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Partnership Incorporations Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 30 June 2010

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PARTNERSHIP INCORPORATIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2010

Company Registration Number 03011126

Partnership Incorporations Limited
ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 30 June 2010

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Partnership Incorporations Limited
OFFICERS AND PROFESSIONAL SERVICE PROVIDERS
For the year ended 30 June 2010

COMPANY REGISTRATION NUMBER

03011126

THE BOARD OF DIRECTORS

J Sullivan
S Webber
J Trustram Eve (resigned 15 April 2010)
A Zaidi (appointed 18 March 2010)

COMPANY SECRETARY

Edward Williamson (resigned 22 July 2010)
Sally King (appointed 22 July 2010)

REGISTERED OFFICE

5th Floor
64 North Row
London
W1K 7DA

INDEPENDENT AUDITORS

Kinetic Partners Audit LLP
Registered Auditor
One London Wall
Level 10
London
EC2Y 5HB

Partnership Incorporations Limited
THE DIRECTORS' REPORT
For the year ended 30 June 2010

The Directors present their report and the financial statements of Partnership Incorporations Limited (the "Company") for the year ended 30 June 2010

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the Company during the year was establishing and operating collective investment schemes

The trading result for the year shows turnover has decreased from £2,012,511 for the year ended 30 June 2009 to £1,826,891 for the year ended 30 June 2010. However during the year the cost of sales and operating expenses fell to £1,425,151 (2009 £2,707,547), resulting in an operating profit for the year ended 30 June 2010 of £401,740 (2009 operating loss of £695,036). This reflects the positive outcome of the Company's restructuring undertaken in the prior period.

The Directors continue to maintain strict cost control and consider all strategic corporate options available to the Company going forwards.

RESULTS AND DIVIDENDS

The profit from ordinary activities before taxation for the year ended 30 June 2010 amounted to £351,117 (2009 loss of £693,146).

No dividends will be distributed for the year ended 30 June 2010 (2009 £nil). As at 30 June 2010 the Company had shareholders funds of £437,760 (2009 £187,331).

DIRECTORS AND THEIR INTERESTS

The Directors who served the Company during the year and up to the date of signing this report were as follows:

J Sullivan
S Webber
A Zaidi (appointed 18 March 2010)

J Trustram Eve resigned as a Director of the Company on 15 April 2010.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Company are listed below:

Fund industry and market conditions

The fund industry as a whole continues to remain affected by economic turmoil and susceptible to the threat of a double dip recession, falling asset values and low investor confidence. As a consequence, the Company too is exposed to these risks.

Employees and Key Personnel

The Company's ability to continue providing excellent levels of service is dependent on retaining high calibre and experienced employees and management personnel, the loss of which would have a detrimental impact on the Company.

Regulations

The regulatory environment in which the Company operates continues to remain stringent and subject to increasing regulations.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

If the Company fails to comply with any applicable laws, rules or regulations the Company may be subject to censure, fines, or other sanctions and penalties

Client contracts

The Company's contracts to operate funds typically last five years and if lost contracts are not replaced with new ones of a similar or higher value, there would be a detrimental impact on the Company

Litigation

The nature of the Company's principal activity is such that it faces higher risk of litigation from clients as well as underlying investors in the funds the Company operates. Whilst steps are taken to actively avert such litigation occurring, this risk cannot be eliminated altogether

Although no provision has been made in the year relating to any litigious activity against the Company, details of contingent liabilities are further disclosed in note 15

KEY PERFORMANCE INDICATORS

The Company's key performance indicators are its turnover and cost base which are monitored closely by the Directors and disclosed above. The Directors believe that analysis using further key performance indicators is not necessary or appropriate for an understanding of the development, performance or position of the business

FINANCIAL RISK MANAGEMENT

The Company's financial risk management is set out in detail in note 11 to the financial statements

TREASURY POLICY AND LIQUIDITY

The Directors maintain a cashflow forecast to ensure the Company's liquidity is maintained. The Directors are of the opinion that income and expenses are largely recurring and thus no formal treasury policy is required

SUPPLIER PAYMENT POLICY

The Company does not follow any specific external code or standard on payment practice. Its policy is to pay suppliers according to terms of business agreed with them on entering into binding contracts and to keep to the payment terms, provided the relevant goods or services have been supplied in accordance with the contracts

The number of creditor days outstanding as at 30 June 2010 was 12 days (2009: 29 days)

ETHICAL POLICY

The Company is committed to working with its employees, customers, suppliers and contractors to promote responsible working and trading practices

Partnership Incorporations Limited
THE DIRECTORS' REPORT
For the year ended 30 June 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Company law, the Directors must not approve the Financial Statements unless they are satisfied they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 Company will continue in business

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DONATIONS

During the year the Company made charitable donations amounting to £100 (2009: £414).

PROVISION OF INFORMATION TO AUDITORS

So far as each Director is aware, there is no relevant audit information of which the Company's auditors, Kinetic Partners Audit LLP, are unaware and each Director has taken all the steps he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

A resolution to reappoint Kinetic Partners Audit LLP will be proposed at the annual general meeting.

Signed on behalf of the Board of Directors



James Sullivan

Managing Director

Approved by the Directors on 21 October 2010

Independent auditors' report to the shareholders of Partnership Incorporations Limited

We have audited the financial statements of Partnership Incorporations Limited ("the Company") on pages 8 to 26 for the year ended 30 June 2010, which comprise the statement of comprehensive income, the statement of changes in equity, the statement of financial position, the statement of cash flows, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

Respective responsibilities of the Directors and auditors

As explained more fully in the Directors' responsibilities statement set out on page 5, the Directors 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 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

This report is made solely to the Company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's shareholders 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 Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed."

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 Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements

Independent auditors' report to the shareholders of Partnership Incorporations Limited (continued)

Opinion

In our opinion the financial statements.

- give a true and fair view of the Company's affairs as at 30 June 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Director's report for the financial year for which financial statements are prepared is consistent with the financial statements

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 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
- certain disclosures of director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Michelle Carroll (Senior statutory auditor)

21 October 2010

For and on behalf of

Kinetic Partners Audit LLP

Chartered Accountants and Registered Auditor

One London Wall, Level 10

London

EC2Y 5HB



Partnership Incorporations Limited
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2010

	Note	Year ended 30 June 2010 £	Year ended 30 June 2009 £
REVENUE		1,826,891	2,012,511
Cost of sales		(7,039)	(284,800)
GROSS PROFIT		1,819,852	1,727,711
Other operating expenses		(1,418,112)	(2,422,747)
OPERATING PROFIT/(LOSS)	2	401,740	(695,036)
Exceptional costs	3	(50,109)	-
Finance income	4	479	2,288
Finance costs	5	(992)	(398)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		351,118	(693,146)
Income tax (expense)/credit	6	(100,689)	186,587
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		250,429	(506,559)

All activities are derived from continuing operations. There is no difference between the profit on ordinary activities for the year and its historical equivalent.

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2010

	Share capital £	Share premium account £	Capital redemption reserve £	Retained earnings £	Total £
At 30 June 2008	5,750	22,310	3,500	662,330	693,890
Loss for the year	-	-	-	(506,559)	(506,559)
At 30 June 2009	5,750	22,310	3,500	155,771	187,331
Profit for the year	-	-	-	250,429	250,429
As at 30 June 2010	5,750	22,310	3,500	406,200	437,760

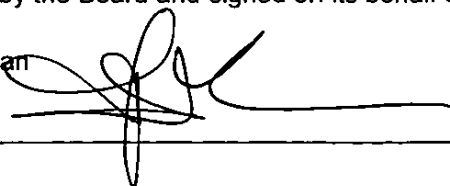
The notes on pages 11 to 26 form part of these financial statements

Partnership Incorporations Limited
STATEMENT OF FINANCIAL POSITION
For the year ended 30 June 2010

ASSETS	Note	30 June 2010	30 June 2009
		£	£
NON-CURRENT ASSETS			
Property, plant and equipment	7	19,788	89,757
Investments	8	1	1
		<u>19,789</u>	<u>89,758</u>
CURRENT ASSETS			
Trade and other receivables	9	624,584	567,423
Cash and cash equivalents	10	345,287	169,856
		<u>969,871</u>	<u>737,279</u>
TOTAL ASSETS		<u>989,660</u>	<u>827,037</u>
		<u>=====</u>	<u>=====</u>
EQUITY			
Called-up share capital	16	5,750	5,750
Share premium account	17	22,310	22,310
Capital redemption reserve	18	3,500	3,500
Retained earnings	19	406,200	155,771
TOTAL EQUITY	20	<u>437,760</u>	<u>187,331</u>
		<u>=====</u>	<u>=====</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term loans	13	80,000	-
Provisions	3	50,109	-
		<u>130,109</u>	<u>-</u>
CURRENT LIABILITIES			
Trade and other payables	14	421,791	639,706
TOTAL LIABILITIES		<u>551,900</u>	<u>639,706</u>
		<u>=====</u>	<u>=====</u>
TOTAL EQUITY AND LIABILITIES		<u>989,660</u>	<u>827,037</u>
		<u>=====</u>	<u>=====</u>

Approved by the Board and signed on its behalf on 21 October 2010 by

Mr J Sullivan
Director



Partnership Incorporations Limited
STATEMENT OF CASH FLOWS
For the year ended 30 June 2010

		Year ended 30 June 2010 £	Year ended 30 June 2009 £
	Notes		
Cash flows from operating activities			
Cash generated from operations	21	28,671	183,205
Interest paid		(992)	(398)
Income tax received/(paid)		142,273	(184,135)
Net cash inflow/(outflow) from operating activities		<u>169,952</u>	<u>(1,328)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(41,401)
Proceeds from sale of property, plant and equipment		-	1,018
Interest received		479	2,288
Net cash used in investing activities		<u>479</u>	<u>(38,095)</u>
Cash flows from financing activities			
Intercompany loan		5,000	75,000
Net cash from financing activities		<u>5,000</u>	<u>75,000</u>
Net increase in cash and cash equivalents		<u>175,430</u>	<u>35,577</u>
Cash and cash equivalents at the beginning of the year		<u>169,856</u>	<u>134,279</u>
Cash and cash equivalents at the end of the year		<u><u>345,287</u></u>	<u><u>169,856</u></u>

The notes on pages 11 to 26 form part of these financial statements

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared in accordance with European Union ("EU") Endorsed International Financial Reporting Standards ("IFRSs"), IFRIC interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Financial Statements have been prepared under the historical cost convention.

Functional and presentation currency

The Financial Statements are presented in UK Sterling which is the Company's functional currency.

New and amended standards adopted by the Company

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 July 2009:

- IAS 1 (revised), 'Presentation of Financial Statements', The most significant change within IAS 1 (revised) is the requirement to produce a statement of comprehensive income setting out all items of income and expense relating to non-owner changes in equity. There is choice between presenting comprehensive income in one statement or in two statements comprising an income statement and a separate statement of comprehensive income. The Company has elected to present comprehensive income in one statement. In addition, IAS 1 (revised) requires the statement of changes in shareholders' equity to be presented as a primary statement. The revisions to IAS 1 were adopted by the Company last year, the adoption of which did not have a significant impact on the presentation of the Company's financial information.

- IFRS 7 'Financial instruments - Disclosures' (amendment), the amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level. The amendment does not have a material impact on the Company's financial statements.

There are no new standards and amendments which have been issued but are not effective for the current year which will have a material impact on the Company's results or the Company's financial information.

General information

The Company is a limited liability company incorporated and domiciled in England and Wales. The address of its registered office is 64 North Row, London, W1K 7DA.

Changes in accounting policy

The accounting policies adopted are consistent with IFRS applicable at the reporting date for both the current year and comparative period.

Going concern

The financial statements have been prepared on the going concern basis.

1. ACCOUNTING POLICIES (continued)

Going concern (continued)

The Directors have continued to reduce the ongoing cost base and returned the Company to profitability during the year. The Directors have considered trading and cash flow forecasts for the year to 30 June 2011 which reflect continued profitability.

The trading and cash flows forecasts are based on estimates and assumptions made by the Directors based on current trading conditions. However in the current market conditions there are always uncertainties over the future revenues and costs forecast by the Company.

Notwithstanding the uncertainties outlined above and the contingent liabilities disclosed in note 15, the Directors consider that it is appropriate to prepare the financial statements on a going concern basis.

These financial statements consequently do not include any adjustments relating to the recoverability and classification of certain assets or to amounts and classifications of liabilities that may be necessary if the Company were unable to continue as a going concern.

Trade receivables

Trade receivables are recognised initially at fair value and are subsequently reduced by any provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due. Indicators of impairment would include financial difficulties of the debtor, likelihood of the debtor's insolvency, default in payment or a significant deterioration in credit worthiness. Any impairment is recognised in the income statement within 'other operating expenses'. When a trade receivable is uncollectible, it is written off as an expense in the income statement.

Subsequent recoveries of amounts previously written off are credited in the income statement.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

In the preparation of the Company's cash flow statements, cash and cash equivalents represent short term liquid investments which are readily realisable. Cash which is subject to restrictions, being held to match certain liabilities, is included in cash and cash equivalents in the balance sheet.

Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other operating expenses.

1. ACCOUNTING POLICIES (continued)

Depreciation

Depreciation is charged on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of an item of property, plant and equipment.

The estimated useful lives for the assets are as follows:

Furniture and fittings	3 years
Equipment	3 years

The estimated useful lives for the assets in the prior year were as follows:

Furniture and fittings	4 years
Equipment	4 years

The change in the estimated lives reflects management's current view and experience of the longevity of the assets.

Taxation

Current Tax

The charge or credit for current tax is based on the results for the year adjusted for items that are either not subject to taxation, or for expenditure which cannot be deducted in computing the tax charge or credit. The tax charge or credit is calculated using taxation rates that have been enacted or substantively enacted at the balance sheet date.

Deferred Tax

Deferred tax is recognised using the balance sheet liability method on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax is recognised in respect of all taxable temporary timing differences.

Deferred tax is calculated at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the income statement, except where it applies to items credited or charged to equity, in which case the deferred tax is also dealt with in equity.

Revenue

Revenue, which excludes value added tax, represents the invoiced value of asset management services for the year. Recurring quarterly fees are recognised on an accruals basis and variable performance fees are recognised upon completion of the performance period. All revenue arises from one class of business and within the United Kingdom.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Partnership Incorporations Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2010

1. ACCOUNTING POLICIES (continued)

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances

2. OPERATING PROFIT/(LOSS)

2.a Turnover and expenses

The turnover and loss before tax are attributable to the one principal activity of the Company and no material revenue was generated outside of the UK

Operating profit/(loss) is stated after charging

	Year ended 30 June 2010	Year ended 30 June 2009
	£	£
Depreciation of owned fixed assets	69,969	29,920
Loss on sale of property, plant and equipment	-	19,403
Auditor's remuneration		
- Audit related services	14,100	17,000
- Non-audit related services	15,508	32,588
	=====	=====

2.b Directors and staff

At the start of the year, all staff contracts were transferred from PIL Services Limited, a fellow group company, to Partnership Incorporations Limited. PIL Services Limited last year employed an average of 20 staff members at an aggregate payroll cost of £1,316,216

The average number of staff employed by the Company during the financial year amounted to

	Year to 30 June 2010	Year to 30 June 2009
Number of staff	16	-
	=====	=====

Partnership Incorporations Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2010

2. OPERATING PROFIT/(LOSS) (continued)

2.b Directors and staff (continued)

The aggregate payroll costs of the above were

	Year to 30 June 2010 £	Year to 30 June 2009 £
Wages and salaries	692,179	-
Social security costs	76,543	-
Other pension costs	60,973	-
	<u>829,695</u>	<u>-</u>
	=====	=====

2.c Directors' Emoluments

The Directors' aggregate emoluments in respect of qualifying services were

	Year to 30 June 2010 £	Year to 30 June 2009 £
Emoluments receivable (including pension contributions)	302,960	-
	=====	=====

In the year ended 30 June 2009, Directors' emoluments paid by PIL Services Limited amounted to £580,708 and, in addition, ex-gratia payments were made to Directors amounting to £97,025

Emoluments of highest paid Director:

	Year to 30 June 2010 £	Year to 30 June 2009 £
Total emoluments (excluding pension contributions)	110,000	-
Value of company pension contributions to money purchase schemes	<u>11,000</u>	<u>-</u>
	<u>121,000</u>	<u>-</u>
	=====	=====

Partnership Incorporations Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2010

2. OPERATING PROFIT/(LOSS) (continued)

2 b Directors and staff (continued)

In the year ended 30 June 2009, total emoluments (excluding pension contributions) paid by PIL Services Limited to the highest paid Director amounted to £174,229. In addition, pension company pension contributions to money purchase schemes amounted to £4,580.

The number of Directors on whose behalf the Company made pension contributions was as follows

	Year to 30 June 2010	Year to 30 June 2009
Money purchase schemes	2	-
	=====	=====

In the year ended 30 June 2009, PIL Services Limited made pension contributions on behalf of 3 Directors.

3. EXCEPTIONAL COSTS

During the year the Company vacated one of the premises it operated out of under an operating lease. The operating lease is held by a group company PIL Services Ltd, which has historically recharged the lease cost back to the Company. As the lease cannot be broken until June 2012 and the premises have been sublet at a lower rate of rent, a provision for the net cost until June 2012 of £50,109 has been recognised on the basis of a constructive obligation for an onerous contract existing at present.

4. FINANCE INCOME

	Year ended 30 June 2010	Year ended 30 June 2009
	£	£
Bank interest receivable	479	2,288
	=====	=====

5. FINANCE COSTS

	Year ended 30 June 2010	Year ended 30 June 2009
	£	£
Bank interest payable	992	398
	=====	=====

Partnership Incorporations Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2010

6. INCOME TAX EXPENSE

(a) Analysis of charge in the period

In respect of the period	Year ended 30 June 2010 £	Year ended 30 June 2009 £
Current tax		
UK corporation tax as at 28% (2009 28%)	106,900	(195,339)
Prior year adjustment	(11,491)	8,752
	<hr/>	<hr/>
Total current tax for the year	95,409	(186,587)
Deferred tax		
Origination and reversal of timing differences	5,280	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	100,689	(186,587)
	=====	=====

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is the standard rate of corporation tax in the UK of 28% (2009 28%)

	Year ended 30 June 2010 £	Year ended 30 June 2009 £
Profit/(loss) on ordinary activities before taxation	351,118	(693,146)
	=====	=====
Tax at the UK Corporation Tax rate of 28% (2009 28%)	98,313	(194,081)
Effects of		
Depreciation in excess of capital allowances	14,951	(8,137)
Brought forward tax losses utilised	(10,315)	-
Other timing differences	(2,006)	(807)
Expenses not deductible for tax	5,957	15,977
Prior year adjustment	(11,491)	8,752
Change in rates of taxation	-	(8,291)
	<hr/>	<hr/>
Current tax charge	95,409	(186,587)
	=====	=====

Partnership Incorporations Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2010

7. PROPERTY, PLANT & EQUIPMENT

	Furniture & Fittings £	Equipment £	Total £
Cost			
As at 1 July 2009	63,234	157,077	220,311
Disposals	(63,234)	(9,673)	(72,907)
	-----	-----	-----
As at 30 June 2010	-	147,404	147,404
	=====	=====	=====
Depreciation			
As at 1 July 2009	46,095	84,459	130,554
Charge for the year	17,139	52,830	69,969
Disposals	(63,234)	(9,673)	(72,907)
	-----	-----	-----
As at 30 June 2010	-	127,616	127,616
	=====	=====	=====
Net book value			
At 30 June 2010	-	19,788	19,788
	=====	=====	=====
At 30 June 2009	17,139	72,618	89,758
	=====	=====	=====

During the year a review of property, plant and equipment took place and adjustments were made to reflect assets that were no longer in use

8. INVESTMENTS

	Total £
Cost	
At 30 June 2009 and at 30 June 2010	1
	==
Net book value	
At 30 June 2009 and at 30 June 2010	1
	==

The Company directly owns 100% of the ordinary share capital of PIL GP Limited (resulting from a group restructure in the year), and UK Hospitals No 1 (HC) Limited and controls the companies listed below

UK Hospitals No 1(PT1) Ltd
 UK Hospitals No 1(PT2) Ltd
 UK Hospitals No 1(GP) Ltd
 UK Hospitals No 1(LP) Ltd

Partnership Incorporations Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2010

8. INVESTMENTS (continued)

With the exception of PIL GP Ltd which is a Scottish company, all other companies are incorporated and registered in England and Wales. With the exception of PIL GP Ltd, all of the subsidiary undertakings have been dormant since incorporation. The accounts present information about Partnership Incorporations Limited as an individual Company and do not contain consolidated financial information for Partnership Incorporations Limited. The Company is exempt under Section 400 of the Companies Act 2006 from preparing consolidated financial statements on the grounds that the results of the Company and its subsidiaries are incorporated in the consolidated financial statements of the ultimate parent company, Valad Property Group.

9. TRADE AND OTHER RECEIVABLES

	30 June 2010	30 June 2009
	£	£
Trade debtors	379,086	332,806
Amounts owed by group undertakings	4,429	200
Other debtors	43,311	44,985
Prepayments and accrued income	197,758	53,370
Deferred taxation (note 12)	-	5,280
Corporation tax	-	130,782
	-----	-----
	624,584	567,423
	=====	=====

All amounts due from group undertakings are interest free, carry no security and are payable on demand.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables as disclosed in note 11. The Company does not hold any collateral as security.

Partnership Incorporations Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2010

9. TRADE AND OTHER RECEIVABLES (continued)

Movements on the Company provisions for impairment of trade receivables are as follows

	30 June 2010 £	30 June 2009 £
At the start of year	70,108	8,125
Provisions for impairment of receivables	44,103	70,108
Unused amounts reversed	(70,108)	(8,125)
	-----	-----
At the end of the year	44,103	70,108
	=====	=====

The creation and releases of the provision for impaired receivables have been included in "other operating expenses" in the statement of comprehensive income. Amounts charged to the allowance account are generally written off, when there is no expectation of any additional recoveries.

The other classes within trade and other receivables do not contain impaired assets.

As of June 2010, there were provision against trade receivables of £44,103 (2009 £70,108) which were impaired. The ageing of these provisions is as follows:

	30 June 2010 £	30 June 2009 £
3 – 6 months	21,025	-
Over 6 months	23,078	70,108
	-----	-----
	44,103	70,108
	=====	=====

As of June 2010 trade receivables of £56,820 (2009 £53,139) were past due but not impaired. These relate to a number of customers for which there is no recent history of default and consequently there are no indications at the reporting date that they will not meet their payment obligations. The ageing analysis of these trade receivables is as follows:

	30 June 2010 £	30 June 2009 £
3 – 6 months	51,894	29,121
Over 6 months	4,926	24,018
	-----	-----
	56,820	53,139
	=====	=====

10.CASH AND CASH EQUIVALENTS

	30 June 2010 £	30 June 2009 £
Cash at bank	345,287 =====	169,856 =====

11.FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks credit risk, liquidity and market risk. The Company's overall risk management programme focuses on the unpredictability of financial market and seeks to minimise potential adverse effects on the Company's financial performance. The Company's financial instruments principally comprise debtors and creditors that arise directly from its operations and an operational bank account. The Company has not entered into any derivative transactions during the year.

Credit risk

The Company is subject to credit risk arising from outstanding receivables and committed cash and cash equivalents and deposits with banks and financial institutions. The Company's policy is to manage credit exposure to trading counterparties within defined trading limits. All of the Company's significant counterparties are assigned internal credit limits.

If any of the Company's customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, the Company assesses the credit quality of the customer taking into account its financial position, past experience and other factors.

The Company is exposed to counterparty credit risk on cash and cash equivalent balances. The Company holds cash on deposit from time to time with HSBC bank. For banks and financial institutions, only independently rated parties with an investment grade quality rating (from Standard and Poor's) or at least A-rated are accepted.

Liquidity risk

The Company is subject to the risk that it will not have sufficient borrowing facilities to fund its existing business and its future plan for growth. The Company manages its liquidity requirements with the use of both short and long-term cash flow forecasts. These forecasts are supplemented by a financial headroom position which is used to demonstrate funding adequacy for at least a 12 month period.

The Company's main source of liquidity is its trading operations which are closely monitored by the Directors.

Capital risk management

The Company is subject to the risk that its capital structure will not be sufficient to support the growth of the business.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to its parent, issue new shares or sell assets to reduce debt.

11.FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Directors consider that the limited use of financial instruments means that the market risk arising from financial instruments is not significant and on an ongoing basis the Directors monitor changes in the use of financial instruments which may change the Company's exposure to market risk.

12.DEFERRED TAXATION

The deferred taxation included in the statement of financial position is as follows

	Year ended 30 June 2010 £	Year ended 30 June 2009 £
Included in trade and other receivables (note 10)	-	5,280
	=====	=====

The movement in the deferred taxation account during the year was

At 1 July 2009	5,280	5,280
Profit and loss account movement arising during the period	(5,280)	-
	-----	-----
At 30 June 2010	-	5,280
	=====	=====

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

Excess of depreciation over taxation allowances	-	381
Short term timing differences	-	4,899
	-----	-----
	-	5,280
	=====	=====

13.LONG TERM LOAN

Last year the Company owed its parent undertakings £75,000 as at 30 June 2009 as disclosed in note 14. At 30 June 2010 the Company owed its parent undertakings £80,000.

Partnership Incorporations Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2010

and due to the formalisation of the loan documentation within the year, this loan was reclassified as a long term loan. This loan is interest free and carries no security.

14. TRADE AND OTHER PAYABLES

	30 June 2010	30 June 2009
	£	£
Trade creditors	52,816	213,293
Amounts owed to parent undertaking	-	75,000
Corporation tax	106,900	-
PAYE and social security	29,239	79,250
VAT	28,151	49,164
Other creditors	2,931	9,004
Accruals and deferred income	201,754	213,995
	-----	-----
	421,791	639,706
	=====	=====

15. CONTINGENT LIABILITIES

During the year ended 30 June 2009 two Commercial Court Claims were issued by investors in the "Film Development Partnership LLP" fund against both the Company and a number of other advisors to the fund. Both claims related to the same matter and were un-quantified.

During the year a further claim relating to the "Film Development Partnership LLP" fund was issued against the Company by additional investors. Investors in the "Film Development Partnership II LLP" fund, a similar type of fund, also issued a claim against the Company.

The Directors and their legal advisers have however been unable to accurately assess the allegations which form the basis of the claim due to the relatively early stages of the litigation and the paucity of claim information supplied by the claimants. Furthermore, none of the claims have been particularised or quantified against any of the defendants. Currently all the claims are stayed.

The Directors therefore do not believe the amount of any possible obligation can be measured with sufficient reliability and no provision for any liability has been made in these Financial Statements.

After the year end, the Company received a letter from the Financial Ombudsman Service ("FOS") in which the FOS stated its opinion that the complaint by an investor in one of the funds operated by the Company should succeed. The Company disputes the reasoning on which the opinion is based due to a misunderstanding of facts. The Company will be providing the FOS with further information shortly. No provision has been made in relation to this matter.

Partnership Incorporations Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2010

16. SHARE CAPITAL

Allotted, called up and fully paid:

	30 June 2010 Number	30 June 2010 £	30 June 2009 Number	30 June 2009 £
Ordinary shares of £0.25 each	23,000	5,750	23,000	5,750
	=====	=====	=====	=====

17. SHARE PREMIUM ACCOUNT

There was no movement on the share premium account during the year

18. CAPITAL REDEMPTION RESERVE

There was no movement on the capital redemption reserve during the year

19. RETAINED EARNINGS

	30 June 2010 £	30 June 2009 £
Balance brought forward	155,771	662,330
(Loss)/profit for the year	250,429	(506,559)
	-----	-----
Balance carried forward	406,200	155,771
	=====	=====

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	30 June 2010 £	30 June 2009 £
Opening shareholders' funds	187,331	693,890
(Loss)/profit for the year	250,429	(506,559)
	-----	-----
Closing shareholders' funds	437,760	187,331
	=====	=====

Partnership Incorporations Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2010

21. NOTES TO THE STATEMENT OF CASH FLOWS

Cash generated from operations

	Year ended 30 June 2010	Year ended 30 June 2009
	£	£
Profit/(loss) before income tax	351,118	(693,146)
Depreciation	69,969	29,920
Loss on sale of property, plant and equipment	-	19,403
Finance income	(479)	(2,288)
Finance costs	992	398
(Increase)/decrease in trade and other receivables	(193,224)	682,315
(Decrease)/increase in trade and other payables	(199,705)	146,603
	-----	-----
Net cash generated from operating activities	28,671	183,205
	=====	=====

22. CONTROL AND ULTIMATE PARENT UNDERTAKING

The Company's immediate parent undertaking is PIL Group Limited, a Company incorporated in England and Wales

The largest group in which the results of the Company are consolidated is that headed by the Company's ultimate parent undertaking, Valad Funds Management Limited, a Company incorporated in Australia which has a 100% interest in the equity share capital of PIL Group Limited. The consolidated Financial Statements of this Company are available to the public and may be obtained from Level 9, 1 Chifley Square, PO Box N817, Sydney NSW 1220 or www.valad.com.au

Partnership Incorporations Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2010

23. RELATED PARTY TRANSACTIONS

During the year consultancy fees were paid to the following Directors

	Year ended 30 June 2010	Year ended 30 June 2009
	£	£
P Dooley	-	42,093
Simon Webber	45,960	-

Partnership Incorporations Limited, PIL Services Limited, PIL GP Limited, PIL GP II Limited and Equity Partnership Fund Management Limited are under common control as they are all 100% owned subsidiaries of Valad Property (Europe) Plc. The following transactions occurred between these entities, all of which were provided under normal commercial terms

During the year Partnership Incorporations Limited paid a management fee to PIL Services Limited of £87,902 (2009 £1,585,401) in relation to rental expenses recharged. The Company also recorded a provision of £50,109 in respect of an onerous contract in the form of an operating lease that PIL Services Ltd is a party to (further explained in note 3). This balance remained outstanding (2009 £nil) to PIL services Limited as at 30 June 2010.

During the year the Company received a management fee of £50,141 (2009 £34,934) from PIL GP Ltd, a subsidiary company. The total amount owed to the Company from PIL GP Ltd at the year end was £2,606 (2009 £606).

During the year the Company charged PIL GP II Ltd £4,209 (2009 £30,041) by way of a management charge. At the year end PIL GP II Ltd owed the Company £4,429 (2009 £221).

During the year the Company provided services to Equity Partnership Fund Management Limited which generated fees of £124,667 (2009 £300,000). As at 30 June 2010 the amounts outstanding in respect of these services was £nil (2009 £nil).

The Company operates out of premises in Central London. These premises are leased by the Company's parent undertaking Valad Property (Europe) Plc and no rent has been charged for the use of premises throughout the year.

The Directors estimate that a reasonable approximation of the rent for similar premises on an open market basis would amount to £110,000 for the period of occupation in the current year.

The Company had a balance of £80,000 (2009 £75,000) outstanding on a loan it took out from its parent Valad Property (Europe) Plc. No interest is payable on this loan.

Amounts owed by and to group undertakings as at the year end are disclosed in notes 9 and 13.

**THE FOLLOWING PAGE DOES NOT FORM PART OF THE STATUTORY FINANCIAL
STATEMENTS WHICH ARE THE SUBJECT OF THE INDEPENDENT AUDITOR'S
REPORT ON PAGES 6 AND 7.**

Partnership Incorporations Limited
MANAGEMENT INFORMATION
For the year ended 30 June 2010

Detailed Operating expenses

	Year to 30 June 2010 £	Year to 30 June 2009 £
Operating expenses		
Temp Staff	18,621	11,181
Medical	13,719	31,468
Telephone	3,177	19,401
Insurance	5,775	1,939
Regulatory fees and subscriptions	14,892	4,865
Equipment, hire and support	32,945	62,997
Printing, stationery and postage	13,100	28,095
Staff training	14,297	18,786
Sundry expenses	2,800	5,144
Donations	100	414
Recruitment Costs	5,625	62,400
Other office expenses	27,208	38,434
Advertising	37,495	130,081
Travel and entertaining	11,983	65,563
Management charges payable	87,902	1,585,401
Salaries/Pension contributions	761,367	-
Employer NI	76,543	-
Legal and professional fees	51,881	134,398
Consultancy fees	45,960	49,750
Tax services	15,508	32,588
Auditors remuneration	14,100	17,000
Depreciation	69,696	49,321
Provision for doubtful debts	12,888	70,108
Bad debt written off	59,330	-
Dilapidation	21,200	-
	<u>1,418,112</u>	<u>2,422,747</u>
	=====	=====