

Registered number OC318670

Merchant Equity Partners LLP
Financial statements
Year ended 31st December 2009



Merchant Equity Partners LLP

Financial statements for the year ended 31st December 2009

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Merchant Equity Partners LLP
Partnership information

Designated members	Henry Daniel Jackson H Merchant Equity 1 LLC
Registered office	4th Floor 7 Hanover Square London W1S 1HQ
Registered number	OC318670
Bankers	HSBC Bank plc 69 Pall Mall London SW1Y 5EY
Solicitors	Kirkland & Ellis 30 St Mary Axe London EC3A 8AF
Auditors	Grant Thornton UK LLP Registered Auditors Chartered Accountants 30 Finsbury Square London EC2P 2YU

Merchant Equity Partners LLP

Members' report

For the year ended 31st December 2009

The members present their report and the financial statements for the year ended 31st December 2009

Principal activity

The partnership provides investment advice and monitoring services to dedicated investment vehicles established by clients under an exclusive sourcing agreement and investment advisory agreements

Results

The results for the year are shown in the profit and loss account on page 3

Business review

During the year the partnership advised its clients on potential purchases of retail businesses and assisted in the monitoring and support of existing investments

Designated members

The designated members who were appointed on 27th March 2006 are Henry Daniel Jackson who is the managing partner of the partnership and H Merchant Equity 1 LLC

Members' drawings and the subscription and repayment of members' capital

During the year Henry Jackson drew remuneration charged as an expense as set out in his amended letter of entitlement which forms part of the members' agreements. Capital is repayable in the event of winding up and to members leaving the partnership at the discretion of the management board of the partnership

Statement of members' responsibilities

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

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the 2008 Regulations) require the members to prepare financial statements for each financial year. Under the law members have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period. In preparing these financial statements, the partners are required to

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

The members are responsible for keeping adequate accounting records that 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 2008 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

The members are responsible for the maintenance and integrity of the corporate and financial information included on the LLP's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Auditors

Grant Thornton UK LLP will be proposed for reappointment as auditors



On behalf of the members

Date 28/4/10

Merchant Equity Partners LLP

Independent Auditor's Report to the members of Merchant Equity Partners LLP

We have audited the financial statements of Merchant Equity Partners LLP for the year ended 31 December 2009 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's 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 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 members' report and the financial statements in accordance with United Kingdom law and 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). It is our responsibility to form an independent opinion based on our examination, and to report our opinion to you.

In addition, we report to you if, in our opinion, Merchant Equity Partners LLP has not kept proper accounting records, or returns adequate for our audit have not been received from branches not visited by us, or the 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.

We read other information contained in the members' report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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.

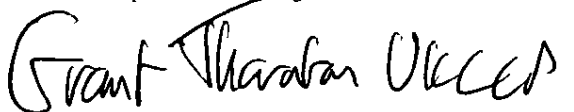
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 of the state of the partnership's affairs as at 31 December 2009 and of its result 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 Companies Act 2006 as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Marcus Swales
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London



28/4/10

Merchant Equity Partners LLP

Profit and loss account

For the year ended 31st December 2009

	Notes	Year ended 31st December 2009 £	Year ended 31st December 2008 £
Turnover	1	1,029,348	2,956,646
Staff costs	2	(664,509)	(1,305,464)
Depreciation		(22,883)	(52,946)
Other operating expenses		(455,690)	(1,301,822)
Operating expenses		(1,143,082)	(2,660,232)
Operating (loss) / profit	3	(113,734)	296,414
Interest receivable and similar income		113	3,228
(Loss) / Profit for the financial year before members' remuneration and profit shares		(113,621)	299,642
Members' remuneration charged as an expense	4	(365,809)	(629,472)
(Loss) for the financial year available for discretionary division among members		(479,430)	(329,830)

There were no recognised gains and losses other than those included above
All the partnership's activities are regarded as continuing

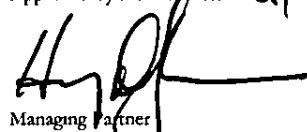
Merchant Equity Partners LLP

Balance sheet

At 31st December 2009

	Notes	2009 £	2008 £
Fixed assets			
Tangible fixed assets	5	37,858	60,674
Investments	6	108	108
		<u>37,966</u>	<u>60,782</u>
Current assets			
Debtors	7	79,119	511,459
Cash at bank and in hand		63,870	95,965
		<u>142,989</u>	<u>607,424</u>
Creditors			
amounts falling due within one year	8	(171,592)	(519,413)
Net current (liabilities) / assets		<u>(28,603)</u>	<u>88,011</u>
Total assets less current liabilities		<u>9,363</u>	<u>148,793</u>
NET ASSETS ATTRIBUTABLE TO MEMBERS		<u>9,363</u>	<u>148,793</u>
REPRESENTED BY			
Loans and other debts due (from) / to members within one year			
Other amounts	9	(370,637)	108,793
		<u>(370,637)</u>	<u>108,793</u>
Equity			
Members' other interests - members' capital classified as equity	9	380,000	40,000
		<u>9,363</u>	<u>148,793</u>
TOTAL MEMBERS' INTERESTS			
Loans and other debts due (from) / to members		(370,637)	108,793
Members' other interests		380,000	40,000
		<u>9,363</u>	<u>148,793</u>

Approved by the Members on 28/4/10 and signed on its behalf by



Managing Partner

Registered number

OC318670

The notes on pages 5 to 9 form part of these financial statements

Merchant Equity Partners LLP

Notes to the financial statements For the year ended 31st December 2009

Principal Accounting Policies

Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards including the requirements of the Statement of Recommended Practice, "Accounting by Limited Liability Partnerships", and under the historical cost convention. The accounting policies described below have been consistently applied and are unchanged from the prior year.

The financial statements have been prepared on a going concern basis on the assumption of the continued support of one of the members.

The partnership is exempt from the requirement to produce consolidated financial statements.

Turnover

Turnover comprises fees chargeable to clients and other fees earned during the period less rebates due to clients.

Depreciation of tangible fixed assets

Depreciation is charged on a straight line basis so as to write assets off over their expected useful life of 5 years.

Investments

Investments are valued at cost.

Pensions

The partnership makes contributions to individual policies with a third party which are charged directly to the profit and loss account.

Members' remuneration

Members are remunerated in accordance with letters of entitlement which form part of the partnership agreements. This remuneration is charged as an expense in the profit and loss account.

Taxation

Taxation on all the partnership's profit is the personal liability of individual members and is not dealt with in these financial statements.

Cash flow statement

The partnership is exempt from the requirement to prepare a cash flow statement.

Operating Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

Foreign Currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction, except where the transaction is to be settled using a contracted rate, in which case that rate is used. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Foreign exchange gains and losses are credited or charged to the profit and loss account as they arise.

Merchant Equity Partners LLP

Notes to the financial statements For the year ended 31st December 2009

Note 1	Turnover	Year ended 31st December 2009	Year ended 31st December 2008
		£	£
	Investment advisory and related services	<u>1,029,348</u>	<u>2,956,646</u>
Note 2	Staff costs	Year ended 31st December 2009	Year ended 31st December 2008
		£	£
	Salaries and wages	482,387	1,035,921
	Social security costs	68,462	125,677
	Other pension costs	18,088	29,433
	Other staff costs	95,572	114,433
		<u>664,509</u>	<u>1,305,464</u>
	The average number of employees during the period, excluding members, was		
		Year ended 31st December 2009	Year ended 31st December 2008
		Number	Number
	Professional staff	5	8
	Support staff	1	2
		<u>6</u>	<u>10</u>
Note 3	Operating (loss) / profit	Year ended 31st December 2009	Year ended 31st December 2008
		£	£
	This is stated after charging:		
	Depreciation on owned assets	22,883	52,946
	Auditors' remuneration	13,000	13,500
	Operating lease payments on land and buildings	36,000	154,826
		<u></u>	<u></u>
Note 4	Members' remuneration charged as an expense	Year ended 31st December 2009	Year ended 31st December 2008
		£	£
	Share of highest remunerated member	365,809	629,472
	Average number of members during the year	<u>2</u>	<u>2</u>

Merchant Equity Partners LLP

Notes to the financial statements For the year ended 31st December 2009

Note 5

Tangible fixed assets

	Furniture, fittings and equipment £	Computer equipment £	Total £
Cost			
At 31st December 2008	93,251	21,537	114,788
Additions	-	2,372	2,372
Disposals	-	(4,606)	(4,606)
At 31st December 2009	93,251	19,303	112,554
Depreciation			
At 31st December 2008	(44,636)	(9,478)	(54,114)
Charge for the year	(18,650)	(4,233)	(22,883)
Disposals	-	2,301	2,301
At 31st December 2009	(63,286)	(11,410)	(74,696)
Net book value			
At 31st December 2009	29,965	7,893	37,858
At 31st December 2008	48,615	12,059	60,674

Note 6

Investments

Cost of ordinary shares

	Holding %	Number of shares	Face value	At 31st December 2009 £	At 31st December 2008 £
Subsidiary Undertakings					
MEP GP (Scotland) Ltd	100	1	£1	1	1
MEP GP Ltd	100	100	£1	100	100
MEP FP (Guernsey) Ltd	100	2	£1	2	2
				<u>103</u>	<u>103</u>
Investments					
MEP GP (Guernsey) Ltd	5	500	£0.01	5	5
				<u>108</u>	<u>108</u>

Merchant Equity Partners LLP

Notes to the financial statements For the year ended 31st December 2009

Note 7	Debtors	At 31st December 2009	At 31st December 2008
		£	£
	Trade debtors	604	350,604
	Other debtors	67,199	144,602
	Prepayments and accrued income	11,316	16,253
		<u>79,119</u>	<u>511,459</u>

Note 8	Creditors	At 31st December 2009	At 31st December 2008
	amounts falling due within one year	£	£
	Trade creditors	47,118	141,043
	Other taxes and social security	15,032	34,801
	Other creditors	5,977	242,225
	Accruals and deferred income	103,465	101,344
		<u>171,592</u>	<u>519,413</u>

Note 9 Members' interests

	Members' capital classified as equity	Loans and other debts due to/(from) members within one year	Total members interests
	£	£	£
At 31st December 2008	40,000	108,793	148,793
Members' remuneration charged as an expense including employment and retirement benefit costs	-	365,809	365,809
(Loss) / Profit for the financial period available for discretionary division among members	-	(479,430)	(479,430)
Members' interests after profit for the period	40,000	(4,828)	35,172
Amounts introduced by members	340,000		340,000
Drawings		(365,809)	(365,809)
Amounts due from members		(370,637)	(370,637)
At 31st December 2009	380,000	(370,637)	9,363

During the year, H Merchant Equity 1 LLC introduced additional capital of £340,000. As a result, the allocation of any net income or net losses, capital gains or capital losses has been amended such that 60% of these are allocated to H Merchant Equity 1 LLC, with the remaining 40% being allocated to H Jackson. The change in the partnership distribution proportion does not affect voting control which remains unchanged.

Merchant Equity Partners LLP

Notes to the financial statements **For the year ended 31st December 2009**

Note 10

Operating lease commitments

Operating lease payments amounting to £36,000 (2008 £ nil) are due within one year. The leases to which these amounts relate expire as follows:

	Land and buildings At 31st December 2009	Land and buildings At 31st December 2008
	£	£
Within one year	-	-
Within two to five years	36,000	-
	<u>36,000</u>	<u>-</u>

Note 11

Contingent liabilities

There were no contingent liabilities at 31 December 2009 (31 December 2008 £ nil).

Note 12

Pensions

The profit and loss charge for pension costs was as follows:

	Year ended 31st December 2009	Year ended 31st December 2008
	£	£
Defined contribution scheme - employer contributions	18,087	29,433

Note 13

Related parties transactions

The partnership had no related party transactions in the year (31 December 2008 £ nil).

Note 14

Ultimate controlling related party

Merchant Equity Partners LLP is an equal partnership between H Merchant Equity 1 LLC and Henry Jackson.

Note 15

Post Balance Sheet Events

In January 2010, H Merchant Equity 1 LLC introduced additional capital of £100,000. The allocation of any net income or net losses, capital gains or capital losses remains as set out in note 9 and the voting control remains unchanged.