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HgCapital LLP

Consolidated financial statements
for the year ended 31 March 2007



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COMPANIES HOUSE

HgCapital LLP

REGISTERED NO OC301825

MEMBERS

I Armitage
T Bayley
M Block
S Bough
L Dibden
C Donaldson
R Goddard
B Hewetson
N Humphries
F C Jacob
L Licht
R Mathews
F Scherer
L Stone
N Turner
Dogmer 4 Limited

DESIGNATED MEMBERS

S Bough
F C Jacob
L Stone

BOARD

I Armitage
R Goddard (Non-Executive)
F C Jacob
L Licht (Non-Executive Chairman)
F Scherer (Non-Executive)

AUDITORS

Ernst & Young LLP
1 More London Place
London SE1 2AF

REGISTERED OFFICE

2 More London Riverside
London
SE1 2AP

MEMBERS' REPORT

The members present their report and group financial statements for the year ended 31 March 2007

These financial statements for HgCapital LLP reflect the results for the year to 31 March 2007. The financial statements consolidate the accounts of HgCapital LLP and of all its subsidiary undertakings, drawn up to 31 March 2007. The group has taken advantage of the exemption under section 230 of the Companies Act not to present a profit and loss account for HgCapital LLP.

PRINCIPAL ACTIVITY

HgCapital LLP through its subsidiaries provides investment management services to the European private equity market investing on behalf of collective investment schemes as well as segregated clients.

RESULTS AND DISTRIBUTIONS

The results for the year are shown in the profit and loss account on page 5. Members remuneration and profit allocations of £26,174,000 were made during the year (2006: £15,277,000).

MEMBERS

The members are detailed on page 1. N Martin ceased to be a member on 26 May 2006. F Scherer and Dogmer 4 Limited became members on 1 April 2006 and 15 March 2007 respectively.

BOARD

The Board members are detailed on page 1.

TRANSACTIONS WITH MEMBERS

The members participate fully in the firm's profit, share the risks and subscribe to the firm's capital. The firm's drawings policy allows each member to draw a proportion of their profit share in twelve monthly instalments with a further distribution of profits, net of a tax retention, paid in the subsequent year. All payments are made subject to the cash requirements of the business. Tax retentions are released to members to pay the Inland Revenue as required.

PARTNERSHIP FINANCIAL STATEMENTS

Clause 8 of the LLP Deed specifies that the financial statements shall be drawn up to 31 March or such other date as the Board may decide, and proper accounting records shall be kept by the Partnership and that the accounting policies to be adopted shall be as laid down by the Board.

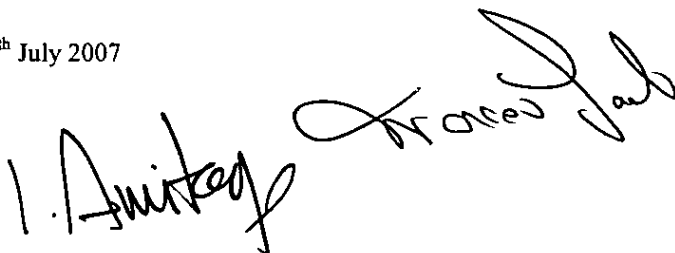
These responsibilities are exercised by the Board detailed on page 1.

AUDITORS

A resolution to reappoint Ernst & Young LLP as the group's auditor will be put to the members at the Annual General Meeting. So far as the members are aware, there is no relevant audit information of which the group's auditor is unaware. The members have taken all steps that they ought to have taken as members in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of this information.

On behalf of the members

Date: 13th July 2007



STATEMENT OF MEMBERS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Limited Liability Partnership (LLP) Regulations 2001 made under the Limited Liability Partnerships Act 2000 require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the LLP and of the group and of the profit or loss of the group for that year. In preparing the financial statements, the Board is 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 accounts, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business

Under the LLP regulations, the Board is responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the group and which enable them to ensure that the financial statements will comply with those regulations. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of HgCapital LLP and to prevent and detect fraud and other irregularities.

The responsibilities are exercised by the Board on behalf of the members as detailed on page 1

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HgCAPITAL LLP

We have audited the financial statements of HgCapital LLP (the "LLP") for the period ended 31 March 2007 which comprise Consolidated Profit and Loss Account, Consolidated Statement of Total Recognised Gains and Losses, Consolidated Balance Sheet, Consolidated Statement of Cash Flows, LLP Balance Sheet and the related notes 1 to 20. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the partnership's members, as a body, in accordance with the Limited Liability Partnership Act 2000. Our audit work has been undertaken so that we might state to the partnership's members those matters we are required to state to them in an auditors' 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 partnership and the partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the members and auditors

The Designated Members are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Members' 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, are properly prepared in accordance with the Partnerships Regulations 2001 made under the Limited Liability Partnerships Act 2000 and that the information given in the Members' Report is consistent with the financial statements.

We also report to you if, in our opinion, the LLP 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 members' remuneration and other transactions is not disclosed.

We read the members' report and consider the implications for our report if we become aware of any apparent misstatements within 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 judgements made by the members in the preparation of the financial statements and whether the accounting policies are appropriate to the LLP'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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the LLP and of the group as at 31 March 2007 and of the group's profit for the year then ended and have been properly prepared in accordance with the Limited Liability Partnerships Regulations 2001 made under the Limited Liability Partnerships Act 2000.



Ernst & Young LLP
Registered Auditor

London

Date

17 July 2007

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2007

	<i>Notes</i>	<i>2007</i> <i>£'000</i>	<i>2006</i> <i>£'000</i>
Fee Income	2	45,530	31,684
Operating Expenses	3	<u>(15,882)</u>	<u>(12,663)</u>
Operating Profit	5	29,648	19,021
Interest receivable	7	555	452
Loss on disposal of subsidiary	8	<u>(2,069)</u>	<u>-</u>
Group profit before taxation		28,134	19,473
Group tax charge	9	<u>(723)</u>	<u>(536)</u>
Profit for the year before members' remuneration and profit shares		27,411	18,937
Members' remuneration charged as an expense	10	<u>(7,689)</u>	<u>(6,022)</u>
Retained profit for the year available for discretionary division among members		19,722	12,915
Division of profit	10	<u>(18,485)</u>	<u>(9,255)</u>
Retained profit		<u>1,237</u>	<u>3,660</u>

All amounts are in respect of continuing activities

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2007

There were no recognised gains and losses in the year other than the profit for the year and the £14,000 (2006 £5,000) currency conversion adjustment as disclosed in note 17

CONSOLIDATED BALANCE SHEET
at 31 March 2007

	Notes	2007 £'000	2006 £'000
Fixed Assets			
Tangible fixed assets	11	1,359	369
Investments	12	997	594
		<u>2,356</u>	<u>963</u>
Current Assets			
Debtors	13	10,891	15,973
Loans due from members	17	19,092	-
Cash		<u>19,731</u>	<u>13,666</u>
		<u>49,714</u>	<u>29,639</u>
Creditors amounts falling due within one year	14	<u>(18,159)</u>	<u>(15,889)</u>
Net Current Assets		<u>31,555</u>	<u>13,750</u>
Creditors amounts falling due after more than one year	15	-	(2,200)
Net Assets		<u>33,911</u>	<u>12,513</u>
Represented by.			
Members' Capital classified as a liability	17	20,558	383
Other reserves classified as equity	17	13,353	12,130
		<u>33,911</u>	<u>12,513</u>
Total Members' Interests represented by:			
Loans due from members		(19,092)	-
Loans and other debts due to members		20,558	383
Members' other interests		13,353	12,130
		<u>14,819</u>	<u>12,513</u>

The accounts on pages 5 to 21 were approved by the Board
For and on behalf of the Members

Date 13th July 2007



CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2007

	<i>Notes</i>	<i>2007</i> <i>£'000</i>	<i>2006</i> <i>£'000</i>
Net cash inflow from operating activities	<i>16a</i>	34,818	18,842
Return on investment and servicing of finance	<i>16b</i>	555	452
Taxation	<i>16b</i>	(393)	(393)
Financing	<i>16b</i>	-	(3,000)
Capital Expenditure and Financial Investment	<i>16b</i>	(1,460)	(399)
Transactions with members	<i>16b</i>	(25,091)	(15,215)
Increase in cash	<i>16c</i>	<u>8,429</u>	<u>287</u>

LIMITED LIABILITY PARTNERSHIP BALANCE SHEET
at 31 March 2007

	<i>Notes</i>	<i>2007</i> <i>£'000</i>	<i>2006</i> <i>£'000</i>
Fixed Assets			
Tangible fixed assets	10	1,141	222
Investments in subsidiaries	11	81	361
Other investments	11	987	471
		<u>2,209</u>	<u>1,054</u>
Current Assets			
Debtors	12	1,011	1,192
Loans due from members	17	19,092	-
Cash		7,200	6,411
		<u>27,303</u>	<u>7,603</u>
Creditors amounts falling due within one year	13	<u>(7,028)</u>	<u>(5,513)</u>
Net current assets		<u>20,275</u>	<u>2,090</u>
Net assets		<u>22,484</u>	<u>3,144</u>
Represented by:			
Members' Capital classified as a liability	17	20,558	383
Other reserves classified as equity	17	1,926	2,761
		<u>22,484</u>	<u>3,144</u>
Total Members' Interests represented by			
Loans due from members		(19,092)	-
Loans and other debts due to members		20,558	383
Members' other interests		1,926	2,761
		<u>3,392</u>	<u>3,144</u>

The accounts on pages 5 to 21 were approved by the Board
For and on behalf of the Members

Date 13th July 2007

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NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2007

1. ACCOUNTING POLICIES

Basis of accounting

The accounts consolidate the accounts of HgCapital LLP and all its subsidiary undertakings, drawn up to 31 March 2007. The group has taken advantage of the exemption under section 230 of the Companies Act not to present a profit and loss account for HgCapital LLP.

The consolidated financial statements are prepared on the going concern basis under the historical costs convention and in accordance with the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' (SORP) issued in March 2006.

Fixed assets

All fixed assets are recorded at cost.

Depreciation and amortisation

Depreciation and amortisation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, being as follows:

Leasehold improvements	-	Life of lease (5 years)
Fixtures and fittings	-	Life of lease (5 years)
Computer equipment	-	2 years
Motor vehicle	-	3 years
Membership debenture	-	5 years

Investments in subsidiaries

The Group holds its investments stated at the lower of cost and net realisable value.

Other investments

Other investments are stated at the lower of cost and net realisable value.

Deferred expenditure

Deferred expenditure is initially stated at cost and charged to the profit and loss account over the economic life of five years.

Foreign currencies

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

Leasing commitments

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Pensions

HgCapital LLP operates a pension scheme for staff and members, the HgCapital LLP stakeholders' scheme. The plan is a defined contribution plan and contributions on behalf of staff are charged to the profit and loss account when they become payable. In addition Hg Pooled Management Limited operates a self-administered defined contribution pension scheme for the two directors who receive remuneration. These amounts are charged to the profit and loss account when they become payable.

Contributions on behalf of Members are included within the Members' Interests.

NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2007

Taxation

The current year corporation tax charge attributed to the group's subsidiaries is included on consolidation. There is no tax charge shown for HgCapital LLP, the entity, as each member is responsible for providing income tax computations to the Inland Revenue and discharging his or her liability to income tax arising thereon.

Deferred taxation

Provision in the subsidiary companies is made for corporation tax at the current rates on the excess of taxable income over allowable expenses. Provision is made for deferred tax on all material timing differences arising from the different treatment of items for accounting and tax purposes. A deferred tax asset is recognised only to the extent that it is more likely than not that there will be taxable profits in the future against which the asset can be offset.

2. FEE INCOME

Fee income represents the net amounts earned from clients during the year from continuing activities in the UK, which is stated net of value added tax.

3 ANALYSIS OF OPERATING EXPENSES

	2007 £'000	2006 £'000
Staff costs (note 4)	9,413	6,295
Legal and professional fees	2,394	2,304
Depreciation of tangible fixed assets	338	274
Amortisation of investments	10	9
Other operating expenses	3,727	3,781
	<u>15,882</u>	<u>12,663</u>

4. STAFF COSTS

The aggregate employment costs of staff (excluding members) were

	2007 £'000	2006 £'000
Salaries including bonus and training costs	8,674	5,662
Social security costs	520	396
Pension costs	219	237
	<u>9,413</u>	<u>6,295</u>

The average number of staff (excluding members) during the year was

	2007 Number	2006 Number
Revenue staff	24	18
Support staff	25	26
	<u>49</u>	<u>44</u>

NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2007

5. OPERATING PROFIT

Operating profit is stated after charging/ (crediting)

	2007 £'000	2006 £'000
Auditors' remuneration		
- Audit services	43	36
- Taxation services	58	78
- Valuation services	55	55
- Remuneration services	3	14
- Corporate Finance services	92	-
- Other services	-	56
Depreciation of tangible fixed assets	339	274
Amortisation of investments	10	9
Operating lease payments	612	585
Foreign exchange losses/(gains)	93	(53)

6. DIRECTORS' EMOLUMENTS

The Group had four directors during the year (2006 – five), of which two received remuneration from the Group for the year (2006 – three) in respect of their directorships of subsidiary companies

Executive directors' remuneration comprises base salary and other benefits. The amounts stated below reflect remuneration earned in the year and charged to the profit and loss account

	2007 £'000	2006 £'000
Aggregate emoluments of executive directors		
Salaries	460	542
Loss of office	-	30
Pension contributions	92	108
Total	552	680
Details of the highest paid director		
Salaries	230	205
Pension contributions	46	41
Total	276	246
	Number	Number
Members of defined contribution schemes	2	3

NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2007

7 INTEREST RECEIVABLE

Interest receivable is interest earned on cash balances held at the bank

8. LOSS ON DISPOSAL OF SUBSIDIARY

On 6 March 2007 Hg Investment Managers Limited increased its share capital by £50,000 with the creation of 50,000 new A ordinary shares of £1 each which were issued. These shares have all the voting rights of Hg Investment Managers Limited.

The group's current ordinary shares were re-designated as 30,000 B ordinary shares of £1 each, which have the right to receive all dividends declared by the Board of Hg Investment Managers Limited. The group's investment therefore no longer qualifies as a subsidiary, and is reflected as an investment held at cost.

The loss on the disposal is as follows

	2007 £'000
Net asset value of Hg Investment Managers Limited on disposal	2,350
Cost of investment	<u>(281)</u>
Loss on disposal	<u>2,069</u>

9 GROUP TAX CHARGE

The group tax charge represents the tax liability generated in the underlying subsidiaries held by the Limited Liability Partnership.

The group tax charge is made up as follows

	2007 £'000	2006 £'000
<i>Current tax</i>		
UK Corporation tax	866	407
Overseas tax	<u>(143)</u>	<u>129</u>
Total current tax	<u>723</u>	<u>536</u>
Deferred tax	<u>-</u>	<u>-</u>
Total tax charge	<u>723</u>	<u>536</u>

NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2007

9 GROUP TAX CHARGE (Continued)

Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for a large company (30%). The differences are explained below

	2007 £'000	2006 £'000
Profit before tax	28,134	19,473
Corporation tax at 30% (2006 30%)	8,440	5,842
Effects of:		
Income attributable to HgCapital LLP and taxable on members directly	(8,027)	(5,376)
Overseas tax items and rate differences	196	36
Expenditure not deductible for corporation tax purposes	114	33
Marginal relief	-	1
	(7,717)	(5,306)
Corporation tax charge for the year	723	536

Tax on partnership profits is assessed on the partner rather than the partnership and accordingly, no tax is included in these accounts in respect of that part of the profit attributed to the members of the partnership

There is no material unprovided deferred tax

NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2007

10. MEMBERS' REMUNERATION AND DIVISION OF PROFIT

Profits are shared among the members after the end of the year in accordance with agreed profit sharing arrangements and include interest on members' funds. Members are required to make their own provision for pensions from their profit shares.

	<i>2007</i> <i>Number</i>	<i>2006</i> <i>Number</i>
Average number of members	<u>16</u>	<u>16</u>

	<i>2007</i> <i>£'000</i>	<i>2006</i> <i>£'000</i>
Average profit per member	<u>1,761</u>	<u>1,184</u>

Members remuneration and profit allocations of £26,174,000 (2006: £15,277,000) were paid during the year.

Payments made to the highest paid member were:

	<i>2007</i> <i>£'000</i>	<i>2006</i> <i>£'000</i>
Remuneration	912	906
Division of profit	<u>1,963</u>	<u>1,392</u>
	<u>2,875</u>	<u>2,298</u>

NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2007

11 TANGIBLE FIXED ASSETS

<i>Group</i>	<i>Motor vehicle £'000</i>	<i>Fixtures & fittings £'000</i>	<i>Leasehold improvements £'000</i>	<i>Computer equipment £'000</i>	<i>Total £'000</i>
Cost					
At 1 April 2006	44	329	392	776	1,541
Additions	-	178	845	307	1,330
Disposals and written off	-	(16)	(373)	(421)	(810)
At 31 March 2007	44	491	864	662	2,061
Depreciation					
At 1 April 2006	1	188	335	648	1,172
Provided during the year	15	52	109	162	338
Disposals and written off	-	(14)	(373)	(421)	(808)
At 31 March 2007	16	226	71	389	702
Net book value					
At 31 March 2007	28	265	793	273	1,359
At 31 March 2006	43	141	57	128	369

NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2007

11. TANGIBLE FIXED ASSETS (Continued)

<i>Limited liability partnership</i>	<i>Motor vehicle £'000</i>	<i>Fixtures & fittings £'000</i>	<i>Leasehold improvements £'000</i>	<i>Computer equipment £'000</i>	<i>Total £'000</i>
Cost					
At 1 April 2006	44	166	372	730	1,312
Additions	-	164	757	308	1,229
Disposals	-	(13)	(373)	(416)	(802)
At 31 March 2007	44	317	756	622	1,739
Depreciation					
At 1 April 2006	1	146	334	609	1,090
Provided during the year	15	29	105	161	310
Disposals	-	(13)	(373)	(416)	(802)
At 31 March 2007	16	162	66	354	598
Net book value					
At 31 March 2007	28	155	690	268	1,141
At 31 March 2006	43	20	38	121	222

12 INVESTMENTS

<i>Group</i>	<i>Membership debenture £'000</i>	<i>Other investments £'000</i>	<i>Total £'000</i>
Cost			
At 1 April 2006	20	574	594
Investment in the year	-	236	236
Investment previously consolidated	-	281	281
Disposals in the year	-	(104)	(104)
Amortisation	(10)	-	(10)
At 31 March 2007	10	987	997

In the year, the group invested further in MUST 4 Carry LP, the founder partner of and an investor in the MUST 4 Fund. The group has investments in HgCapital SPLP 1 Carry LP, HgCapital SPLP 2 Carry LP and HgCapital RW SPLP Carry LP who invested in GKN SPLP 1 LP, GKN SPLP 2 LP, RR SPLP 1 LP, RR SPLP 2 LP and RW SPLP LP. The group committed £396,000 to HgCapital 5 Executive Co-Invest LP and €3,000,000 to Hg Renewable Power Partners LP and subsequently invested therein during the year. These investments are stated at the lower of cost and the net realisable value.

Furthermore other investments include an investment of £281,000 in Hg Investment Managers Limited, incorporated in the United Kingdom. The investment consists of 30,000 B ordinary shares that have the right to receive all dividends declared by Hg Investment Managers Limited.

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2007

12 INVESTMENTS (continued)

<i>Limited liability partnership</i>	<i>Investments in Subsidiaries £'000</i>	<i>Other Investments £'000</i>	<i>Total £'000</i>
Cost			
At 1 April 2007	361	471	832
Reclassification	(281)	281	-
Investment in the year	1	235	236
At 31 March 2007	81	987	1,068

As at 31 March 2007, the LLP holds an interest in the share capital of the following subsidiary undertakings

	<i>Incorporated and Registered</i>	<i>Nature of business</i>	<i>Ordinary Shares</i>
Hg Pooled Management Limited	England	Investment Management	100%
HgCapital Beratungs GmbH & Co Kg *	Germany	Investment Advisor	100%
HgCapital Verwaltungs GmbH	Germany	Investment Advisor	100%
HgCapital (Netherlands) BV	Netherlands	Investment Advisor	100%
MUST 4 Management GmbH	Germany	Investment Management	100%
MUST 4 General Partner (Guernsey) Ltd	Guernsey	Investment Management	100%
HGT General Partner Limited	England	Investment Management	100%
Hg Incorporations Limited	England	Non-trading	100%
HgCapital Segregated Client G P (UK) Limited	England	Non-trading	100%
HgCapital General Partner (Scotland) Limited	Scotland	Investment Management	100%
HgCapital Trustee Company Limited	England	Non-trading	100%
HgCapital 5 General Partner (Guernsey) Limited	Guernsey	Investment Management	100%
HgCapital 5 General Partner LP *	Scotland	Investment Management	100%
Hg Renewable Power GP (Guernsey) Limited	Guernsey	Investment Management	100%
Hg Renewable Power GP (Scotland) Limited	Scotland	Investment Management	100%
HGT Carry LP	England	Investment Management	100%

The members are of the opinion that the value of investments in subsidiaries is not less than the amount at which they are stated in the accounts

* Held through subsidiaries

In the year, the group invested further in MUST 4 Carry LP, the founder partner of and an investor in the MUST 4 Fund. The group has investments in HgCapital SPLP 1 Carry LP, HgCapital SPLP 2 Carry LP and HgCapital RW SPLP Carry LP who invested in GKN SPLP 1 LP, GKN SPLP 2 LP, RR SPLP 1 LP, RR SPLP 2 LP and RW SPLP LP. The group committed £396,000 to HgCapital 5 Executive Co-Invest LP and €3,000,000 to Hg Renewable Power Partners LP and subsequently invested therein during the year. These investments are stated at the lower of cost and the net realisable value.

Other investments also include an investment of £281,000 in Hg Investment Managers Limited, incorporated in the United Kingdom. The investment consists of 30,000 B ordinary shares that have the right to receive all dividends declared by Hg Investment Managers Limited.

NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2007

13. DEBTORS

	2007 Group £'000	2006 Group £'000	2007 LLP £'000	2006 LLP £'000
Amounts owed by group undertakings	-	-	500	500
Client debtors	5,151	5,517	306	5
Deferred expenditure	4,531	5,271	-	-
Prepayments and accrued income	716	4,749	142	250
VAT recoverable	-	-	178	71
Other debtors	493	436	385	366
	<u>10,891</u>	<u>15,973</u>	<u>1,011</u>	<u>1,192</u>

14 CREDITORS: amounts falling due within one year

	2007 Group £'000	2006 Group £'000	2007 LLP £'000	2006 LLP £'000
Trade creditors	591	610	354	185
VAT payable	125	320	-	-
Other creditors	7,115	5,568	5,770	4,926
Payroll and social security	523	381	289	185
Taxation	2,290	1,960	-	-
Accruals	7,515	7,050	615	217
	<u>18,159</u>	<u>15,889</u>	<u>7,028</u>	<u>5,513</u>

15. CREDITORS: amounts falling due after more than one year

Group	2007 £'000	2006 £'000
Accruals	<u>-</u>	<u>2,200</u>
	<u>-</u>	<u>2,200</u>

NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2007

16. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

a) Reconciliation of operating profit to net cash inflow from operating activities

	2007 £'000	2006 £'000
Operating profit	29,648	19,021
Depreciation	338	274
Amortisation	10	9
Decrease/(increase) in debtors	5,082	(10,662)
(Decrease)/increase in creditors	(260)	10,200
Net cash inflow from operating activities	<u>34,818</u>	<u>18,842</u>

b) Analysis of cash flows for headings netted in the consolidated cash flow statement

Return on investment and servicing of finance

Interest received	<u>555</u>	<u>452</u>
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Taxation

Corporation tax paid	<u>(393)</u>	<u>(393)</u>
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Financing

Proceeds of preference shares redeemed	<u>-</u>	<u>(3,000)</u>
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Capital expenditure and financial investment

Purchase of tangible fixed assets	(1,330)	(241)
Proceeds on disposal of tangible fixed assets	2	12
Purchase of investments	(236)	(170)
Proceeds on disposal of investments	<u>104</u>	<u>-</u>
	<u>(1,460)</u>	<u>(399)</u>

Transactions with members

Members' remuneration paid	(7,689)	(6,022)
Division of profit paid	(18,485)	(9,255)
Members capital introduced	20,175	62
Loans advanced	<u>(19,092)</u>	<u>-</u>
	<u>(25,091)</u>	<u>(15,215)</u>

NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2007

16 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

c) Analysis of changes in cash

	2007 £'000	2006 £'000
Cash at bank		
At 1 April	13,666	13,374
Currency conversion adjustments	(14)	5
Decrease from disposal of subsidiary	(2,350)	-
Increase in cash	8,429	287
At 31 March	19,731	13,666

17. RECONCILIATION OF MOVEMENTS IN MEMBERS' INTERESTS

<i>Group</i>	<i>Members Other Interests £'000</i>	<i>Loans due from Members £'000</i>	<i>Loans and other debts due to Members £'000</i>	<i>Total Members' Interests £'000</i>
Members' interests				
At 1 April 2006	12,130	-	383	12,513
Profit for the year available for discretionary division among members	19,722	-	-	19,722
Members' interests after profit for the year	31,852	-	383	32,235
Members' capital introduced	-	-	25,175	25,175
Advance drawings paid to members	-	(24,092)	-	(24,092)
Advance drawings repaid	-	5,000	-	5,000
Members capital repaid	-	-	(5,000)	(5,000)
Profit allocations in the year	(18,485)	-	-	(18,485)
Currency conversion adjustments	(14)	-	-	(14)
At 31 March 2007	13,353	(19,092)	20,558	14,819
<i>Limited Liability Partnership</i>	<i>Members Other Interests £'000</i>	<i>Loans due from Members £'000</i>	<i>Loans and other debts due to Members £'000</i>	<i>Total Members' Interests £'000</i>
Members' interests				
At 1 April 2006	2,761	-	383	3,144
Profit for the year available for discretionary division among members	17,650	-	-	17,650
Members' interests after profit for the year	20,411	-	383	20,794
Members' capital introduced	-	-	25,175	25,175
Advance drawings paid to members	-	(24,092)	-	(24,092)
Advance drawings repaid	-	5,000	-	5,000
Members' capital repaid	-	-	(5,000)	(5,000)
Profit allocations in the year	(18,485)	-	-	(18,485)
At 31 March 2007	1,926	(19,092)	20,558	3,392

NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2007

18. RELATED PARTY DISCLOSURES

For the purposes of FRS, related parties include the group's subsidiary undertakings

Furthermore, the group provides business support services to Hg Investment Managers Limited (Hg IM) and Hg IM charges a management fee to the group. Hg IM ceased to be a subsidiary of the partnership on 6 March 2007, after which date the partnership ceased to have any ownership interest or control over Hg IM. The partnership and IM continue to share certain key business interests, management, systems and processes, such that one party might be able to influence the other. The parties are therefore deemed to be related parties under FRS 8.

The group has taken advantage of the exemption in FRS 8 Related Party Disclosure relating to transactions between 90% or more controlled subsidiaries and therefore transactions up to 6 March 2007 with Hg IM are not disclosed as the results of Hg IM are consolidated into the results of the group until that date.

In the period from 7 March 2007 to 31 March 2007, Hg IM paid business support fees of £80,000 to the group and received management fees of £29,000 from the group.

19. OTHER FINANCIAL COMMITMENTS AND CONTINGENCIES

At 31 March 2007 the Group had an annual commitment of £612,000 (2006: £445,000) under non-cancellable operating leases relating to land and buildings which expires in between five and eleven years.

20. ULTIMATE CONTROLLING PARTY

The Members' are the ultimate controlling party.