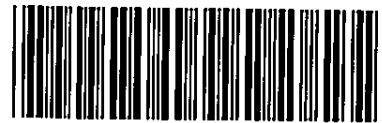


CIFF (UK) TRADING LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2007

MONDAY



LLE6X0TG

LD2

23/06/2008

73

COMPANIES HOUSE

CIFF (UK) TRADING LIMITED

CONTENTS

	Page
Company Information	1
Directors' Report	2
Statement of Directors' Responsibilities	3
Independent Auditors' Report	4
Profit and Loss Account	6
Balance Sheet	7
Cash Flow Statement and Notes to the Cash Flow Statement	8
Notes to the Financial Statements	9

CIFF (UK) TRADING LIMITED
COMPANY INFORMATION

Directors	Ms Jamie Cooper-Hohn Dr Marko Lehtimäki
Secretary	Ms Catherine O'Reilly (resigned 26 July 2007) Dr Marko Lehtimäki (appointed 26 July 2007)
Company Number	5139984
Registered Office / Business Address	7 Clifford Street London W1S 2WE
Auditors	Horwath Clark Whitehill LLP St Bride's House 10 Salisbury Square London EC4Y 8EH
Bankers	Barclays Bank plc 1 st Floor 99 Hatton Garden London EC1N 8DN
Solicitors	Bircham Dyson Bell 50 Broadway London SW1H 0BL

CIFF (UK) TRADING LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2007

The directors present their report and financial statements for the year ended 31 August 2007

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

CIFF (UK) Trading Limited (the "Company") was incorporated on 27 May 2004 and commenced trading on 8 July 2004. The principal activity of the company is that of a member of The Children's Investment Fund Management (UK) LLP ("TCI LLP") – an investment manager authorised and regulated by the Financial Services Authority. All of the company's income is derived from TCI LLP.

The profit before taxation in the year to 31 August 2007 was £102,378 (2006 £14,011 loss)

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the strategy is subject to a number of risks. The key business risks and uncertainties affecting the business are considered to relate to the performance of TCI LLP, from whom the Company derives its income.

KEY PERFORMANCE INDICATORS ("KPIs")

Given the straightforward nature of the business, the directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the company.

DIRECTORS AND THEIR INTERESTS

The following directors have held office since 27 May 2004

Ms Jamie Cooper-Hohn
Dr Marko Lehtimäki

CHARITABLE DONATIONS

During the year, the Company made charitable donations under the Gift Aid Scheme totalling £275,838,587 to the Children's Investment Fund Foundation (UK) ("CIFF UK") (2006 £198,232,376)

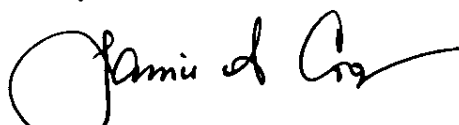
DISCLOSURE OF INFORMATION TO THE AUDITORS

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware. The directors have each taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

Howarth Clark Whitehill LLP have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted to the forthcoming Annual General Meeting.

By Order of the Board


Director

3rd June 2008

CIFF (UK) TRADING LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act 1985 requires the directors to prepare financial statements in respect of each financial year which give a true and fair view of the state of affairs of the Company and of the surplus or deficit for that period. In preparing those financial statements, they are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgements and estimates that are reasonable and prudent,
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, and
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud or other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CIFF (UK) TRADING LIMITED

We have audited the financial statements of The Children's Investment Fund Foundation (UK) Trading Limited for the year ended 31 August 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, the financial statements are properly prepared in accordance with the Companies Act 1985 and the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements in it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF CIFF (UK) TRADING LIMITED (CONTINUED)**

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 August 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information provided in the Directors' Report is consistent with the financial statements

Horwath Clark Whitehill LLP

HORWATH CLARK WHITEHILL LLP
Chartered Accountants and Registered Auditors

14/6/08

St Bride's House
10 Salisbury Square
London EC4Y 8EH

CIFF (UK) TRADING LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2007

	Notes	2007 £	2006 £
TURNOVER	12	275,960,044	198,241,329
Administrative expenses		<u>(19,079)</u>	<u>(22,964)</u>
OPERATING PROFIT		275,940,965	198,218,365
Gift Aid payment to CIFF (UK)		<u>(275,838,587)</u>	<u>(198,232,376)</u>
Profit / (Loss) on ordinary activities before taxation		<u>102,378</u>	<u>(14,011)</u>
Tax on profit on ordinary activities	3	-	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	8	102,378	(14,011)

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the related profit for the year and its historical cost equivalents

CIFF (UK) TRADING LIMITED
BALANCE SHEET
AS AT 31 AUGUST 2007

	Notes	2007 £	2006 £
FIXED ASSETS			
Investments	4	75,100	100
CURRENT ASSETS			
Debtors	5	5,678,834	4,798,455
Cash at bank and in hand		37,712	24,465
		<u>5,716,546</u>	<u>4,823,020</u>
CREDITORS. amounts falling due within one year	6	<u>(5,686,650)</u>	<u>(4,820,402)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>104,996</u>	<u>2,618</u>
CAPITAL AND RESERVES			
Called up share capital	7	1	1
Reserves	8	<u>104,995</u>	<u>2,617</u>
TOTAL SHAREHOLDERS' FUNDS	9	<u>104,996</u>	<u>2,618</u>

The financial statements were approved and authorised for issue by the Board on
and signed on its behalf by



Jamie Cooper-Hohn
Director

3 June 2008

CIFF (UK) TRADING LIMITED
CASH FLOW STATEMENT
AND NOTES TO THE CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2007

	2007 £	2006 £
Net cash inflow/(outflow) from operating activities	<u>88,247</u>	<u>(1,019)</u>
Capital expenditure and financial investment		
Payments to acquire fixed asset investment	<u>(75,000)</u>	<u>-</u>
Increase/(decrease) in cash in the period	<u>13,247</u>	<u>(1,019)</u>

NOTES TO THE CASH FLOW STATEMENT

1	Reconciliation of operating profit to net cash inflow/(outflow) from operating activities	2007 £	2006 £
	Profit/(loss) on ordinary activities before tax	102,378	(14,011)
	(Increase) in debtors	(880,379)	(1,493,798)
	Increase in creditors	<u>866,248</u>	<u>1,506,790</u>
	Net cash inflow/(outflow) from operating activities	<u>88,247</u>	<u>(1,019)</u>

2	Analysis of net funds	1 September 2006 £	Cash flow £	31 August 2007 £
	Net cash			
	Cash at bank and in hand	24,465	<u>13,247</u>	<u>37,712</u>
		24,465	<u>13,247</u>	<u>37,712</u>

3.	Reconciliation of net cash flow to movement in net funds	2007 £	2006 £
	Increase / (Decrease) in cash	<u>13,247</u>	<u>(1,019)</u>
	Movement in net funds	<u>13,247</u>	<u>(1,019)</u>
	Opening net funds	<u>24,465</u>	<u>25,484</u>
	Closing net funds	<u>37,712</u>	<u>24,465</u>

CIFF (UK) TRADING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2007

1. ACCOUNTING POLICIES

a) Basis of Accounting

The financial statements are prepared under the historic cost convention in accordance with the Companies Act 1985 and applicable accounting standards. A summary of accounting policies is set out below.

b) Turnover

Turnover represents the Company's share of the partnership profits from The Children's Investment Fund Management (UK) LLP ("TCI LLP"). The partnership profits are recognised on an accruals basis.

c) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

d) Investments

Investments are valued at cost less any diminution in value.

2. OPERATING PROFIT

	2007 £	2006 £
Operating profit is stated after charging		
Auditors' remuneration	3,000	3,000
Accountancy fees	14,392	18,906
	<u>17,392</u>	<u>21,906</u>

3. TAXATION

	2007 £	2006 £
Current tax charge	-	-
Factors affecting the tax charge for the year		
Profit / (loss) on ordinary activities before taxation	<u>102,378</u>	<u>(14,011)</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30% (2006: 30%)	30,713	-
Effect of Utilised relief for Gift Aid on Donations	<u>(30,713)</u>	-
Current tax charge	<u>-</u>	<u>-</u>

CIFF (UK) TRADING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2007

4. INVESTMENTS	2007	2006
	£	£
Balance at 1 September	100	100
Additions	75,000	-
Balance at 31 August	75,100	100
5 DEBTORS	2007	2006
	£	£
Amounts due from TCI LLP	5,678,834	4,798,396
Other debtors	-	59
	5,678,834	4,798,455
6. CREDITORS: amounts falling due within one year	2007	2006
	£	£
Amounts payable to CIFF UK	5,678,834	4,798,496
Amounts payable to TCI LLP	-	18,906
Other creditors	7,816	3,000
	5,686,650	4,820,402
7. SHARE CAPITAL	2007	2006
	£	£
Authorised		
100 Ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
1 Ordinary share of £1 each	1	1
8. STATEMENT OF MOVEMENTS ON PROFIT AND LOSS ACCOUNT	2007	2006
	£	£
Balance as at 1 September	2,617	16,628
Retained profit / (loss) for the year	102,378	(14,011)
Balance as at 31 August	104,995	2,617

CIFF (UK) TRADING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2007

9 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007 £	2006 £
Profit / (loss) for the financial year	<u>102,378</u>	(14,011)
Net addition / (reduction) to shareholders' funds	<u>102,378</u>	(14,011)
Opening shareholders' funds	<u>2,618</u>	16,629
Closing shareholders' funds	<u>104,996</u>	2,618

10. EMPLOYEES

There were no employees during the year (2006 nil) The directors did not receive any remuneration during the year for their services (2006 nil)

11. CONTROL

The immediate and ultimate parent company is The Children's Investment Fund Foundation (UK), a company registered in England and Wales and also a registered charity

The Children's Investment Fund Foundation (UK) prepares group financial statements and copies can be obtained from 7 Clifford Street, London, W1S 2WE

12. RELATED PARTY TRANSACTIONS

During the year, the Company received a profit share of £275,960,044 (2006 £198,241,329) from TCI LLP, an entity in which the Company is a partner TCI LLP is an investment manager, whose managing partner is Mr Christopher Cooper-Hohn, the spouse of Ms Jamie Cooper-Hohn one of the directors of the Company

The Company has taken advantage of the exemption in Financial Reporting Standard number 8 'Related Party Disclosures' from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the parent entity