

Carlton Commodities 2004 LLP

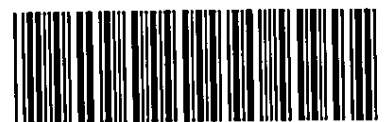
Report and Financial Statements

Year Ended

31 March 2009

Registered number: OC309249

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Carlton Commodities 2004 LLP

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Carlton Commodities 2004 LLP

Partnership Information

Designated Members

Marex Financial Limited
J Courtney

Legal form

Limited Liability Partnership

Registered office

Level 1, 155 Bishopsgate, London. EC2M 3TQ

Partnership number

OC309249

Auditors

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

Bankers

Fortis Bank, Camomile Court, 23 Camomile Street, London. EC3A 7PP

Carlton Commodities 2004 LLP

Members' report for the year ended 31 March 2009

The members present their report and financial statements for the year ended 31 March 2009.

Operating review

The Partnership's principal activity during the year was that of commodity dealing. The profit for the year before members' remuneration and profit shares was £13,828,271 (2008 - £9,637,797)

Profits earned from the principal positions held at Marex Financial Limited, are apportioned between the members, including Marex Financial Limited, in the relevant ratios stated in the partnership agreement.

Designated Members

The following were designated members during the year:

J M Courtney (appointed 15 August 2008)
M Hanney (resigned 15 August 2008)
Marex Financial Limited

Members' Capital and Interests

The Partnership maintains capital appropriate to the requirements of the business. Details of members' capital are set out on page 23 and 24 of these financial statements.

Members' Profits and Drawings

Profits are allocated for division amongst the members in accordance with the proportions and percentages set out in the Partnership Agreement. Partners' profits are distributed within 20 workings days following the end of each quarter to which they relate.

Risks and uncertainties

The members consider that the principal risks to the performance of the partnership and the execution of the partnership's strategy are the volatility and volumes levels of the market in which that the Partnership transacts, competition and retention of key staff.

Markets

To earn profits from its market making and proprietary trading activity, the Partnership is looking for healthy trading volume and volatility in the markets. Any decline in these could result in a decrease in trading profits. Also risk parameters are set for each individual partner and any trading beyond these parameters could result in an unacceptable increase in risks and reduce profits being earned.

These risks are addressed by continuous monitoring of the markets and continuous monitoring of the risk and positions, against agreed parameters, that the individual partners have undertaken.

Carlton Commodities 2004 LLP

Members' report for the year ended 31 March 2009

Competition

The Partnership operates in a competitive environment and the threat of new competition entering the market could reduce the level of activity transacted by the Partnership and therefore lessen the ability of the Partnership to earn profits.

The members address this risk by continuous monitoring of the markets and by comparing the volumes traded by the Partnership to the total traded on the relevant markets and exchanges.

Financial risk management objectives and policies

The partnership's financial risk management and policies are disclosed in note 6

Auditors

A resolution proposing that Ernst & Young LLP be re-appointed as auditors will be put to the next Members' meeting.

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 requires the members to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the LLP for that year.

In preparing these financial statements, the members are required to:

- make judgments and estimates that are reasonable and prudent;
- select suitable accounting policies and then apply them consistently;
- state whether applicable 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 Partnership will continue in business.

The members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the partnership and to enable them to ensure that the financial statements comply with the Companies Act 1985 as modified by the Limited Liability Partnerships Regulation 2001. They are also responsible for safeguarding the assets of the partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Carlton Commodities 2004 LLP

Members' report for the year ended 31 March 2009

Members' statement as to disclosure of information to auditor

All of the current members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the partnership's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The members are not aware of any relevant audit information of which the auditors are unaware.

On behalf of the members



Designated member
29 October 2009

Carlton Commodities 2004 LLP

Members' report for the year ended 31 March 2009

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARLTON COMMODITIES 2004 LLP

We have audited the financial statements of Carlton Commodities 2004 LLP for the year ended 31 March 2009 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, and the related notes 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Partnership's members, as a body, in accordance with the requirements of the Limited Liability Partnerships Regulations 2001. Our audit work has been undertaken so that we might state to the Partnership's members those matters that we are required under International Standards on Auditing (UK and Ireland) 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 directors and auditors

As described in the Statement of Members' Responsibilities the members are responsible for preparing the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practices (UK GAAP).

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 and are properly prepared in accordance with the Limited Liability Partnerships Regulations 2001. We also report to you whether the information given in the members' report is consistent with the financial statements, if the partnership has not kept proper accounting records, 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 partnership'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.

Carlton Commodities 2004 LLP

Members' report for the year ended 31 March 2009

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practices, of the state of the partnership's affairs as at 31 March 2009 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Limited Liability Partnerships Regulations 2001; and
- the information in the Members' report is consistent with the financial statements

Ernst & Young LLP

Ernst & Young LLP
Registered auditor
London

30 Oct 2009

Carlton Commodities 2004 LLP**Profit and Loss Account for the year ended 31 March 2009**

		2009	2008
		£	£
	Note		
Revenue	2	13,852,568	10,208,514
Administrative expenses		(25,032)	(600,094)
Operating profit	3	13,827,536	9,608,420
Interest receivable on financial assets		735	29,377
Profit for the financial year before members' remuneration and profit shares		13,828,271	9,637,797
Members' remuneration charged as an expense	4	(13,828,271)	(9,637,797)
Profit for the financial year available for discretionary division among members		-	-

The Partnership had no recognised gains or losses for the current or previous year other than those shown above.

The profit for the current and previous year was derived from continuing operations.

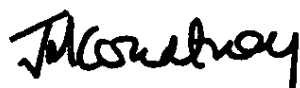
The notes on pages 12 to 21 form part of these financial statements.

Carlton Commodities 2004 LLP

Balance sheet at 31 March 2009

	Note	2009 £	2009 £	2008 £	2008 £
Assets					
Current assets					
Debtors	5	39,988		15,187	
Due from Marex Financial Limited		14,228,591		5,780,775	
Cash and cash equivalents		-		83,233	
Total current assets			14,268,579		5,879,195
Total assets			<u>14,268,579</u>		<u>5,879,195</u>
Liabilities					
Current liabilities					
Accruals		-		17,100	
Overdraft		1,105		-	
Total current liabilities			1,105		17,100
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>14,267,474</u>		<u>5,862,095</u>
REPRESENTED BY:					
Loans and other debts due to members	8		14,267,474		5,862,095
Members' other interest – taxation reserve			-		-
			<u>14,267,474</u>		<u>5,862,095</u>

The financial statements on pages 9 to 11 were approved by the Designated Members on 29 October 2009 and were signed on its behalf by:



Designated Member
29 October 2009

The notes on pages 12 to 21 form part of these financial statements.

Carlton Commodities 2004 LLP

Cash flow statement for the year ended 31 March 2009

	Notes	2009 £	2009 £	2008 £	2008 £
Operating activities					
Net profit from ordinary activities		13,828,271		9,637,797	
Cash generated by operating activities before changes in working capital and provisions			13,828,271		9,637,797
(Increase) in trade and other receivables		(8,447,816)		(2,248,247)	
(Decrease)/Increase in trade and other payables		(17,100)		(851,507)	
			(8,464,916)		(3,099,754)
Net cash flows from operations activities			5,363,355		6,538,043
Investing Activities					
Disposal of Fixed assets investments		-		-	
					-
Transactions with Members					
Members' contribution		-		1,316,413	
Payments to members		(5,447,693)		(8,413,471)	
Payments of tax liabilities		-		(619,347)	
Net Cash flows from financing activities			(5,447,693)		(7,716,405)
Net increase in Cash and Cash equivalents during the year			(84,338)		(1,178,362)
Cash and cash equivalents as at 1 April			83,233		1,261,595
Cash and cash equivalents as at 31 March			(1,105)		83,233

The notes on pages 12 to 21 form part of these financial statements.

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with UK Generally Accepted Accounting Practice (UK GAAP) and the requirements of the Statement of Recommended Practice, "Accounting by Limited Liability Partnerships" issued by the Institute of Chartered Accountants in England and Wales, as revised in March 2006.

The partnership was engaged in a single line of business as a commodity dealer throughout the year ended 31 March 2009.

Revenue

Revenue comprises profits earned on commodities dealing, which are recognised on a fair value basis.

Interest Income

Interest income is recognised on an accruals basis.

Taxation

The taxation payable on profits during the year is the personal liability of the members and is not provided for by the LLP.

Members' remuneration

Profits are allocated for division amongst the members in accordance with the proportions and percentages set out in the Partnership Agreement. Partners' profits are distributed within 20 working days following the end of each quarter to which they relate.

Members' capital

Loans and other debts due to members represents profits that are to be paid out to members. In the event of a winding up, Members capital ranks after unsecured creditors.

Foreign currency translation

The financial statements are presented in sterling, which is the functional currency of the Partnership.

Transactions entered into by the partnership in a currency other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are similarly recognised immediately in the income statement.

Financial assets

The partnership classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The partnership's accounting policy for each category is as follows:

Fair value through profit or loss: This category includes derivatives held for trading. They are carried in the balance sheet at fair value with changes in fair value recognised in the income statement. The partnership records its held for trading financial assets at fair value through the profit and loss account.

Loans and receivables: These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), but also incorporate other types of contractual monetary asset. They are carried at amortised cost using the effective interest method less any provision for impairment.

Available-for-sale: Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise the partnership's strategic investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. They are carried at fair value with changes in fair value recognised directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in the income statement. Fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the partnership establishes fair value by using a valuation technique.

Financial liabilities

The partnership classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The partnership's accounting policy for each category is as follows:

Fair value through profit or loss: This category includes derivatives held for trading. They are carried in the balance sheet at fair value with changes in fair value recognised in the income statement.

Other financial liabilities: Other financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities, which are recognised at amortised cost.

Netting of financial assets and liabilities: financial assets and liabilities are offset with a counterparty if a valid contractual netting agreement is in place and the company has an intention and ability to settle on a net basis with that counterparty. This creates a single obligation to pay (or receive) a net sum of cash.

Critical accounting estimates and judgements

The partnership makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less 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 according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'administrative costs'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'administrative costs' 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.

2 Revenue

	2009 £	2008 £
Revenue arises from:		
Commodity trading	13,852,568	10,208,514
All revenues arose wholly in the United Kingdom.		

3 Operating profit

	2009 £	2008 £
This has been arrived at after charging/(crediting):		
Auditors remuneration - auditors services	12,000	17,100
Foreign exchange differences	104	(3,424)

Carlton Commodities 2004 LLP**Notes to the financial statements for the year ended 31 March 2009 (Continued)****4 Information in relation to members**

	2009 £	2008 £
Members' remuneration charged as an expense non-discretionary profit share	13,828,271	9,637,797
The amount of profit attributable to the member with the largest entitlement was	7,076,842	3,681,102
The average number of members during the year was	21	18
The Partnership had no employees during the year (2008 – nil).		

5 Trade and other receivables

	2009 £	2008 £
Amounts due from members (note 10)	39,988	15,187

6 Due from Marex Financial Limited

This balance represents a proprietary trading account and comprises all recognised and unrecognised trading profits and losses earned by the Partnerships.

7 Financial Instruments**Financial risk management objectives and policies**

The Partnership's activities expose it to the following financial risks

- market risk (foreign currency risk, interest rate risk, volatility in financial markets in which the partnership operates); and
- liquidity risk.

The Partnership manages these risks through various control mechanisms and its approach to risk management is to be both prudent and evolutionary.

Overall responsibility for risk management rests with the designated members. The Partnership uses the dedicated resources within the Risk Management department of MAREX Financial Limited to control and manage the exposures to these risks on the basis of policies adopted by the designated members. The continued appropriateness of risk policies is reviewed by the designated members on a regular basis.

7. Financial instruments (Continued)

Foreign currency risk

The Partners' capital accounts are maintained in sterling ("GBP") at MAREX Financial Limited. Whilst the majority of the revenue generated is in sterling ("GBP"), revenues are also generated in US\$ and Euros. These non-GBP revenues are translated into GBP at the prevailing rate at which the transactions occurred and then paid out to the Partners at the year end rate. This has the effect of MAREX Financial Limited assuming the foreign exchange risk from the Partnership.

Interest rate risk

The Partnership earns interest at the standard bank variable rate on cash balances it holds at its bank. The Partnership does not hold cash on overnight or longer term deposit and therefore has no interest rate risk in relation to balances held at the bank.

The Partnerships does not earn any interest on cash held at MAREX Financial Limited. Any interest rate risk is borne by MAREX Financial Limited.

Market Risk

As the Partnership is a commodities trader, its profitability is linked to the volume, volatility and price levels of the underlying markets. As the individual partners are trading, within agreed risk parameters, for their own account, the key mitigant against market risk, is the continuous monitoring against these key risk parameters and to ensure they are not exceeded.

Liquidity risk

The Partnership deems liquidity risk as the failure to have sufficient financial resources to meet its day to day capital and cash flow requirements. However as MAREX Financial Limited holds the Partnerships' trading accounts as cash and is responsible for making any margin payments, it, rather than the Partnership, bears any liquidity risk.

Other risk management

In addition to the financial risks above the partnership is also exposed to operational, compliance and legal.

Operational risk

Operational risk is the risk of loss arising through failures associated with personnel, processes or systems, or from external events. It is inherent in every business organisation and covers a wide spectrum of issues. First line operational risk is managed through systems and procedures in which processes are documented, authorisation is independent, and transactions are monitored and reconciled.

The Partnership, through MAREX Financial Limited, maintains contingency facilities to support operations and ensure business continuity. These facilities are regularly and frequently tested.

Carlton Commodities 2004 LLP

Notes to the financial statements for the year ended 31 March 2009 (Continued)

7. Financial instruments (Continued)

Compliance and legal

Compliance or regulatory risk arises from a failure or inability to comply with the laws, regulations or codes applicable specifically to the Partnership. Non-compliance can lead to fines, public reprimands or enforced suspensions of services.

A key part of the role of the legal function is to identify and, in conjunction with management, manage the legal risks of the Partnership. Legal risk is managed by use of internal and external legal advisors.

Fair values of financial assets and financial liabilities

Set out below is a comparison by category of carrying amounts and fair value of the Partnership's financial instruments that are carried in the financial statements.

	Book and Fair Value 2009 £	Book and Fair Value 2008 £
<i>Financial Assets</i>		
Other debtors	39,988	15,187
Due from Marex Financial Limited	14,228,591	5,780,775
Cash and cash equivalents	-	83,233
Total	14,268,579	5,879,195
<i>Financial Liabilities</i>		
Loans and other debts due to members	14,267,474	5,862,095
Overdraft	1,105	-
Total	14,268,579	5,862,095

Carlton Commodities 2004 LLP

Notes to the financial statements for the year ended 31 March 2009 (Continued)

7 Financial instruments (Continued)

Credit risk

All financial assets are neither past due nor impaired. The maximum credit risk exposure relating to financial assets is represented by carrying value as at the balance sheet date.

Credit risk in the partnership principally arises from cash and cash equivalents. The Partnership only has cash balances with a bank with a credit rating of A+ and with one of its designated members, MAREX Financial Limited, which is an unrated financial institution.

The table below shows the credit quality of the Partnership's financial assets.

(Ratings as measured by Fitch)	2009	2008
Fair value of counterparty balances	£	£
Counterparty rated:		
Unrated	14,268,579	5,795,962
	<u> </u>	<u> </u>
(Ratings as measured by Fitch)	2009	2008
Fair value of Cash balances	£	£
Bank:		
- A+	-	83,233
	<u> </u>	<u> </u>

Concentration risk

The cash exposures as at 31 March 2009 was 100% (2008: 100%) to a UK based A+ rated banking group.

8 Loans and other debts due to Members

	2009	2008
	£	£
Amounts owed to Members in respect of profits	14,267,474	5,862,095
	<u> </u>	<u> </u>

As at 31 March 2009 and 31 March 2008 these amounts fall due within one year and rank after payment of all money due to creditors in the event of a winding-up.

Carlton Commodities 2004 LLP

Notes to the financial statements for the year ended 31 March 2009 (Continued)

9 Related party transactions

The Partnership clears its transactions through Marex Financial Limited. The amount receivable from Marex Financial Limited relating to these transactions, as well as its profit share from when Marex Financial was not a member of the Partnership are as follows:

	Amounts due from related parties Year ended 31/03/09 £	Amounts due by related parties Year ended 31/03/08 £
Marex Financial Limited	14,228,591	5,780,775

Included in expenses in the Profit and Loss account is £nil (2008- £510,569) in respect of profit shares earned by Marex Financial Limited in the period when it was not a member of the Partnership.

Carlton Commodities 2004 LLP

Notes to the financial statements for the year ended 31 March 2009 (Continued)

10 Members' Interests

	Loans and other debts due to/(from) members 2009 £	Members' other interests 2009 £	Loans and other debts due to/(from) members 2008 £	Members' other interests 2008 £
Amounts due to members	5,862,095	-	2,604,735	1,334,545
Amounts due from members	(15,187)	-	(8,078)	(5,686)
At 1 April	5,846,908	-	2,596,657	1,328,859
Members' remuneration charged as expense (<i>note 4</i>)	13,828,271	-	9,637,797	-
Members interest after profit for the year	19,675,179	-	12,234,454	1,328,859
Paid in year	-	-	-	(619,347)
Drawings	(5,447,693)	-	(8,413,471)	-
Transfer to Capital accounts/ amounts due from members from	-	-	709,512	(709,512)
Taxation reserve (<i>note 11</i>) Transfer to Capital accounts from Current liabilities	-	-	1,316,413	-
At 31 March	14,227,486	-	5,846,908	-
Comprises:				
Amounts due to members	14,267,474	-	5,862,095	-
Amounts due from members	(39,988)	-	(15,187)	-
	14,227,486	-	5,846,908	-

Loans due to members at the end of the current and prior financials years are payable within one year and would rank after payment of all money due to creditors in the event of a winding up.

Members' other interest represented amounts held by the partnership in order for members to settle their personal taxation liabilities.

Carlton Commodities 2004 LLP**Notes to the financial statements for the year ended 31 March 2009(Continued)****11 Members' other interest – taxation reserve**

	2009	2009	2008	2008
	£	£	£	£
At 1 April	-			1,328,859
Charge for the year	-			-
Paid in the year	-			(619,347)
Transfers:				
to Capital accounts	-		(714,295)	
to Amounts due from members	-		4,783	
				(709,512)
At 31 March		-		-

12 Ultimate Controlling Party

In the opinion of the designated members there is no ultimate controlling party.