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Moore Europe Capital Management, LLP

Report and financial statements

For the year ended 31 December 2012

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COMPANIES HOUSE

Members

MECM, Limited
Moore Europe Capital Development, Ltd
Louis Bacon
David Barker
Maurizio Alfano
Lev Mikheev
Joeri Jacobs

Secretary

Hackwood Secretaries Ltd

Auditors

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

Bankers

Barclays Bank PLC
54 Lombard Street
London
EC3P 3AH

Registered Office

One Silk Street
London
EC2Y 8HQ

Members' report

The Members present their report and financial statements for the year ended 31 December 2012

Results

The profit for the year amounted to £32,164,252 (2011 - £31,655,865)

Business Review and Principal Activities

The principal activity of Moore Europe Capital Management, LLP ("LLP") is the provision of investment management services. The LLP is authorised and regulated by the Financial Conduct Authority (previously the Financial Services Authority)

As shown in the LLP's Profit and Loss account on page 7, the company's turnover was £18m more than the prior year. The main cause of the increase in revenue is that revenue is calculated on a cost-plus basis and administrative costs rose in the year. However the LLP's profit for the year available for discretionary division among Members was similar to the prior year at £32m (2011 - £32m)

The Balance Sheet on page 8 shows that the LLP's total Members' interests increased to £31,432,870 (2011 - £25,275,132)

Turnover is derived on a cost-plus basis, taking into account the costs of the Managing Member as well as the LLP. For this reason, the LLP's Members believe that there are no other key performance indicators for the LLP necessary or appropriate for an understanding of the development, performance or position of the business

Principal risks and uncertainties

Moore Capital Management, LP, which is the group's sole customer, derives the majority of its turnover from investment management and performance fees. The principal risk in the future is therefore related to fluctuations in the performance of the funds managed by Moore Capital Management, LP

Members' profit allocation

Any profits are shared among the Members in accordance with the Partnership Deed dated 1 January 2010

Policy for Members' drawings, subscriptions and repayment of Members' capital

Policies for Members' drawings, subscriptions and repayment of Members' capital are governed by the Partnership Deed dated 1 January 2010

Members

The following were Members during the period

MECM, Limited (Managing Member)

Moore Europe Capital Development, Ltd (Designated Member)

Louis Bacon (Designated Member)

Greg Coffey (Designated Member resigned 17th October 2012)

David Barker (Designated Member)

Maurizio Alfano (Designated Member)

Soraya Chabarek (Designated Member appointed 1st January 2012 and resigned 10th January 2013)

Joeri Jacobs (Designated Member appointed 1st January 2012)

Lev Mikheev (Designated Member appointed 23rd July 2012)

Members' report

Going Concern

The LLP's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Members' Report on page 2

The LLP is expected to continue to generate positive cash flows from the revenue earned from Moore Capital Management, LP, which is a subsidiary of Moore Capital Holdings, LLC, the ultimate controlling party (see note 11)

The members, having assessed the responses of the directors of Moore Capital Holdings, LLC to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of Moore Capital Holdings, LLC and its subsidiaries to continue as a going concern

Reappointment of auditors

In accordance with s 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting to reappoint Ernst & Young LLP as auditors of the LLP

Disclosure of information to the auditors

The Designated Members are not aware of any relevant audit information which has not been disclosed to the auditors of Moore Europe Capital Management, LLP. The Designated Members also confirm that they have taken all steps that they ought to have taken as Members in order to make themselves aware of any relevant audit information, being information needed by the auditor in connection with preparing its report, and to establish that Moore Europe Capital Management, LLP's auditors are aware of this information

On behalf of the Members


DENISE JEFFRIES

On behalf of MECM, Ltd, Managing Member

Date 24 APRIL 2013

Statement of designated Members' responsibilities in respect of the financial statements

The Designated Members are responsible for preparing financial statements in accordance with applicable law and regulations

Legislation applicable to limited liability partnerships requires the Designated Members to prepare financial statements for each financial year. Under that law the Designated Members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under that legislation, the Designated 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 LLP and of the profit or loss of the LLP for that period.

In preparing these financial statements, the Designated Members are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether 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 Designated Members confirm that they have complied with the above requirements in preparing the financial statements.

The Designated Members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the Partnership and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006 as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. 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 Moore Europe Capital Management, Limited Liability Partnership ("LLP")

We have audited the financial statements of Moore Europe Capital Management, LLP for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 11. 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).

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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of designated members' and auditor

As explained more fully in the Designated Members' Responsibilities Statement set out on page 4, 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.

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 limited liability partnership's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the designated members, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and financial statements 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 limited liability partnership's affairs as at 31 December 2012 and of its profit 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, or returns adequate for our audit have not been received from branches not visited by us, or

Independent auditors' report

to the Members of Moore Europe Capital Management, Limited Liability Partnership
("LLP")

- ▶ 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



Michael-John Albert (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
Date ~~24~~ April 2013

Profit and loss account

for the year ended 31 December 2012

		Year ended 31-Dec 2012 £	Year ended 31-Dec 2011 £
	Notes		
Turnover	2	95,028,304	76,690,645
Administrative expenses		(62,933,204)	(44,574,937)
Operating profit	3	32,095,100	32,115,708
Interest received	4	69,152	113,315
Interest paid	5	—	(573,158)
Profit for the financial year available for discretionary division among Members	9	32 164,252	31,655,865

The profit and loss account has been prepared on the basis that all operations are continuing operations

Statement of total recognised gains and losses

There are no recognised gains or losses other than those reflected in the profit and loss account

The notes on pages 9 to 12 form part of these financial statements

Balance sheet

as at 31 December 2012

	Notes	2012 £	2011 £
Current assets			
Debtors	7	4,172,657	3,429,500
Cash at bank and in hand		28,363,880	37,631,545
		<u>32,536,537</u>	<u>41,061,045</u>
Creditors: amounts falling due within one year	8	–	(12,356,413)
Net current assets		<u>32,536,537</u>	<u>28,704,632</u>
Net assets attributable to Members		<u>32,536,537</u>	<u>28,704,632</u>
Represented by			
Loans and other debts due to Members within one year			
Members' capital classified as a liability under FRS 25	9	80,000	50,000
Other amounts	9	10,456,537	6,654,632
		<u>10,536,537</u>	<u>6,704,632</u>
Equity			
Members' capital classified as equity under FRS 25	9	22,000,000	22,000,000
		<u>32,536,537</u>	<u>28,704,632</u>
Total Members' interests			
Amounts due from Members	9	(1,103,667)	(3,429,500)
Loans and other debts due to Members	9	10,536,537	6,704,632
Equity	9	22,000,000	22,000,000
		<u>31,432,870</u>	<u>25,275,132</u>

Approved by the Designated Members and authorised for issue on

24 April 2013

On behalf of MECM, Ltd, Managing Member


 DENISE JEFFRIES

The notes on pages 9 to 12 form part of these financial statements

Notes to the financial statements

as at 31 December 2012

1. Accounting policies

Basis of accounting

The accounts have been prepared in accordance with applicable accounting standards, under the historical cost convention and in accordance with the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' (SORP) issued in March 2010

Turnover

Turnover, which is stated net of value added tax, represents the provision of investment management services. It is recognised when the LLP obtains the right to consideration in exchange for its performance.

Interest

Interest is accounted for on the accruals basis.

Taxation

No provision has been made for taxation in the financial statements. Each Member is exclusively liable for any tax liabilities arising out of their interest in the LLP, which will be assessed on the individual Members.

Cash flows

The LLP is a subsidiary of MECM, Limited and the cash flows of the company are included in the consolidated Cash Flow Statement of the parent undertaking. Consequently, the LLP has taken the exemption of Financial Reporting Standard 1 'Cash Flow Statements' from publishing a Cash Flow Statement.

Distribution and allocation of profits

Profits available for distribution are distributed at the discretion of the Managing Member.

2. Turnover

Turnover arises from services performed in the United Kingdom and is attributable to advisory fees from Moore Capital Management, LP, incorporated in the US (see note 10), exclusive of Value Added Tax. Turnover is calculated based on the methodology stated in the Services Agreement between the LLP and Moore Capital Management, LP dated 4 February 2010.

3. Operating Profit

Auditors' remuneration for the year of £15,000 (2011 - £15,000), has been borne by MECM, Ltd.

4. Interest received

	<i>Year to 31-December 2012 £</i>	<i>Year to 31-December 2011 £</i>
Bank interest received	63,143	113,315
Interest received on intercompany transactions	6,009	—
	<u>69,152</u>	<u>113,315</u>

Notes to the financial statements

as at 31 December 2012

5. Interest paid

	<i>Year to 31-December 2012 £</i>	<i>Year to 31-December 2011 £</i>
Interest owed on intercompany transactions	–	573,158

6. Members' remuneration

	<i>Year to 31-December 2012 £</i>	<i>Year to 31-December 2011 £</i>
Profit for the financial year available for discretionary division among Members	32,164,252	31,655,865
Amount in relation to the Member with the largest entitlement to profit	17,347,585	20,498,814

	<i>Year to 31-December 2012 No</i>	<i>Year to 31-December 2011 No</i>
The average number of Members in the period was	8	7

7. Debtors

	<i>2012 £</i>	<i>2011 £</i>
Amounts owed by Members	1,103,667	3,429,500
Amounts owed by related parties	3,068,990	–
	<u>4,172,657</u>	<u>3,429,500</u>

Notes to the financial statements

as at 31 December 2012

8. Creditors

	2012 £	2011 £
Amounts owed to related parties	–	12,356,413

9. Members' Interests

	Members' Capital (classified as equity) £	Other Reserves £	Total £	Net Loans and other debts due to/(from) Members £	Total Members' interests £
Balance at 1 January 2012	22,000,000	–	22,000,000	3,275,132	25,275,132
Introduced by members	–	–	–	8,543,669	8,543,669
Profit for the financial year available for division among Members	–	32,164,252	32,164,252	–	32,164,252
Members' interests after profit for the period	22,000,000	32,164,252	54,164,252	11,818,801	65,983,053
Allocated profits	–	(32,164,252)	(32,164,252)	32,164,252	–
Drawings and distributions	–	–	–	(34,550,183)	(34,550,183)
Amounts due to members	–	–	–	10,536,537	–
Amounts due from members	–	–	–	(1,103,667)	–
Balance at 31 December 2012	22,000,000	–	22,000,000	9,432,870	31,432,870

In case of winding up, loans and other debts due to members rank equally with other unsecured creditors. There is no legally enforceable protection in respect of Members' Interests that can be revoked at will.

Notes to the financial statements

as at 31 December 2012

10. Related party transactions

During the year the LLP received income of £95,028,304 (2011 £76,690,645) from, and received interest of £6,009 (2011 paid £573,158 to) from Moore Capital Management, LP, which is a subsidiary of Moore Capital Holdings, LLC, the ultimate controlling party (see note 11)

At 31 December 2012 £3,068,990 was due from Moore Capital Management, LP (2011 £12,356,413 due to) No transactions between MECM, Ltd and the LLP have been disclosed in accordance with FRS 8 due to the fact that MECM, Ltd and the LLP are part of the same consolidated group (see note 1)

During the year the LLP paid expenses for the Managing Member of £62,930,447 (2011 £47,498,332) No amounts were due to or from the Managing Member at 31 December 2012 (2011 £nil)

11. Ultimate controlling party

The LLP is controlled by its Managing Member, MECM, Limited, which is ultimately controlled by Moore Capital Holdings, LLC, a company incorporated in the US Financial statements for MECM, Ltd are available from Companies House, Crown Way, Cardiff, CF14 3UZ

Unaudited Appendix

Moore Europe Capital Management, LLP

Pillar 3 Disclosure

31 December 2012

Unaudited Appendix

Overview

This disclosure document has been prepared in accordance with the requirements of Pillar 3, which is the implementation by the Financial Conduct Authority of the European Union Capital Requirements Directive ("CRD"). Pillar 3 is designed to promote market discipline by providing market participants with information on firms' risk exposures and risk management processes.

The figures in this document are as at 31 December 2012, which is the company's year end. Future disclosures will be issued on an annual basis, and included in the annual accounts.

MECM, Ltd is an EEA institution, and is the parent company of Moore Europe Capital Management, LLP, which is regulated by the FCA. CRD applies both to Moore Europe Capital Management, LLP ("Solo") and to the consolidated position of the two companies ("the Group"). Therefore regulatory capital ratios are required to be maintained on both a Solo and Group basis.

Risk Management Objectives and Policies

Senior Management decides the Group's appetite or tolerance for risk. In addition Senior Management ensures that the Group has implemented an effective, ongoing process to identify risk, to measure its potential impact against a broad set of assumptions and then to ensure that such risks are actively managed.

Unaudited Appendix

Capital Resources

The table below summarises the composition of the regulatory capital as at 31 December 2012, at which point MECM, Ltd and the Group's individual entities complied with all the externally imposed capital requirements to which they are subject

Notes	SOLO	GROUP
	31 December 2012	31 December 2012
	£000s	£000s
Core Tier 1 capital		
Called up ordinary share capital	22,000	650
Retained earnings	-	51,021
Tier 1 capital after deductions	22,000	51,671
Tier 2 capital after deductions	-	-
Total regulatory capital	22,000	51,671

Capital Adequacy

The Group's policy is always to be well capitalised on a Solo and Group basis. The Group has adopted the standardised approach to both credit and operational risk since 1 January 2008 in order to calculate the Pillar 1 minimum capital requirement.

The Group reviews cash held on a daily basis and forecasts on a weekly basis so as to maintain enough cash always to meet its Pillar 1 regulatory requirements.

The Group undertakes the Internal Capital Adequacy Assessment Process ("ICAAP"), which is the internal assessment of its capital needs. The outcome of the ICAAP is documented on a Solo and Group basis.

The ICAAP document forecasts 3 years of performance and includes stressed scenarios to satisfy regulatory requirements. Capital has been deemed able to mitigate identified risks.

The ICAAP document is presented to the Board for challenge and approval. The document is reviewed twice a year (or more frequently if considered necessary) and updated appropriately.

Unaudited Appendix

The Group's Pillar 1 capital requirement is set out in the table below. The Pillar 1 requirement in respect of credit risk is based on 8% of the risk weighted exposure amounts for each of the following standardised exposure classes.

	SOLO	GROUP
	31 December 2012	31 December 2012
	£000s	£000s
Credit risk – standardised approach		
Central governments	-	-
Institutions	503	836
Corporates	88	831
Other	-	376
TOTAL Credit Risk	591	2,043
Operational risk	-	-
Market risk – non trading book		
Foreign currency PRR*	98	151
Fixed Overhead Requirement	7,103	7,103
Total Pillar 1 capital requirement	7,103	7,103

* Position Risk Requirement