b>Current assets</b>                                           |       |                |                |                |                |
| Amounts due from members                                        | 5     | 309,997        |                | 341,180        |                |
| Debtors                                                         | 3     | 24,597         |                | 17,488         |                |
| Cash at bank and in hand                                        |       | 605,984        |                | 14,763         |                |
|                                                                 |       | <u>940,578</u> |                | <u>373,431</u> |                |
| <b>Current liabilities</b>                                      |       |                |                |                |                |
| <b>Creditors</b> amounts falling due within one year            | 4     | (143,493)      |                | (2,620)        |                |
| Net current assets                                              |       |                | <u>797,085</u> |                | <u>370,811</u> |
| <b>Net assets attributable to members</b>                       |       |                | <u>797,085</u> |                | <u>370,811</u> |
| <b>Represented by</b>                                           |       |                |                |                |                |
| Loans and other debts due to members within one year            | 5     |                | 471,754        |                | 51,615         |
| <b>Members' other interests</b>                                 |       |                |                |                |                |
| Members' capital classified as equity                           | 5     |                | 325,331        |                | 325,331        |
| Members' other interests – other interests classified as equity | 5     |                | —              |                | (6,135)        |
|                                                                 |       |                | <u>797,085</u> |                | <u>370,811</u> |
| <b>Total members' interests</b>                                 |       |                |                |                |                |
| Amounts due from members                                        | 5     |                | (309,997)      |                | (341,180)      |
| Loans and other debts due to members                            |       |                | 471,754        |                | 51,615         |
| Members' other interests                                        | 5     |                | 325,331        |                | 319,196        |
|                                                                 |       |                | <u>487,088</u> |                | <u>29,631</u>  |

The financial statements were approved by the Members on 12 July 2012 and signed on their behalf by

  
 G. Vaughan-Smith  
 Designated Member

**SilverStreet Capital LLP**

**Registration number: OC325502 (England and Wales)**

The notes on pages 9 to 13 form an integral part of these financial statements

## Cash flow statement Year to 31 March 2012

|                                                       | Notes | 2012<br>£        | 2012<br>£        | 2011<br>£       | 2011<br>£       |
|-------------------------------------------------------|-------|------------------|------------------|-----------------|-----------------|
| <b>Net cash inflow from operating activities</b>      | 6     |                  | <b>869,452</b>   |                 | <b>28,796</b>   |
| <b>Return on investments and servicing of finance</b> |       |                  |                  |                 |                 |
| Interest received                                     |       | <b>29</b>        |                  | <b>17</b>       |                 |
|                                                       |       |                  | <b>29</b>        |                 | <b>17</b>       |
| <b>Transactions with members and former members</b>   |       |                  |                  |                 |                 |
| Capital contribution by members                       |       | —                |                  | 25,536          |                 |
| Other movements                                       |       | <b>144,766</b>   |                  | —               |                 |
| Drawings paid to members                              |       | <b>(423,026)</b> |                  | <b>(55,706)</b> |                 |
|                                                       |       |                  | <b>(278,260)</b> |                 | <b>(30,170)</b> |
| <b>Increase/(decrease) in cash in the year</b>        |       |                  | <b>591,221</b>   |                 | <b>(1,357)</b>  |

### Reconciliation of net cash flow to movement in net funds

|                                         | Notes | 2012<br>£      | 2011<br>£      |
|-----------------------------------------|-------|----------------|----------------|
| Increase/(decrease) in cash in the year |       | <b>591,221</b> | <b>(1,357)</b> |
| Movement in net funds in the year       | 7     | <b>591,221</b> | <b>(1,357)</b> |
| Net funds at beginning of the year      | 7     | <b>14,763</b>  | 16,120         |
| Net funds at end of the year            | 7     | <b>605,984</b> | <b>14,763</b>  |

The notes on pages 9 to 13 form an integral part of these financial statements

## **Principal accounting policies 31 March 2012**

### **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

### **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 2012

### 1 Operating profit/(loss)

Operating profit/(loss) is stated after charging

|                                                                                                                                                | 2012<br>£ | 2011<br>£ |
|------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------|
| Management charge paid to the managing member, SilverStreet Capital Management Limited (see note 11 on related party transactions)             | 1,122,979 | 209,606   |
| Fees payable to the LLP's auditor for the audit of the annual financial statements, included in the management charge from the managing member | 9,500     | 9,000     |
| 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                                                                                                                               | 1,800     | 1,000     |
| Foreign exchange differences                                                                                                                   | (1,374)   | 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

|                           | 2012 | 2011 |
|---------------------------|------|------|
| Average number of members | 5    | 3    |

### 3 Debtors

|                                | 2012<br>£ | 2011<br>£ |
|--------------------------------|-----------|-----------|
| Trade debtors                  | —         | —         |
| Other debtors                  | 1,395     | 1,395     |
| Prepayments and accrued income | 23,202    | 16,093    |
|                                | 24,597    | 17,488    |

### 4. Creditors, amounts falling due within one year

|                              | 2012<br>£ | 2011<br>£ |
|------------------------------|-----------|-----------|
| Trade creditors              | 129       | 2,620     |
| Accruals and deferred income | 136,419   | —         |
| Other creditors              | 6,945     | —         |
|                              | 143,493   | 2,620     |

## Notes to the financial statements 31 March 2012

### 5. Reconciliation of movements in members' interests

|                                                                                         | Members' other interests                     |                     |                  | Loans and other debts due to/(from) members<br>£ | 2012<br>Total<br>members' interests<br>£ | 2011<br>Total<br>members' interests<br>£ |
|-----------------------------------------------------------------------------------------|----------------------------------------------|---------------------|------------------|--------------------------------------------------|------------------------------------------|------------------------------------------|
|                                                                                         | Members' capital - classified as equity<br>£ | Other reserves<br>£ | Total<br>£       |                                                  |                                          |                                          |
| Amounts due to members                                                                  |                                              |                     |                  | 51,615                                           |                                          |                                          |
| Amounts due from members                                                                |                                              |                     |                  | (341,180)                                        |                                          |                                          |
| <b>Balance at 1 April 2011</b>                                                          | <b>325,331</b>                               | <b>(6,135)</b>      | <b>319,196</b>   | <b>(289,565)</b>                                 | <b>29,631</b>                            | <b>65,937</b>                            |
| Members' remuneration charged as an expense                                             | —                                            | —                   | —                | 17,292                                           | <b>17,292</b>                            | —                                        |
| Profit/(loss) for the financial year available for discretionary division among members | —                                            | 718,425             | 718,425          | —                                                | <b>718,425</b>                           | (6,135)                                  |
| <b>Members' interests after profit for the year</b>                                     | <b>325,331</b>                               | <b>712,290</b>      | <b>1,037,621</b> | <b>(272,273)</b>                                 | <b>765,348</b>                           | <b>60,852</b>                            |
| Other divisions of profits                                                              | —                                            | (712,290)           | (712,290)        | 712,290                                          | —                                        | —                                        |
| Introduced by members                                                                   | —                                            | —                   | —                | —                                                | —                                        | 25,536                                   |
| Repayments of capital                                                                   | —                                            | —                   | —                | —                                                | —                                        | —                                        |
| Drawings                                                                                | —                                            | —                   | —                | (423,026)                                        | <b>(423,026)</b>                         | —                                        |
| Other movements                                                                         | —                                            | —                   | —                | 144,766                                          | <b>144,766</b>                           | —                                        |
| Amounts due to members                                                                  |                                              |                     |                  | 471,754                                          |                                          |                                          |
| Amounts due from members                                                                |                                              |                     |                  | (309,997)                                        |                                          |                                          |
| <b>Balance at 31 March 2012</b>                                                         | <b>325,331</b>                               | <b>—</b>            | <b>325,331</b>   | <b>161,757</b>                                   | <b>487,088</b>                           | <b>29,631</b>                            |

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 members' allocation of future profits

The recoverability of amounts due from members is dependent on the generation of future profits by the LLP. The designated members are confident that the LLP will 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

|                                                  | 2012<br>£      | 2011<br>£     |
|--------------------------------------------------|----------------|---------------|
| Operating profit/(loss)                          | <b>735,688</b> | (6,152)       |
| (Increase)/decrease in debtors                   | <b>(7,109)</b> | 67,209        |
| Increase/(decrease) in creditors                 | <b>140,873</b> | (33,071)      |
| Foreign exchange differences                     | —              | 810           |
| <b>Net cash inflow from operating activities</b> | <b>869,452</b> | <b>28,796</b> |

## Notes to the financial statements 31 March 2012

### 7. Analysis of changes in net funds

|                          | At 1<br>April<br>2011<br>£ | Cash<br>(outflow)<br>£ | At 31<br>March<br>2012<br>£ |
|--------------------------|----------------------------|------------------------|-----------------------------|
| Cash at bank and in hand | 14,763                     | 591,221                | 605,984                     |
| Net cash                 | 14,763                     | 591,221                | 605,984                     |

### 8. Contingent liabilities

There were no contingent liabilities at 31 March 2012 or 31 March 2011

### 9. Capital commitments

The LLP had no capital commitments at 31 March 2012 or 31 March 2011

### 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 Mr 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 £1,122,979 (2011 £209,606) in respect of expenses incurred on behalf of the LLP. At the year end, £215,826 (2011 £50,566) was owed to SilverStreet Capital Management Limited.

During the year, the LLP earned advisory fees charged to a member's SIPP, Mr G Vaughan-Smith, of £nil (2011 £35,000).

During the year, the LLP earned advisory fees charged to SilverStreet Management S à r l of £2,040,812 (2011 £28,676). At the year end, £nil (2011 £nil) was owed to the LLP.

SilverStreet Management S à r l is a related party by virtue of Mr G Vaughan-Smith being a member of key management of SilverStreet Management S à r l.

## Unaudited information – Pillar 3 disclosures

This page does not form part of the statutory financial statements

### 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 SilverStreet 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

## Unaudited information – Pillar 3 disclosures

This page does not form part of the statutory financial statements

### 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 of operating 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 31 March 2012 is summarised as follows:

| Members          | £       |
|------------------|---------|
| Members’ capital | 325,331 |
| Other reserves   | (6,135) |
| Total            | 319,196 |

## Unaudited information – Pillar 3 disclosures

This page does not form part of the statutory financial statements

### 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.