

# **GRAPHITE CAPITAL MANAGEMENT LLP**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

**Registered number: OC315612**



# Graphite Capital Management LLP

## REPORT OF THE MEMBERS

### DESIGNATED MEMBERS

RL Richards	SP Cavell
MA Golser	RM Crayton
SK Ifitch	AJ Gray

### MEMBERS

K Bayliss	JE Markham
JDE Gough	AJ Michelman
MN Hall	JM O'Neill
MH Hudson	EC Osborne
MT Innes	TI Spence
O Kayat	MJ Tilbury
M Khan	

All of the members shown above were members throughout the period and up to the date of signing the financial statements. Mr Eccles and Mr Chapman resigned on 23 June 2012.

The members present their report and the consolidated financial statements of the Group for the year ended 31 March 2013.

### Principal Activities

Graphite Capital Management LLP (the "LLP" or "Partnership") provides management and advisory services to private equity investment funds. This is the principal activity of the LLP and the Group. The LLP also reviews and monitors certain investee or potential investee companies. The LLP is authorised and regulated by the Financial Conduct Authority.

### Results for the year ended 31 March 2013 and allocation to members

The profit of the Group for the year attributable to members was £9,632,000 (2012 £10,997,000). Allocations of £15,742,000 were made in the year (2012 £16,637,000).

### Business Review

Consolidated turnover for the year decreased from £21,901,000 in 2012 to £19,012,000 in 2013 and profit before tax and minority interests decreased from £15,121,000 in 2012 to £12,318,000 in 2013.

### Transactions with members

The members participate in the LLP's profit, share the risks and subscribe the capital. The drawings policy allows each member to draw some of their profit share monthly with further irregular distributions of profits, net of a tax retention, paid both in the year and subsequently. All payments are made subject to the cash requirements of the business. Tax retentions are released to members to pay HM Revenue & Customs as required. The LLP has £10,015 of equity capital which is only repayable to members upon their retirement from the LLP subject to a requirement to maintain a minimum balance of £10,000. Debt capital is drawn down from partners to the extent the LLP requires the capital and may become repayable from any surplus accumulated within the business.

### Independent Auditors

PricewaterhouseCoopers LLP were the auditors throughout the year. PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution to re-appoint them will be proposed at the members' meeting convened to approve the financial statements.

By Order of the Members



R. Martin Crayton  
Designated Member

17 July 2013

## Graphite Capital Management LLP

### Statement of members' responsibilities

The members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the 'Regulations') requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the Group and Partnership financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law as applied to limited liability partnerships 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 Group and Partnership and of the profit or loss of the Group and Partnership for that period. In preparing these financial statements, the members are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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 Partnership and the Group will continue in business


The members are responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Partnership and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to limited liability partnerships by the Regulations. They are also responsible for safeguarding the assets of the Partnership and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Disclosure of information to auditors

So far as each member is aware, there is no relevant audit information of which the Partnership's auditors are unaware.

Each member has taken all the steps that he/she ought to have taken as a member in order to make himself/herself aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information.

On behalf of the Members



RM Crayton  
Designated Member  
17 July 2013

Registered office  
4th Floor  
Berkeley Square House  
Berkeley Square  
London  
W1J 6BQ

## Graphite Capital Management LLP

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GRAPHITE CAPITAL MANAGEMENT LLP

We have audited the Group and Partnership financial statements (the "financial statements") of Graphite Capital Management LLP for the year ended 31 March 2013 which comprise the Consolidated and Partnership Profit and Loss Accounts, the Consolidated and Partnership Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

#### Respective responsibilities of members and auditors

As explained more fully in the Statement of Members' Responsibilities set out on page 2, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the members of the Partnership as a body in accordance with the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and for no other purpose. We do not, in giving these opinions, 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.

#### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and the Partnership's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the members, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Group's and Partnership's affairs as at 31 March 2013 and of the Group's and Partnership's profit and the Group's cash flows for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

#### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the Partnership, or returns adequate for our audit have not been received from branches not visited by us, or
- the Partnership financial statements are not in agreement with the accounting records and returns, or
- we have not received all the information and explanations we require for our audit.



Richard McGuire (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

18 July 2013

# Graphite Capital Management LLP

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH

	<u>Notes</u>	<u>2013</u>	<u>2012</u>
		£'000	£'000
Turnover		19 012	21 901
Administrative expenses		(6,868)	(6,791)
Operating profit	2	<u>12,144</u>	<u>15,110</u>
Interest receivable and similar income		10	11
Other operating income		164	-
Profit for the financial year before members' remuneration, minority interests and profit shares		<u>12,318</u>	<u>15,121</u>
Profit for the year available for division among minority interests		(2,686)	(4,124)
Profit for the financial year before members' remuneration and profit shares		<u>9 632</u>	<u>10,997</u>
Members remuneration charged as an expense		(2 088)	(2,326)
Profit for the financial year available for discretionary division among members		<u><u>7 544</u></u>	<u><u>8,671</u></u>

The notes on pages 9 to 14 form part of these financial statements

All of the activities of the LLP are classed as continuing

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and the historical cost equivalents

The LLP has no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented

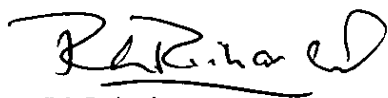
All turnover originates in the UK, there is no material difference in the destination of turnover

# Graphite Capital Management LLP

## CONSOLIDATED BALANCE SHEET AS AT 31 MARCH

	Notes	2013	Restated 2012
		£'000	£'000
Fixed Assets			
Tangible assets	6	245	555
Investments	7	<u>147</u>	<u>155</u>
		392	710
Current Assets			
Trade debtors		655	670
Amounts due from associated companies		2,470	10,842
Amounts due from members		-	12,710
Other debtors		879	79
Prepayments and accrued income		632	432
Cash at bank and in hand		<u>7,273</u>	<u>10,623</u>
		11,909	35,356
Creditors: amounts falling due within one year	8	(2,906)	(6,287)
Net current assets		<u>9,003</u>	<u>29,069</u>
Total assets less current liabilities		<u>9,395</u>	<u>29,779</u>
Net assets attributable to members		<u>9,395</u>	<u>29,779</u>
<b>Represented by</b>			
Loans and other debts due to members within one year			
Other amounts		<u>-</u>	<u>-</u>
Equity			
Members' capital classified as equity	9	10	10
Members' other interests - Other reserves classified as equity under FRS 25		7,699	15,897
Total members' interests		<u>7,709</u>	<u>15,907</u>
Minority interests	16	1,686	13,872
		<u>9,395</u>	<u>29,779</u>
<b>Total members' interests</b>			
Amounts due from members		-	(12,710)
Loans and other debts due to members		-	-
Members' other interests		<u>7,709</u>	<u>15,907</u>
		<u>7,709</u>	<u>3,197</u>

The financial statements on pages 4 to 14 were approved by the members on 17 July 2013 and were signed on their behalf by



R L Richards  
Designated member



R M Crayton  
Designated member

The notes on pages 9 to 14 form part of these financial statements  
Registered number OC315612

# Graphite Capital Management LLP

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR TO 31 MARCH

	Notes	<u>2013</u> £'000	Restated <u>2012</u> £'000
Net cash inflow from operating activities	13	16,676	2,130
Return on investments and servicing of finance	14	9	14
Capital expenditure and financial investment	14	(16)	(48)
Transactions with members and former members		(5,147)	(5,467)
Transactions with minority interests		(14,872)	1
Decrease in cash		<u>(3,350)</u>	<u>(3,370)</u>

### Reconciliation of net cash flow to movements in net funds

	<u>2013</u> £'000	<u>2012</u> £'000
Decrease in cash as above	<u>(3,350)</u>	<u>(3,370)</u>
Change in net funds resulting from cash flows	<u>(3,350)</u>	<u>(3,370)</u>
Net funds at beginning of period	<u>10,623</u>	<u>13,993</u>
Net funds at end of period	<u>7,273</u>	<u>10,623</u>

### Analysis of net debt

	<u>2013</u> £'000	<u>2012</u> £'000
Net cash at hand and at bank at beginning of the year	10,623	13,993
Cash flow	<u>(3,350)</u>	<u>(3,370)</u>
Net cash at hand and at bank at end of the year	<u>7,273</u>	<u>10,623</u>

The notes on pages 9 to 14 form part of these financial statements

# Graphite Capital Management LLP

## PARTNERSHIP PROFIT AND LOSS ACCOUNT FOR THE YEAR TO 31 MARCH

	<u>Notes</u>	<u>2013</u>	<u>2012</u>
		£'000	£'000
Turnover		16,274	29,433
Administrative expenses		(6,865)	(6,791)
Operating profit		<u>9,409</u>	<u>22,642</u>
Other operating income		414	-
Profit on ordinary activities before interest and taxation		<u>9,823</u>	<u>22,642</u>
Interest receivable and similar income		10	12
Profit for the financial year before members' remuneration and profit shares		<u>9,833</u>	<u>22,654</u>
Members remuneration charged as an expense		(2,088)	(2,326)
Profit for the financial year available for discretionary division among members		<u><u>7,745</u></u>	<u><u>20,328</u></u>

The notes on pages 9 to 14 form part of these financial statements

All of the activities of the LLP are classed as continuing

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and the historical cost equivalents

The LLP has no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented

The turnover by origin is not materially different from turnover by destination

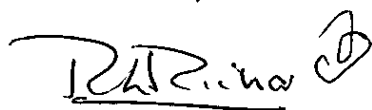


# Graphite Capital Management LLP

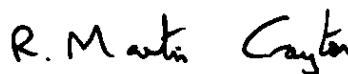
## PARTNERSHIP BALANCE SHEET AS AT 31 MARCH

	Notes	2013	Restated 2012
		£'000	£'000
Fixed Assets			
Tangible assets	6	245	555
Investments	7	<u>62</u>	<u>4</u>
		307	559
Current Assets			
Trade debtors		655	670
Amounts owed by associated companies		1,695	26,432
Amounts due from Members		-	12,710
Prepayments and accrued income		564	387
Other debtors		857	73
Cash at bank and in hand		<u>6,070</u>	<u>10,527</u>
		9,841	50,799
Creditors amounts falling due within one year	8	(2,493)	(35,706)
Net current assets		<u>7,348</u>	<u>15,093</u>
Total assets less current liabilities		<u>7,655</u>	<u>15,652</u>
Net assets attributable to members		<u>7,655</u>	<u>15,652</u>
<b>Represented by</b>			
Loans and other debts due to members within one year			
Members' capital classified as a liability		<u>-</u>	<u>-</u>
Equity			
Members' capital classified as equity	9	10	10
Members' other interests - Other reserves classified as equity under FRS 25		7,645	15,642
Total members' interests		<u>7,655</u>	<u>15,652</u>
<b>Total members' interests</b>			
Amounts due from members		-	(12,710)
Loans and other debts due to members		-	-
Members' other interests		<u>7,655</u>	<u>15,652</u>
		<u>7,655</u>	<u>2,942</u>

The financial statements on pages 4 to 14 were approved by the members on 17 July 2013 and were signed on their behalf by



R L Richards  
Designated member



R M Crayton  
Designated member

The notes on pages 9 to 14 form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013**

**1) Accounting policies**

**a) Basis of accounting**

The financial statements have been prepared on the going concern basis, under the historical cost convention and comply with the Statement of Recommended Practice on Accounting by Limited Liability Partnerships and are in accordance with the Companies Act 2006 as applied to limited liability partnerships. Applicable UK accounting standards and accounting policies have been consistently applied and are uniform across the Group. The principal accounting policies are set out below.

**b) Basis of consolidation**

The Group financial statements include the financial statements of the LLP and its relevant subsidiary undertakings, Graphite Capital Services Limited, Graphite Capital Investment Management Limited, Graphite Capital Partnership Nominee Limited and Graphite Capital General Partner VII LLP, all of which are made up to 31 March 2013. Intra-group sales and profits are eliminated fully on consolidation.

**c) Tangible fixed assets**

Tangible fixed assets are stated at cost less provision for impairment in value. Impairment reviews are undertaken whenever there is an indication of potential impairment.

**d) Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Resulting exchange gains or losses are taken to the profit and loss account.

**e) Operating leases**

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

**f) Depreciation**

Tangible assets are depreciated or amortised so as to write off the cost over the balance of their remaining useful economic lives as follows:

Office equipment	20% per annum straight line basis
Office furniture & fittings	12.5% per annum straight line basis
Computers	50% per annum straight line basis
Leasehold improvements	Over the remaining term of the lease

**g) Fixed asset investments**

Fixed asset investments are stated at cost less provision for impairment in value in the financial statements.

**h) Turnover and expenditure**

Turnover, which excludes value added tax, represents the invoiced value of services provided to the investment trust and limited partnerships managed or advised by the Partnership. All turnover and expenditure is recognised on an accruals basis.

**i) Segmental reporting**

The LLP's activities consist solely of the provision of investment management and advisory services to limited partnership funds and an investment trust which are all based in England.

**j) Limited partnership funds**

Certain entities in the Group act as general partners to a number of venture capital limited partnerships. These partnerships fall within the definition of subsidiary undertakings as defined by the Companies Act 2006 and FRS 2 'Accounting for subsidiary undertakings'. In accordance with FRS 2 the Group's interest in these limited partnerships are not consolidated because of severe long term restrictions over the ability to exercise control but are accounted for as associates to the extent of the Group's economic interest in these venture capital limited partnerships. The actual economic interest of the Group is nil.

**k) Minority Interests**

Minority Interests represent the interests of members of Graphite Capital General Partner VII LLP who are not part of the Graphite Capital Management LLP corporate Group in the assets of Graphite Capital General Partner VII LLP.

**l) Prior year reclassification**

Certain prior year balances with members has been reclassified to be consistent with this year's presentation. There was no impact on net assets attributable to members nor profit for the financial year before members remuneration and profit shares.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)****2) Operating profit**

Profit on ordinary activities before taxation is stated after charging

	Group 31 March 2013	Group 31 March 2012
	£'000	£'000
Depreciation of leasehold improvements	297	309
Depreciation of other fixed assets	36	64
Auditors' remuneration		
for services as auditors to the Group	47	33
for services as auditors to associated companies	17	17
for taxation advisory services	17	51
for internal audit services	48	42
Non plant and machinery operating lease rentals	494	491

**3) Staff Costs**

All employees of the Group had contracts of employment with a subsidiary, Graphite Capital Services Limited

**Employees**

The average number of staff employed by Graphite Capital Services Limited was 25 (2012 22) All staff are employed in a support function

	Group 31 March 2013	Group 31 March 2012
	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	2,334	1,817
Social security costs	288	239
Other pension costs	239	185
	<u>2,861</u>	<u>2,241</u>

An amount of £79 was accrued in respect of other pension costs at the year end (2012 Nil)

**4) Information relating to members**

	31 March 2013	31 March 2012
	£'000	£'000
a) The average number of members during the year was	19	21
b) Average members' remuneration during the year	633	692
c) Profit attributable to the member with the largest entitlement		
Paid under the terms of the LLP agreement	1,397	1,792
Other pension costs	51	49
Total amount of profit attributable to the member with the largest entitlement	<u>1,448</u>	<u>1,841</u>

A total of £636,000 was paid in respect of other pension costs (2012 £611,000) An amount of £1 000 was accrued at the year (2012 £7,000)

**5) Tax on profit on ordinary activities**

At the of March 2013 the Group has a deferred tax asset of £17,044 (2012 £17,785) arising from excess management expenses These losses had not previously been recognised in these financial statements as it was uncertain whether they would be utilised These losses will only be utilised if gains crystallise in the future

	31 March 2013	31 March 2012
	£'000	£'000
Factors affecting tax charge for the year		
Profit on ordinary activities before tax	12,318	15,121
Profit on ordinary activities multiplied by standard rate in the UK of 24% (2012 26%)	2,956	3,932
Effect of		
- income attributable to the LLP and taxable on members directly	(2,956)	(3,932)
	<u>-</u>	<u>-</u>

Income tax payable on the LLPs profits is solely the personal liability of the individual members and consequently is not dealt with in these financial statements

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)****6) Tangible Fixed Assets****Group & Partnership**

	Office Equipment £'000	Office Furniture & Fittings £'000	Computers £'000	Leasehold Improvements £'000	Total £'000
<b>Cost</b>					
At 1 April 2012	1	266	214	1 723	2,204
Additions	-	8	10	5	23
Disposals	-	-	-	-	-
At 31 March 2013	1	274	224	1,728	2 227
<b>Accumulated depreciation</b>					
At 1 April 2012	1	164	203	1,281	1,649
Charge for the year	-	24	12	297	333
Disposals	-	-	-	-	-
At 31 March 2013	1	188	215	1,578	1,982
Net Book Value at 31 March 2013	-	86	9	150	245
Net Book Value at 31 March 2012	-	102	11	442	555

**7) Fixed Asset Investments**

Fixed asset investments comprise the following

	Group As at 31 March 2013 £ '000s	Parent As at 31 March 2013 £ '000s	Group As at 31 March 2012 £ '000s	Parent As at 31 March 2012 £ '000s
<b>Cost</b>				
At beginning of period	155	4	149	-
Purchases in the year	63	63	6	4
Sales in the year	(71)	(5)	-	-
At 31 March	147	62	155	4
<b>Impairment</b>				
At beginning of period	-	-	-	-
Write-off in year	-	-	-	-
At 31 March	-	-	-	-
Net book value	147*	62	155*	4

\* Interests in Graphite Capital Partners V E and Graphite Capital Partners VI C

# Graphite Capital Management LLP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)

Principal subsidiary undertakings comprise the following

<u>Name</u>	<u>Country of registration</u>	<u>Nature of business</u>
Graphite Capital Services Limited	England	Supplier of staff
Graphite Capital General Partner VII LLP	England	General partner of limited partnerships
Graphite Capital Investment Management Limited	England	Procurement of investment advisory and fund administration services
Graphite Capital Partnership Nominee Limited	England	Holder of partnership interests as a nominee

The LLP owns 100% of the issued share capital of Graphite Capital Services Limited. The LLP controls 75% of the voting rights of Graphite Capital General Partner VII LLP and Graphite Capital Services Limited controls 5% of the voting rights of Graphite Capital General Partner VII LLP. Graphite Capital Services Limited owns 100% of the share capital of Graphite Capital Investment Management Limited and Graphite Capital Partnership Nominee Limited. In the opinion of the members, the value of the subsidiary undertakings is not less than the amount at which they are stated in these financial statements.

### 8) Creditors amounts falling due within one year

	Group As at 31 March 2013	Parent As at 31 March 2013	Group As at 31 March 2012	Parent As at 31 March 2012
	£'000	£'000	£'000	£'000
Trade creditors	120	120	122	120
Amounts owed to associated undertakings	19	259	34	32,567
Taxation and social security	60	-	98	-
Other creditors	277	252	246	242
Accruals and deferred income	2,430	1,862	5,787	2,777
	<u>2,906</u>	<u>2,493</u>	<u>6,287</u>	<u>35,706</u>

### 9) Members' Capital

The Members' paid up capital is £10,015 (2012: £10,000)

### 10) Reconciliation of movement in Members' interests

#### Consolidated

	Capital	Members' Other Interests Other Reserves	Total	Loans & other debts due to/(from) members	Total 2013	Total 2012
	£'000	£'000	£'000	£'000	£'000	£'000
Members' interests at start of year	10	15,897	15,907	(12,710)	3,197	10,377
Members' and minority interests						
Members' remuneration charged as an expense	-	-	-	2,088	2,088	2,326
Profit for the financial year before members' remuneration and profit shares	-	7,544	7,544	-	7,544	8,671
Members' interests after profit for the year	10	23,441	23,451	(10,622)	12,829	21,374
Other divisions of profits	-	(15,742)	(15,742)	15,742	-	-
Repayments of debt	-	-	-	12,710	12,710	(1,540)
Drawings	-	-	-	(17,830)	(17,830)	(16,637)
Total members' interests at end of year	<u>10</u>	<u>7,699</u>	<u>7,709</u>	<u>-</u>	<u>7,709</u>	<u>3,197</u>

The balance on members' other reserves of £7,699,000 is expected to be allocated and paid out within one year.

# Graphite Capital Management LLP

## Partnership

	Capital	Members' Other Interests Other Reserves	Total	Loans & other debts due to/(from) members	Total 2013	Total 2012
	£'000	£'000	£'000	£'000	£'000	£'000
Members' interests at start of year	10	15,642	15,652	(12,710)	2,942	(1,535)
Members' remuneration charged as an expense	-	-	-	2,088	2,088	2,326
Profit for the financial year available for discretionary division among members	-	7,745	7,745	-	7,745	20,328
Members' interests after profit for the year	10	23,387	23,397	(10,622)	12,775	21,119
Other divisions of profits	-	(15,742)	(15,742)	15,742	-	-
Repayments of debt	-	-	-	12,710	12,710	(1,540)
Drawings	-	-	-	(17,830)	(17,830)	(16,637)
Members' interests at end of year	10	7,645	7,655	-	7,655	2,942

The balance on members' other reserves of £7,645,000 is expected to be allocated and paid out within one year

## 11) Controlling party

The LLP is controlled by the members, all of whom are individuals and are listed on page 1. The LLP has no ultimate controlling party.

## 12) Capital Commitments and Contingent liabilities

As at 31 March 2013 the Group had no contractual capital commitments or contingent liabilities (2012: none)

## 13) Reconciliation of operating profit to net cash inflow from operating activities

	Group 2013	Group 2012
	£'000	£'000
Operating profit and other operating income	12,308	15,110
Depreciation and amortisation of fixed assets	333	373
Decrease/(increase) in debtors	7,389	(16,228)
(Decrease)/increase in creditors	(3,354)	2,875
Net cash inflow from operating activities	16,676	2,130

# Graphite Capital Management LLP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)

### 14) Analysis of cash flows for headings netted in cash flow statement

	Group 2013 £'000	Group 2012 £'000
<b>Return on investments and servicing of finance</b>		
Interest received	9	14
Interest paid	-	-
	<u>9</u>	<u>14</u>
	Group 2013 £'000	Group 2012 £'000
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	23	42
Purchase of investments	63	6
Sale of investments	(71)	-
	<u>15</u>	<u>48</u>

### 15) Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows

	Group 2013 £'000	Parent 2013 £'000	Group 2012 £'000	Parent 2012 £'000
Expiring within two to five years - Land and buildings	548	548	548	548
Expiring in over five years	-	-	-	-

### 16) Minority Interests

Minority Interests represent the interests of Graphite Capital General Partner VII LLP members who are not part of the Graphite Capital Management LLP corporate Group

	Group 2013 £'000	Group 2012 £'000
Minority interests at start of year	13,872	9,747
Profit for the financial year attributable to minority interests	2,686	4,124
Minority interests after profit for the year	16,558	13,871
Capital introduced	-	1
Distributions	(14,872)	-
Minority interests at end of year	<u>1,686</u>	<u>13,872</u>

### 17) Transactions with related parties

Graphite GP Holdings Limited is owned by individuals who are members of the LLP. Subsidiaries of Graphite GP Holdings Limited are the general partners of the seven Graphite Capital Partners V funds and the five Graphite Capital Partners VI funds. Graphite Capital Management LLP is the manager of all of these funds. A priority profit share of £Nil (2012: £Nil) was due to Graphite Capital General Partner V Limited from the Graphite Capital Partners V funds during the period and a management fee of £Nil (2012: £Nil) was due to Graphite Capital Management LLP. There were no balances outstanding at 31 March 2013 (2012: £Nil) between the Graphite Capital General Partner V funds and Graphite Capital General Partner V Limited or between Graphite Capital General Partner V Limited and Graphite Capital Management LLP. A priority profit share of £4,122,000 (2012: £4,450,000) was due from the Graphite Capital Partners VI funds to Graphite Capital General Partner VI Limited during the period and a management fee of £4,122,000 (2012: £4,450,000) was due to Graphite Capital Management LLP. At 31 March 2013 £1,598,000 (2012: £8,868,000 owed by Graphite Capital Partners VI funds) was owed to Graphite Capital Partners VI funds by Graphite Capital General Partner VI Limited and £1,007,000 (2012: £8,868,000) was owed to Graphite Capital General Partner VI Limited by Graphite Capital Management LLP.

In addition to the above Graphite Capital General Partner VII LLP, a subsidiary of Graphite Capital Management LLP, is the general partner of the eight Graphite Capital Partners VII funds. Graphite Capital Management LLP is an advisor to these funds. A priority profit share of £5,971,000 (2012: £9,165,000) was due to Graphite Capital General Partner VII LLP during the year. At 31 March 2013 £1,428,000 (2012: £2,481,000 owed by Graphite Capital General Partner VII LLP to Graphite Capital Partner VII funds) was owed by Graphite Capital Partners VII funds to Graphite Capital General Partner VII LLP.

Advantage has been taken of the exemption available under FRS 8 'Related Party Disclosures' not to disclose transactions between entities, 100% of whose voting rights are controlled within the Group.

### 18) Major Subsequent Events

There have been no significant events affecting the Group since 31 March 2013.