

Montrose Global Capital LLP

Report and Financial Statements

31 December 2007

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COMPANIES HOUSE

Montrose Global Capital LLP

Registered LLP No OC310828

Designated members

Peak Finance Partners V, L P

(resigned 26 October 2007)

Raymond Eyre

BankAmerica International Financial Corporation (appointed 26 October 2007)

Auditors

Ernst & Young LLP

1 More London Place

London SE1 2AF

Bankers

HSBC Bank Plc

72 Kensington High Street

London W8 4SH

Solicitors

Allen & Overy

One New Change

London EC4M 9QQ

Registered Office

43-44 Albemarle Street

1st Floor

London W1S 4JJ

Members' report

The members submit their annual report and the audited financial statements of Montrose Global Capital LLP ('the LLP') for the year ended 31 December 2007. 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.

The report of the members has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to LLPs.

Principal activities

The LLP was incorporated on 30 December 2004 and commenced trading on that date.

The principal object of the LLP is to provide portfolio management and leasing advisory services to institutional investors.

Designated members

The following were designated members during the year:

Peak Finance Partners V, L P	(resigned 26 October 2007)
Raymond Eyre	
BankAmerica International Financial Corporation	(appointed 26 October 2007)

Policy on members' drawings and the subscription and repayment of capital

Members are permitted to make drawings in anticipation of profits which will be allocated to them. The amount of such drawings is agreed between the members at the beginning of the financial year, taking into account the anticipated cash needs of the LLP. Any variation will be agreed by the members.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

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



Designated Member

23 APR 2008

Statement of members' responsibilities

The Limited Liability Partnerships Regulations 2001 made under the Limited Liability Partnerships Act 2000 require the members 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 profit or loss of the LLP for that year. 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, and
- 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 proper accounting records which 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 Limited Liability Partnership Regulations. 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.

Independent auditors' report

to the members of Montrose Global Capital LLP

We have audited the financial statements of Montrose Global Capital LLP for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 15. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the LLP's members, as a body, in accordance with the Limited Liability Partnership regulations 2001 made under the Limited Liability Partnerships Act 2000. 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's members as a body, 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 annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 give a true and fair view and have been properly prepared in accordance with the Limited Liability Partnerships Regulations 2001 made under the Limited Liability Partnerships Act 2000.

In addition we report to you if, in our opinion, the LLP 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 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 we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report

to the members of Montrose Global Capital LLP

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 LLP's affairs as at 31 December 2007 and of its loss for the year then ended, and
- the financial statements have been properly prepared in accordance with the Limited Liability Partnerships Regulations 2001

Ernst & Young LLP
Ernst & Young LLP
Registered Auditors
London

Date

23 APR 2008

Profit and loss account

for the year ended 31 December 2007

	Notes	2007 £	2006 £
Turnover	1,2	1,677,508	1,441,950
Administrative expenses		(1,381,667)	(1,568,123)
Operating profit/(loss)	3	295,841	(126,173)
Exceptional items			
Other exceptional items	7	–	805,711
Profit on ordinary activities before interest		295,841	679,538
Interest receivable		16,260	48,982
Interest payable	6	–	(182)
Profit for the financial year before members' remuneration and profit shares		312,101	728,338
Salaried remuneration of members		(457,248)	(436,279)
(Loss)/profit for the financial year available for discretionary division among members		(145,147)	292,059

All amounts relate to continuing operations

Statement of total recognised gains and losses

for the year ended 31 December 2007

	2007 £	2006 £
<i>(Loss)/profit for the financial year</i>	(145,147)	292,059
<i>Total recognised gains and losses relating to the year</i>	<u>(145,147)</u>	<u>292,059</u>

Balance sheet

at 31 December 2007

	Notes	2007 £	2006 £
Fixed assets			
Tangible fixed assets	8	65,472	100,407
Current assets			
Debtors	9	146,352	475,959
Cash at bank and in hand		251,390	85,895
		<u>397,742</u>	<u>561,854</u>
Creditors: amounts falling due within one year	10	(415,370)	(516,459)
Net current (liabilities)/assets		<u>(17,628)</u>	<u>45,395</u>
Total assets less current liabilities		<u>47,844</u>	<u>145,802</u>
Represented by			
Loans and other debts due to members within one year			
Members' capital classified as a liability under FRS 25		655	145,802
Equity			
Members' other interests – other reserves classified as Equity under FRS 25		47,189	–
		<u>47,844</u>	<u>145,802</u>
Total members' interests			
Amounts due from members (included in debtors)		(3,534)	(5,787)
Loans and other debts due to members		655	145,802
Members' other interests		47,189	–
		<u>44,310</u>	<u>140,015</u>

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


Designated Member

23 APR 2008

Reconciliation of members interests

at 31 December 2007

	<i>Members' capital (classified as equity)</i>	<i>Other reserves</i>	<i>Loans and debts due to members less any amounts due from members in debtors</i>	<i>Total</i>
	£	£	£	£
Amounts due to members brought forward			145,802	
Amounts due from members brought forward			(5,787)	
Members' interest balance at 1 January 2007	–	–	140,015	140,015
Loss for the year available for discretionary division among members	–	(145,147)	–	(145,147)
Members' interests after loss for the year	–	(145,147)	140,015	(5,132)
Allocated losses for the period	–	145,147	(145,147)	–
Amounts repaid by members	–	–	2,253	2,253
Capital amounts introduced by members	47,189	–	–	47,189
Members' interests at 31 December 2007	47,189	–	(2,879)	44,310
Amounts due to members			655	
Amounts due from members			(3,534)	
			(2,879)	

Notes to the financial statements

at 31 December 2007

1. Accounting policies

Basis of preparation

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"

Turnover

Revenue is recognised when all work required by the terms of applicable agreements has been performed, the amount of revenue is determinable, the partnership's claim for consideration has been fixed, and the partnership has no further obligation to provide significant work

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation

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

Short term leasehold property	—	remaining lease term
Fixtures and fittings	—	5 years
Office equipment	—	5 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Operating leases

Rentals under operating leases are charged 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

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

Pensions

The entity makes contributions to the personal pension schemes of employees. Contributions are charged to the profit and loss account as they become payable

Taxation

Taxation on all partnership profits is solely the personal liability of the individual members. Consequently neither taxation nor related deferred taxation arising in the partnership has been accounted for in the partnership financial statements

Statement of cash flow

Montrose Global Capital has taken advantage of the exemption from the requirement to prepare a cash flow statement conferred by Financial Reporting Standard 1 (revised)

Notes to the financial statements

at 31 December 2007

2 Turnover

Turnover consists of fee income for the provision of portfolio management and leasing advisory services from continuing activities, stated net of value added tax

An analysis of turnover by geographical market is as follows

	2007 £	2006 £
Europe	682,564	270,778
United States of America	994,944	1,171,172
	<u>1,677,508</u>	<u>1,441,950</u>

3. Operating profit/(loss)

The operating profit/(loss) is stated after charging

	2007 £	2006 £
Auditors' remuneration	21,000	21,000
Depreciation of tangible fixed assets		
– owned by the LLP	36,335	80,886
Operating lease rentals		
– other operating leases	77,634	74,178
Difference on foreign exchange	100,146	229,867

4. Members' remuneration

	2007 £	2006 £
Emoluments	457,248	436,279
Value of contributions to money purchase schemes	18,250	16,524
	<u>No</u>	<u>No</u>
Members of money purchase schemes	1	1

Member's remuneration has been charged to the profit and loss account as an expense

Notes to the financial statements

at 31 December 2007

5. Staff costs

	2007	2006
	£	£
Wages and salaries	754,004	614,095
Social security costs	91,911	73,781
Other pension costs	40,171	46,149
	<u>886,086</u>	<u>734,025</u>

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

2007	2006
No	No
6	5
<u>6</u>	<u>5</u>

6. Interest payable

	2007	2006
	£	£
On bank loans and overdrafts	–	182
	<u>–</u>	<u>182</u>

7. Exceptional items

	2007	2006
	£	£
Write-off of Montrose and Company International inter company balance	–	805,711
	<u>–</u>	<u>805,711</u>

Notes to the financial statements

at 31 December 2007

8. Tangible fixed assets

	<i>Land and buildings £</i>	<i>Furniture, fittings and equipment £</i>	<i>Total £</i>
Cost			
At 1 January 2007	94,961	86,332	181,293
Additions	–	2,723	2,723
Disposals	–	(1,498)	(1,498)
At 31 December 2007	94,961	87,557	182,518
Depreciation			
At 1 January 2007	34,415	46,471	80,886
Charge for the year	18,993	17,342	36,335
On disposals	–	(175)	(175)
At 31 December 2007	53,408	63,638	117,046
Net book value			
At 31 December 2007	41,553	23,919	65,472
At 31 December 2006	60,546	39,861	100,407

9. Debtors

	<i>2007 £</i>	<i>2006 3</i>
Other debtors	59,765	410,039
Prepayments and accrued income	83,053	60,133
Amounts due from members	3,534	5,787
	146,352	475,959

10. Creditors: amounts falling due within one year

	<i>2007 £</i>	<i>2006 3</i>
Bank loans and overdrafts	10,739	–
Trade creditors	33,535	69,971
Other creditors	–	5,380
Accruals and deferred income	371,096	441,108
	415,370	516,459

Notes to the financial statements

at 31 December 2007

11. Loans and other debts due to members

	2007	2006
	£	£
Member capital treated as debt	145,802	145,802
Amounts due to members	(145,147)	(292,060)
	<u>655</u>	<u>(146,258)</u>

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

12 Pension commitments

The group makes contributions to the personal pension schemes for its employees. The unpaid contributions outstanding at the year end, included within accruals and deferred income (note 10) are £5,067 (2006 - £nil)

13. Commitments under operating leases

At 31 December 2007 the LLP had annual commitments under non-cancellable operating leases as follows

	<i>Land and buildings</i>	
	2007	2006
	£	£
Expiry date:		
After more than 5 years	81,173	81,173

14. Related party transactions

The partnership has taken advantage of the exemptions under FRS 8 from disclosing transactions with entities which are part of the Bank of America N A group, as the consolidated financial statements of that group are publicly available

15. Ultimate parent undertaking and controlling party

In the members' opinion, the partnership's ultimate parent undertaking is Bank of America N A which is incorporated in the United States of America. Copies of its group financial statements, which include the limited liability partnership are available from its website