

Satellite Asset Management (U.K.) LLP

Registered Number: OC309312

Members' Report and Financial Statements

For the year ended 31 December 2008

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Satellite Asset Management (U.K.) LLP

Registered Number: OC309312

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Satellite Asset Management (U.K.) LLP

Registered Number: OC309312

Administrative Information

Members

Satellite Fund Management (U.K.) Ltd
C Turland

Auditors

PricewaterhouseCoopers LLP
Hay's Galleria
1 Hay's Lane
London
SE1 2RD

Bankers

HSBC
431 Oxford Street
London
W1C 2DA

Solicitors

Schulte Roth & Zabel International LLP
Heathcoat House
20 Savile Row
London
W1S 3PR

Registered Office

42-44 Portman Road
Reading
RG30 1EA

Satellite Asset Management (U.K.) LLP

Registered Number: OC309312

Members' report for the year ended 31 December 2008

The designated members have pleasure in presenting their report and the audited financial statements of Satellite Asset Management (U.K.) LLP for the year ended 31 December 2008.

Principal activity and review of the business

The principal activity of Satellite Asset Management (U.K.) LLP (the Partnership) during the year was to provide investment management services to Satellite Asset Management, LP, a US based investment manager.

The results and the financial position at year end were considered satisfactory by the members.

Going Concern

As stated in Note 1 of the financial statements, "Basis of Accounting", the members have decided to wind down the business and to liquidate the partnership. Adjustments have been made to reduce the assets to realisable value, to provide for liabilities arising from the members' decision and to reclassify non-current assets as current assets.

Results and allocation to members

The profit for the year was £1,692,799 (2007: £1,783,712) as shown on page 7. The Partnership distributed £2,089,152 (2007: £2,874,620) of its retained profits to its members. Any profits are shared among the members as decided by the managing member and governed by the revised Partnership Agreement dated 27 April 2007.

Key performance indicators ("KPIs")

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

Financial risk management

The Partnership operates systems and controls to mitigate any adverse effects across the range of risks that it faces. The Partnership has no significant exposure to price, credit or interest rate risk.

Post balance sheet events

The members' have decided to wind down the business and to voluntarily liquidate the partnership. Adjustments have been made to reduce the assets to realisable value, to provide for liabilities arising from the members' decision and to reclassify non-current assets as current assets.

The Partnership was de-registered from FSA regulation with effect from 18 March 2009.

Financial position

The Partnership's balance sheet as detailed on page 8 shows a satisfactory net asset value of £1,853,807 (2007: £1,539,543). Members' other interests amount to £1,062,436 (2007: £1,457,789).

Policy for members' drawings, subscriptions and repayments of members' capital

Allocation of profits among the members, and the amount of a member's drawings, are determined at the discretion of the managing member. Each member shall upon admission to the Partnership make a capital contribution of such amount as shall be determined by the managing member. No member shall have the right to withdraw or receive back any part of the capital contribution except upon the winding-up of the Partnership.

Members' report (continued)

for the year ended 31 December 2008

Designated Members

The members of the Partnership during the year, and up to the date of this report, were as follows:

Satellite Fund Management (U.K.) Ltd	Designated member
C Turland	Designated member (appointed 14 March 2008)
J-L Harnay	Designated member (resigned 14 March 2008)
J-L Harnay	(appointed 14 March 2008, resigned 30 June 2008)
A Wright	(appointed 1 February 2007, resigned 18 December 2008)
G Barnes	(appointed 1 February 2007, resigned 18 December 2008)

Satellite Fund Management (U.K.) Ltd is the managing member.

Statement of members' responsibilities in respect of the financial statements

The members are responsible for preparing financial statements in accordance with applicable law and regulations that give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that year. In preparing those financial statements, the members 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 Partnership 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 members confirm that they have complied with the above requirements in preparing the financial statements.

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 ensure that the financial statements comply with the Companies Act 1985 (as applied to Limited Liability Partnerships by regulation 3 of the Limited Liability Partnership Regulations 2001). The members 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.

Members' report (continued)
for the year ended 31 December 2008

Statement of disclosure of information to auditors

In the case of each of the persons who are members at the time when the report is approved:

- so far as the member is aware, there is no relevant audit information of which the Partnership's auditors are unaware; and
- each member has taken all the steps that ought to be taken as a member in order to make themselves aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information.

Auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office. A resolution to reappoint PricewaterhouseCoopers LLP as auditors will be put to the members at their Members' Meeting approving these financial statements.

On behalf of the members



Matthew DesChamps
On behalf of Satellite Fund Management (U.K.) Ltd
Designated Member
27 October 2009

Independent Auditors' report to the members of Satellite Asset Management (U.K.) LLP

We have audited the financial statements of Satellite Asset Management (U.K.) LLP ("the Partnership") for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of members and auditors

The members' responsibilities for preparing the Annual Report and 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 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). This report, including the opinion, has been prepared for and only for the members of the partnership in accordance with the Companies Act 1985 as applied to limited liability partnerships by the Limited Liability Partnerships Act 2000 and regulations made thereunder, and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Companies Act 1985, as applied to limited liability partnerships. We also report to you if, in our opinion, the limited liability partnership has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Members' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 of whether the accounting policies are appropriate to the limited liability 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.

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 Partnership's affairs as at 31 December 2008 and of its profit for the year then ended; and
- have been properly prepared in accordance with the provisions of the Limited Liability Partnerships Regulations 2001 made under the Limited Liability Partnerships Act 2000.

Satellite Asset Management (U.K.) LLP

Registered Number: OC309312

Independent Auditors' report to the members of Satellite Asset Management (U.K.) LLP (continued)

Emphasis of matter - Basis of preparation

Without qualifying our opinion, we draw your attention to note 1, which explains that following the period end the managing member has decided that the Limited Liability Partnership will cease activities. Accordingly the going concern basis of accounting is no longer appropriate. Adjustments have been made in these financial statements to reduce assets to their realisable values and to provide for liabilities arising from the decision.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

29 October 2009

Satellite Asset Management (U.K.) LLP

Registered Number: OC309312

Profit and Loss Account

for the year ended 31 December 2008

	Notes	2008 £	2007 £
Turnover	1	3,706,819	3,366,624
Administrative expenses		(1,626,108)	(1,603,934)
Operating profit	2	<u>2,080,711</u>	<u>1,762,690</u>
Interest receivable and similar income		43,334	21,022
Profit for the financial year before members' remuneration and profit shares		<u>2,124,045</u>	<u>1,783,712</u>
Members' remuneration charged as an expense		(431,246)	-
Profit for the financial year available for discretionary division among members		<u>1,692,799</u>	<u>1,783,712</u>

The LLP has no recognised gains and losses other than the profit shown above and therefore no separate statement of total recognised gains and losses has been presented.

Notes 1 to 11 form an integral part of these financial statements.

Satellite Asset Management (U.K.) LLP

Registered Number: OC309312

Balance Sheet

at 31 December 2008

	Notes	2008 £	2007 £
Fixed assets			
Tangible assets	5	-	57,509
		-	57,509
Current assets			
Debtors: amounts falling due within one year	6	756,076	531,901
Cash at bank and in hand		1,311,435	969,174
		2,067,511	1,501,075
Creditors: amounts falling due within one year	7	(213,704)	(19,041)
Net current assets		<u>1,853,807</u>	<u>1,482,034</u>
Net assets attributable to members		<u>1,853,807</u>	<u>1,539,543</u>
Represented by:			
Loans and other debts due to members within one year	8	791,371	81,754
Members' other interests			
Members' capital classified as equity under FRS25	8	899,000	898,000
Other reserves	8	163,436	559,789
		<u>1,062,436</u>	<u>1,457,789</u>
		<u>1,853,807</u>	<u>1,539,543</u>
Total members' interests			
Loans and other debts due to members	8	791,371	81,754
Members' other interests	8	1,062,436	1,457,789
	8	<u>1,853,807</u>	<u>1,539,543</u>

Notes 1 to 11 form an integral part of these financial statements

The financial statements were approved by the members on 27 October 2009 and here signed on their behalf by:



Matthew DesChamps
On behalf of Satellite Fund Management (U.K.) Ltd
Designated Member
27 October 2009

Notes to the Financial Statements

for the year ended 31 December 2008

1. Accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention in accordance with applicable UK accounting standards, and in accordance with the Limited Liability Partnerships Act 2000, the Limited Liability Partnership Regulations 2001 and the Statement of Recommended Practice - "Accounting for Limited Liability Partnerships" (the "SORP") issued in March 2006. The principal accounting policies that have been consistently applied throughout the period are set out below.

Basis of preparation

The members have decided to wind down the business and to voluntarily liquidate the partnership. Accordingly, the going concern assumption under FRS 18 is not appropriate and the financial statements have been drawn up on a basis which reflects the members' intention to liquidate the business in due course. Adjustments have been made to reduce the assets to realisable values, to provide for liabilities arising from the members' decision and to reclassify non-current assets as current assets.

Cash flow statement

The Partnership is a subsidiary entity of Satellite Fund Management (U.K.) Ltd and is included in the consolidated financial statements of Satellite Fund Management (U.K.) Ltd, which are publicly available. Consequently the Partnership has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1.

Turnover and revenue recognition

Turnover, which is stated net of value added tax, represents a service fee charged to Satellite Asset Management, LP, and related to the continuing activities of the Partnership in the United Kingdom.

Expenses

Expenses incurred have been recognised on an accrual basis.

Operating leases

Rentals paid under operating leases are charged to the profit and loss account as incurred. The value of any rent free period is amortised over the life of the lease.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange 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.

Taxation

No provision has been made for taxation in the financial statements. Each member is exclusively liable for any taxation liabilities arising out of their interest in the Partnership. Taxation is assessed on the individual members and not the Partnership.

Tangible fixed assets

Following the decision to liquidate the partnership, fixed assets are stated in the balance sheet at realisable value. Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Computer equipment	– 5 years straight line
Furniture and fittings	– 7 years straight line

Satellite Asset Management (U.K.) LLP

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Notes to the Financial Statements

for the year ended 31 December 2008

2. Operating profit

	2008	2007
	£	£
This is stated after charging:		
Depreciation of tangible fixed assets (note 5)	11,539	11,539
Diminution of tangible fixed assets (note 5)	45,970	-
Auditors' remuneration		
- fees payable to auditor for audit of financial statements	14,350	14,100
- other services relating to taxation	34,450	33,750

3. Staff costs

There were no employees during the year (2007: nil).

4. Members' remuneration

A member's share in the profit or loss for the year is accounted for as an allocation of profits or losses. Any unallocated profits and losses are distributed to members in the following accounting period.

Amounts due to members in respect of equity participation rights, following a discretionary division of profits, are debited to equity and credited to members' current accounts in the period when the allocation occurs. Unallocated profits and losses are included within 'other reserves' and are included in equity. Any drawings paid in respect of these unallocated profits are included within debtors.

	2008	2007
	£	£
Profit for the financial year available for division among members	1,692,799	1,783,712
Profit in respect of the highest paid member during the year	734,800	937,060
Average number of members in the year	5	7

Satellite Asset Management (U.K.) LLP

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Notes to the Financial Statements

for the year ended 31 December 2008

5. Tangible fixed assets

	Furniture and fittings £	Computer equipment £	Total £
Cost:			
At 1 January 2008	73,580	5,136	78,716
At 31 December 2008	73,580	5,136	78,716
Depreciation:			
At 1 January 2008	18,348	2,859	21,207
Charge for the year	10,511	1,028	11,539
Diminution for the year	44,721	1,249	45,970
At 31 December 2008	73,580	5,136	78,716
Net book value:			
At 31 December 2008	-	-	-
At 31 December 2007	55,232	2,277	57,509

The tangible fixed assets have incurred diminution charge to reduce net book value to £nil.

6. Debtors: amounts falling due within one year

	2008 £	2007 £
Amounts due from parent undertaking	753,824	517,304
VAT recoverable	450	4,803
Other debtors	1,802	58
Prepayments and accrued income	-	9,736
	<u>756,076</u>	<u>531,901</u>

7. Creditors: amounts falling due within one year

	2008 £	2007 £
Other creditors	-	941
Accruals and deferred income	213,704	18,100
	<u>213,704</u>	<u>19,041</u>

Satellite Asset Management (U.K.) LLP

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Notes to the Financial Statements

for the year ended 31 December 2008

8. Reconciliation of movements in members' other and members' total interests

	Members' Capital £	Other reserves £	Total members' other interests £	Loans and other amounts due to/(from) members £	Members' total interests £
Members' interests at 1 January 2008	898,000	559,789	1,457,789	81,754	1,539,543
Capital introduced in the year	1,000	-	1,000	-	1,000
Members' remuneration charged as an expense	-	-	-	431,246	431,246
Profit for the year available for division among members	-	1,692,799	1,692,799	-	1,692,799
Members' interests after profit for the year	899,000	2,252,588	3,151,588	513,000	3,664,588
Allocated profits	-	(2,089,152)	(2,089,152)	2,089,152	-
Appropriations	-	-	-	(2,089,152)	(2,089,152)
Other loans	-	-	-	278,371	278,371
Members' interests at 31 December 2008	899,000	163,436	1,062,436	791,371	1,853,807
Amounts due to members	899,000	163,436	1,062,436	791,371	1,853,807

Amounts due to members are not subordinated.

Satellite Asset Management (U.K.) LLP

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Notes to the Financial Statements

for the year ended 31 December 2008

9. Transactions involving members

During the year the Partnership invoiced £3,706,819 (2007: £3,366,624) to Satellite Asset Management, LP, for advisory services. At the year end an amount of £753,824 was due from Satellite Asset Management, LP. (2007: £517,304).

10. Other financial commitments and contingencies

There are no other financial commitments or contingencies.

11. Ultimate controlling party

Satellite Fund Management (U.K.) Ltd is the controlling member of the Partnership.

Satellite Asset Management, LP, a partnership domiciled in the United States of America, is considered to be the ultimate controlling party.