
FINISTERRE CAPITAL LLP

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 NOVEMBER 2009**



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FINISTERRE CAPITAL LLP

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FINISTERRE CAPITAL LLP

INFORMATION

Designated Members

P Crean
F Foss-Skiftesvik
Y Swiderski
R Blosse Duplan

Member

XL FC Limited

LLP registered number

OC 303111

Registered office

4th Floor
Queensberry House
3 Old Burlington Street
London
W1S 3AE

Auditors

Calder & Co
Statutory Auditor and Chartered Accountants
1 Regent Street
London
SW1Y 4NW

Solicitors

Herbert Smith LLP
Exchange House
Primrose Street
London
EC2A 2HS

FINISTERRE CAPITAL LLP

MEMBERS' REPORT FOR THE PERIOD ENDED 30 NOVEMBER 2009

The members submit their annual report and the audited financial statements of Finisterre Capital LLP (the LLP) for the period ended 30 November 2009. The members confirm that the annual report and financial statements of the LLP comply with current statutory requirements and the requirements of the LLP's governing document.

PRINCIPAL ACTIVITIES

The principal activity of the LLP is investment management.

The LLP is authorised by the Financial Services Authority to carry on Investment Business.

The trading results for the period, and the LLP's financial position at the end of the period, are shown in the attached financial statements.

DESIGNATED MEMBERS

P Crean, F Foss-Skiftesvik, Y Swiderski and R Blosse Duplan were designated members during the period.

MEMBERS' CAPITAL AND INTERESTS

Each member's subscription to the capital of the LLP is determined by their share of the profit and is repayable following retirement from the LLP.

Members are remunerated from the profits of the LLP and are required to make their own provision for pensions and other benefits. Profits are allocated and divided between members after finalisation of the financial statements. Members draw a proportion of their profit shares monthly during the year in which it is made, with the balance of profits being distributed after the year, subject to the cash requirements of the business.

CHARITABLE DONATIONS

During the period, the LLP made charitable contributions totalling £17,084 (2008 - £15,091).

STATEMENT OF MEMBERS' RESPONSIBILITIES

The members are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law, as applied to LLPs, requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, as applied to LLPs, the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period. In preparing these financial statements, the members are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards 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 LLP will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the entity's transactions and disclose with reasonable accuracy at any time the financial position of the LLP 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 LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

FINISTERRE CAPITAL LLP

**MEMBERS' REPORT (continued)
FOR THE PERIOD ENDED 30 NOVEMBER 2009**

AUDITORS

A resolution proposing that Calder & Co be re-appointed as auditors of the LLP will be put to the Annual General Meeting

This report was approved by the members on 31 March 2010 and signed on its behalf, by

A handwritten signature in black ink, appearing to be 'P Crean', written in a cursive style.

**P Crean
Designated Member**

FINISTERRE CAPITAL LLP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FINISTERRE CAPITAL LLP

We have audited the financial statements of Finisterre Capital LLP for the period ended 30 November 2009, set out on pages 6 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the LLP's members in accordance with the Companies Act 2006, as applied by Part 12 of The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP's members those matters we are required to state to them in an 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 LLP and the LLP's members for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF MEMBERS AND AUDITORS

The members' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are 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 have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, have been prepared in accordance with the Companies Act 2006, as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, and give a true and fair view.

In addition we report to you if, in our opinion, the LLP has not kept adequate accounting records, or if we have not received all the information and explanations we require for our audit.

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 judgments made by the members in the preparation of the financial statements, and of 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.

FINISTERRE CAPITAL LLP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FINISTERRE CAPITAL LLP

OPINION

In our opinion the financial statements

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- have been prepared in accordance with the Companies Act 2006, as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, and
- give a true and fair view of the state of the LLP's affairs as at 30 November 2009 and of its profit for the period then ended



CALDER & CO

Statutory Auditor and Chartered Accountants

1 Regent Street
London
SW1Y 4NW

31 March 2010

Tony Badiani (Senior statutory auditor)

FINISTERRE CAPITAL LLP

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 30 NOVEMBER 2009**

		Period ended 30 November 2009 £	Year ended 31 December 2008 £
	Note		
TURNOVER	1,2	3,801,581	3,640,901
Administrative expenses		<u>(2,538,365)</u>	<u>(2,901,180)</u>
OPERATING PROFIT	3	1,263,216	739,721
Interest receivable		<u>328</u>	<u>4,404</u>
PROFIT FOR THE FINANCIAL PERIOD BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS		£ 1,263,544	£ 744,125

All amounts relate to continuing operations

There were no recognised gains and losses for 2009 or 2008 other than those included in the Profit and loss account

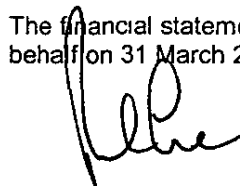
The notes on pages 9 to 16 form part of these financial statements

FINISTERRE CAPITAL LLP
REGISTERED NUMBER: OC 303111

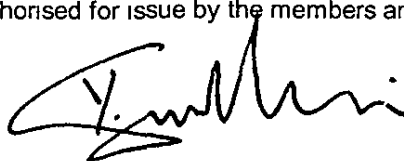
BALANCE SHEET
AS AT 30 NOVEMBER 2009

	Note	30 November 2009 £	31 December 2008 £
FIXED ASSETS			
Tangible fixed assets	8	80,973	95,635
CURRENT ASSETS			
Debtors amounts falling due after more than one year	9	-	128,268
Debtors amounts falling due within one year	9	1,675,048	1,152,463
Cash at bank		483,269	397,866
		<u>2,158,317</u>	<u>1,678,597</u>
CREDITORS: amounts falling due within one year	10	<u>(807,136)</u>	<u>(899,673)</u>
NET CURRENT ASSETS		<u>1,351,181</u>	<u>778,924</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,432,154</u>	<u>874,559</u>
CREDITORS: amounts falling due after more than one year	11	<u>(262,361)</u>	<u>(299,184)</u>
NET ASSETS ATTRIBUTABLE TO MEMBERS		<u><u>£ 1,169,793</u></u>	<u><u>£ 575,375</u></u>
REPRESENTED BY:			
LOANS AND OTHER DEBTS DUE TO MEMBERS WITHIN ONE YEAR			
Members' capital classified as a liability under FRS 25		356,250	356,250
Other amounts		813,543	219,125
		<u><u>£ 1,169,793</u></u>	<u><u>£ 575,375</u></u>
TOTAL MEMBERS' INTERESTS			
Loans and other debts due to members		<u><u>£ 1,169,793</u></u>	<u><u>£ 575,375</u></u>

The financial statements were approved and authorised for issue by the members and were signed on their behalf on 31 March 2010



P Crean
Designated member



Y Swiderski
Designated member

The notes on pages 9 to 16 form part of these financial statements

FINISTERRE CAPITAL LLP

**CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 NOVEMBER 2009**

		Period ended 30 November 2009 £	Year ended 31 December 2008 £
	Note		
Net cash flow from operating activities	14	768,525	3,205,445
Returns on investments and servicing of finance	15	328	4,404
Capital expenditure and financial investment	15	(14,324)	(110,797)
Net cash flow from transactions with members	15	(669,126)	(3,118,858)
INCREASE/(DECREASE) IN CASH IN THE PERIOD		£ 85,403	£ (19,806)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT
FOR THE PERIOD ENDED 30 NOVEMBER 2009**

		Period ended 30 November 2009 £	Year ended 31 December 2008 £
Increase/(Decrease) in cash in the period	16	85,403	(19,806)
Cash outflow from decrease in debt	16	669,126	3,118,858
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS		754,529	3,099,052
Other non-cash changes	17	(1,263,544)	(744,125)
MOVEMENT IN NET DEBT IN THE PERIOD	16	(509,015)	2,354,927
Net debt at 1 January 2009	16	(177,509)	(2,532,436)
NET DEBT AT 30 NOVEMBER 2009	16	£ (686,524)	£ (177,509)

The notes on pages 9 to 16 form part of these financial statements

FINISTERRE CAPITAL LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2009

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships".

1.2 TURNOVER

Turnover comprises revenue recognised by the LLP in respect of services supplied

1.3 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Leasehold improvements	-	Over the life of the lease
Office equipment	-	Over 3 - 5 years

1.4 OPERATING LEASES

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

1.5 FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

1.6 PENSIONS

The LLP operates a defined contribution pension scheme and the pension charge represents the amounts payable by the LLP to the fund in respect of the period

1.7 TAX PROVISIONS

The taxation payable on profits is the personal liability of the members during the period

1.8 MEMBERS' CAPITAL

Members' capital contributions are shown as debt, under the provisions of FRS 25

FINISTERRE CAPITAL LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2009

2. TURNOVER

The turnover shown in the Profit and Loss account represents the amount of services provided during the year

All turnover arose outside the United Kingdom

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	Period ended 30 November 2009 £	Year ended 31 December 2008 £
Depreciation of tangible fixed assets - owned by the LLP	28,986	30,584
Difference on foreign exchange	(98,578)	105,745
Operating lease rentals other operating leases	142,205	132,430

During the period, no member received any emoluments (2008 - £NIL)

4. AUDITORS' REMUNERATION

	Period ended 30 November 2009 £	Year ended 31 December 2008 £
Fees payable to the company's auditor for the audit of the company's annual accounts	6,692	8,000
Fees payable to the company's auditor and its associates in respect of All other services	8,917	22,155

5. CHANGE OF ACCOUNTING REFERENCE DATE

During the period, the LLP shortened its accounting reference date to an eleven month period to the 30th November 2009

FINISTERRE CAPITAL LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 NOVEMBER 2009**

6. STAFF COSTS

Staff costs were as follows

	Period ended 30 November 2009 £	Year ended 31 December 2008 £
Wages and salaries	1,351,813	1,453,500
Social security costs	166,192	180,022
Other pension costs	70,715	92,938
	<u>£ 1,588,720</u>	<u>£ 1,726,460</u>

The average monthly number of persons (including members with contracts of employment) employed during the period was as follows

	Period ended 30 November 2009 No.	Year ended 31 December 2008 No
Finance and administration	<u>12</u>	<u>12</u>

7 INFORMATION IN RELATION TO MEMBERS

	Period ended 30 November 2009 Number	Year ended 31 December 2008 Number
The average number of members during the year was	<u>5</u>	<u>5</u>
	£	£
The amount of profit attributable to the member with the largest entitlement was	<u>£ 421,181</u>	<u>£ 238,042</u>

FINISTERRE CAPITAL LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 NOVEMBER 2009**

8. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Furniture, fittings and equipment £	Total £
COST			
At 1 January 2009	25,367	163,140	188,507
Additions	-	14,324	14,324
At 30 November 2009	25,367	177,464	202,831
DEPRECIATION			
At 1 January 2009	3,252	89,620	92,872
Charge for the period	3,322	25,664	28,986
At 30 November 2009	6,574	115,284	121,858
NET BOOK VALUE			
At 30 November 2009	£ 18,793	£ 62,180	£ 80,973
At 31 December 2008	£ 22,115	£ 73,520	£ 95,635

9 DEBTORS

	30 November 2009 £	31 December 2008 £
DUE AFTER MORE THAN ONE YEAR		
Other debtors	£ -	£ 128,268
DUE WITHIN ONE YEAR		
Other debtors	191,274	37,205
Prepayments and accrued income	1,483,774	1,115,258
	£ 1,675,048	£ 1,152,463

FINISTERRE CAPITAL LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 NOVEMBER 2009**

**10. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	30 November 2009 £	31 December 2008 £
Trade creditors	119,677	140,259
Accruals and deferred income	687,459	759,414
	<u>£ 807,136</u>	<u>£ 899,673</u>

**11. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	30 November 2009 £	31 December 2008 £
Other creditors	£ 262,361	£ 299,184

Included in other creditors is an interest-free subordinated loan from Finisterre Cayman Limited which has a maturity date of 11 August 2013. Under the terms of the loan agreement, the loan can be repaid with one month's notice if consent is obtained from the Financial Services Authority.

12. LOANS AND OTHER DEBTS DUE TO MEMBERS

	30 November 2009 £	31 December 2008 £
Member capital treated as debt	356,250	356,250
Amounts due to members	813,543	219,125
	<u>£ 1,169,793</u>	<u>£ 575,375</u>

Loans and other debts due to members rank equally with debts due to ordinary creditors in the event of a winding up.

FINISTERRE CAPITAL LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 NOVEMBER 2009**

13. RECONCILIATION OF MEMBERS' INTERESTS

	Other reserves £	Loans and debts due to members less any amounts due from members in debtors £	Total £
Members' interests balance at 1 January 2008	-	2,950,108	2,950,108
Profit for the period available for discretionary division among members	744,125	-	744,125
Members' interests after profit for the period	744,125	2,950,108	3,694,233
Allocated profit for period	(744,125)	744,125	-
Amounts introduced by members	-	28,500	28,500
Amounts withdrawn by members	-	(3,147,358)	(3,147,358)
Members' interests balance at 1 January 2009	-	575,375	575,375
Profit for the period available for discretionary division among members	1,263,544	-	1,263,544
Members' interests after profit for the period	1,263,544	575,375	1,838,919
Allocated profit for period	(1,263,544)	1,263,544	-
Amounts withdrawn by members	-	(669,126)	(669,126)
Members' interests at 30 November 2009	£ -	£ 1,169,793	£ 1,169,793

14. NET CASH FLOW FROM OPERATING ACTIVITIES

	Period ended 30 November 2009 £	Year ended 31 December 2008 £
Operating profit	1,263,216	739,721
Depreciation of tangible fixed assets	28,986	30,584
(Increase)/decrease in debtors	(394,317)	2,235,424
(Decrease)/increase in creditors	(129,360)	199,716
NET CASH INFLOW FROM OPERATING ACTIVITIES	£ 768,525	£ 3,205,445

FINISTERRE CAPITAL LLP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 NOVEMBER 2009

15. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	Period ended 30 November 2009 £	Year ended 31 December 2008 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	£ 328	£ 4,404
	<u>£ 328</u>	<u>£ 4,404</u>
	Period ended 30 November 2009 £	Year ended 31 December 2008 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	£ (14,324)	£ (110,797)
	<u>£ (14,324)</u>	<u>£ (110,797)</u>
	Period ended 30 November 2009 £	Year ended 31 December 2008 £
TRANSACTIONS WITH MEMBERS		
Payments to members	(669,126)	(3,147,358)
Contributions by members	-	28,500
	<u>(669,126)</u>	<u>(3,118,858)</u>
NET CASH OUTFLOW FROM TRANSACTIONS WITH MEMBERS	£ (669,126)	£ (3,118,858)
Analysed as follows		
Net transactions with members relating to equity	-	-
Net transactions with members relating to debt	(669,126)	(3,118,858)
	<u>£ (669,126)</u>	<u>£ (3,118,858)</u>

16. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2009 £	Cash flow £	Other non-cash changes £	30 November 2009 £
Cash at bank and in hand	397,866	85,403	-	483,269
Loans and other debts due to members	(575,375)	669,126	(1,263,544)	(1,169,793)
NET DEBT	£ (177,509)	£ 754,529	£ (1,263,544)	£ (686,524)

FINISTERRE CAPITAL LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2009

17. PENSION COMMITMENTS

The LLP operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the LLP in an independently administered fund. The pension cost charge represents contributions payable by the LLP to the fund and amounted to £70,715 (2008 - £92,938) and are included in staff salaries. Contributions totalling £12,867 (2008 - £nil) were payable to the fund at the balance sheet date and are included in creditors.

18. OPERATING LEASE COMMITMENTS

At 30 November 2009 the LLP had annual commitments under non-cancellable operating leases as follows

	Land and buildings 30 November 2009 £	31 December 2008 £
EXPIRY DATE:		
Within 1 year	32,800	-
Between 1 and 2 years	-	98,400
	<u>32,800</u>	<u>98,400</u>

19. RELATED PARTY TRANSACTIONS AND TRANSACTIONS WITH MEMBERS

The members consider Finisterre Cayman Limited to be a related party under FRS 8 due to common ownership. During the period the LLP charged Finisterre Cayman Limited £3,801,581 (2008 - £3,640,901) in respect of management and administrative services provided.

Details of subordinated loans made by Finisterre Cayman Limited are included in note 11.

At the period end the balance due from Finisterre Cayman Limited was £1,127,404 (2008 - £595,171).

During the period, the LLP charged amounts in respect of middle and back office services provided to the Funds for which it acts as investment manager, and in which one of the members of the LLP is also a director.

Details of amounts the LLP charged, and the balances outstanding at the year end, are as follows

	Period ended Amounts charged 2009 £	Period ended Balance outstanding 2009 £	Year ended Amounts charged 2008 £	Year ended Balance outstanding 2008 £
Finisterre Sovereign Debt Master Fund	107,607	11,329	94,622	12,157
Finisterre Global Opportunity Master Fund	276,312	27,990	179,218	28,177
Finisterre Special Situations Master Fund	117,468	10,069	63,948	8,882
Finisterre Recovery Fund	<u>22,586</u>	<u>1,746</u>	<u>-</u>	<u>-</u>