

REGISTERED NUMBER: OC327862

SOMERSET CAPITAL MANAGEMENT LLP

REPORT AND FINANCIAL STATEMENTS

◆ *Year ended 31 March 2009* ◆

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SOMERSET CAPITAL MANAGEMENT LLP

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REPORT OF THE MEMBERS

The members present their annual report and the audited financial statements for the year ended 31 March 2009. Comparative information is provided for the period from the date of incorporation on 26 April 2007 to 31 March 2008.

Principal Activity

The principal activity of Somerset Capital Management LLP (the "LLP") is the provision of investment advisory and management services.

Business Review and future developments

The LLP currently provides investment management services to two Delaware limited liability companies incorporated in the United States of America, one authorised UCITS fund incorporated in England & Wales, and four managed accounts.

The profit for the year is shown in the profit and loss account on page 7.

During the forthcoming year the Members expect assets under management and profitability of the LLP to increase.

Members and Drawings

Designated members during the year and up to the date of this report were:

Designated Members

Dominic Johnson
Jacob Rees-Mogg
Edward Robertson

Policy for members profits, bonuses, drawings, subscriptions and repayment of members capital

Policies for members' profits, drawings, bonuses, and transfers from equity to debt, subscriptions and repayment of members' capital are governed by the Limited Liability Partnership Agreement (the "Agreement") dated 2 August 2007. In summary, the Executive Committee determines the capital contribution to be made by each member which shall be repayable only on winding-up or except as specifically provided in the Agreement. The Executive Committee has discretion to determine the level of each member's drawings and each member is allowed to withdraw amounts standing to the credit of their Distribution Account.

Disclosure of information to auditors

It is stated by the members who held office at the date of approval of this Members' Report that, so far as they are aware, there is no relevant audit information of which the LLP's auditors are unaware, and all the members have taken all the steps that they ought to have taken as members to make themselves aware of any relevant audit information and to establish that the LLP's auditors are aware of that information.

Pillar III disclosures

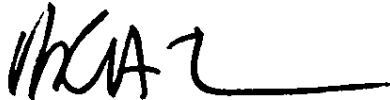
The Company has documented the disclosures required by the FSA under BIPRU 11.3. A copy may be obtained by calling Robert Diggle on 020 7259 1304.

REPORT OF THE MEMBERS - continued

Auditors

Steele Robertson Goddard have expressed their willingness to remain in office as auditors of the LLP.

This report was approved and signed on behalf of Somerset Capital Management LLP by:

A handwritten signature in black ink, appearing to read 'DKA', followed by a long horizontal line.

Dominic Johnson
Designated Member
27 July 2009

STATEMENT OF MEMBERS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The members are responsible for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Limited Liability Partnership law in the United Kingdom requires the members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Limited Liability Partnership and of the profit or loss of the Limited Liability Partnership for that period.

In preparing those financial statements, the members are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 Limited Liability Partnership 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 Limited Liability Partnership and enable them to ensure that the financial statements comply with the Limited Liability Partnerships Regulations 2001. They are also responsible for safeguarding the assets of the Limited Liability Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members are responsible for ensuring that the Members' Report and other information included in the Annual Report is prepared in accordance with the Statement of Recommended Practice *Accounting by Limited Liability Partnerships*.

SOMERSET CAPITAL MANAGEMENT LLP

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF SOMERSET CAPITAL MANAGEMENT LLP

We have audited the financial statements of Somerset Capital Management LLP for the year ended 31 March 2009 which comprise the profit and loss account, the reconciliation of members' interests, the balance sheet, the cash flow statement and related notes. These financial statements have been prepared under the historical cost convention and accounting policies set out therein.

This report is made solely to the members of the LLP, as a body, in accordance with Section 235 of the Companies Act 1985 as modified by the Limited Liability Partnership Regulations 2001. Our audit work has been undertaken so that we might state to the LLPs' 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 LLP and the LLPs' members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditor

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).

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 modified by the Limited Liability Partnership Regulations 2001. We also report to you whether in our opinion the information given in the Members' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding members' remuneration and other transactions is not disclosed.

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 judgements 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 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.

SOMERSET CAPITAL MANAGEMENT LLP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOMERSET CAPITAL MANAGEMENT LLP (Continued)

We have undertaken the audit in accordance with the requirements of APB Ethical Standard – Provisions Available for Small Entities, in the circumstances set out below:

- In common with many other businesses of similar size and nature, the company has retained us to prepare and submit returns to the tax authorities.

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 affairs of the LLP as at 31 March 2009 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985 as modified by the Limited Liability Partnership Regulations 2001; and
- the information given in the Members' Report is consistent with the financial statements.

Steele Robertson Goddard

Steele Robertson Goddard
Chartered Accountants and Registered Auditors
28 Ely Place
London
EC1N 6AA

27 July 2009

SOMERSET CAPITAL MANAGEMENT LLP

PROFIT AND LOSS ACCOUNT for the year ended 31 March 2009

	Note	Year ended 31 March 2009 £	Period ended 31 March 2008 £
Turnover	1	1,359,126	886,196
Administration expenses		<u>(814,942)</u>	<u>(652,092)</u>
Operating profit	2	544,184	234,104
Interest receivable and similar income		6,500	11,757
Loss on forward currency contracts		<u>(2,507)</u>	<u>-</u>
Profit for the financial period before members' remuneration and profit shares		548,177	245,861
Members' remuneration charged as an expense		<u>(219,271)</u>	<u>(83,095)</u>
Retained profit for the financial period available for discretionary division among members		<u>328,906</u>	<u>162,766</u>

There are no recognised gains and losses in the year other than disclosed in the profit and loss account above.

All activities related to continuing operations.

There is no difference between the retained profit for the year available for discretionary division among members and their historical cost equivalents.

The notes on pages 10 to 13 form part of these financial statements.

SOMERSET CAPITAL MANAGEMENT LLP

BALANCE SHEET

as at 31 March 2009

	Note	31 March 2009 £	31 March 2008 £
Current assets			
Debtors	5	367,364	353,402
Cash at bank and in hand		228,495	348,775
		595,859	702,177
Current liabilities			
Creditors: Amounts falling due within one year	6	(65,155)	(119,747)
Net assets attributable to members		530,704	582,430
Represented by:			
Equity			
Members' capital disclosed as equity under FRS 25	7	600,000	600,000
Reserves	7	491,672	162,766
		1,091,672	762,766
Loans and other debts due from members within one year			
Other amounts		(560,968)	(180,336)
		530,704	582,430
Total members' interests:			
Other amounts	7	1,091,672	762,766
Loans and other debts due from members	7	(560,968)	(180,336)
		530,704	582,430

The financial statements were approved by the Members on 27 July 2009 and signed on their behalf by:

Dominic Johnson
Designated Member



The notes on pages 10 to 13 form part of these financial statements.

SOMERSET CAPITAL MANAGEMENT LLP

CASH FLOW STATEMENT

for the year ended 31 March 2009

	Note	Year ended 31 March 2009 £	Period ended 31 March 2008 £
Net cash outflow from operating activities	8	524,247	(18,536)
Returns on investment and servicing of finance			
Interest received		6,520	11,737
Loss on forward currency contracts		<u>(2,507)</u>	<u>-</u>
		4,013	11,737
Transactions with members			
Capital contributions by members		-	600,000
Drawings paid to members		<u>(599,903)</u>	<u>(263,431)</u>
		<u>(599,903)</u>	<u>336,569</u>
(Decrease)/increase in cash in the year		<u>(71,643)</u>	<u>329,770</u>
 Reconciliation of net cash flow to movement in net funds:			
(Decrease)/increase in cash in the year	9	(71,643)	329,770
Foreign exchange differences		<u>(20,775)</u>	<u>(8,857)</u>
Movement in net funds in the year		(92,418)	320,913
Net funds at beginning of the year		<u>320,913</u>	<u>-</u>
Net funds at end of the year	9	<u>228,495</u>	<u>320,913</u>

The notes on pages 10 to 13 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

a) Basis of accounting

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with applicable accounting standards and the Statement of Recommended Practice: Accounting by Limited Liability Partnerships (2006 version).

b) Turnover

Turnover comprises investment management fees. Fees are accounted for in the profit and loss account on an accruals basis exclusive of value added tax.

c) Expenses

Expenses relate to costs incurred by the LLP in relation to the administration and business of the LLP and are recognised on an accruals basis.

d) Taxation

No provision for taxation is made in the LLP's financial statements as any liability arising is assessable directly on the individual members.

e) Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of transaction. Assets and liabilities denominated in foreign currency are translated at the rates ruling at the balance sheet date. Exchange differences are taken into the profit and loss account.

f) Cash flow statement

For the purposes of the cash flow statement only, cash comprises cash in hand and overnight deposits, net of the amount of any overdrafts.

g) Members' remuneration and interests

Members' rights to participate in the profits or losses, or assets of the LLP are analysed between those that give rise to, from the LLP's perspective, either a financial liability or equity, in accordance with FRS 25, 'Financial Instruments: Disclosure and Presentation' ("FRS 25") and UITF Abstract 39, 'Members' Shares in Co-operative Entities and Similar Instruments'. Members' different participation rights are analysed separately into liability and equity elements.

Members' remuneration

Non-discretionary amounts becoming due to members in respect of participation rights in the profits of the LLP for an accounting period that give rise to liabilities are presented as an expense within the profit and loss account (within the heading Members' remuneration charged as an expense).

Amounts becoming due to members in respect of equity participation rights, following a discretionary division of profits, are debited directly to equity in the accounting period in which the division occurs.

Such amounts are not presented as an expense within the profit and loss account. A discretionary division of profits that takes place after the balance sheet date is a non-adjusting event under FRS 21, Events after the balance sheet date.

SOMERSET CAPITAL MANAGEMENT LLP

NOTES TO THE FINANCIAL STATEMENTS - continued

Members' interests

Members' capital is accounted for in accordance with FRS 25. Where the LLP has a contractual obligation to deliver cash or another financial asset to the member, the capital is treated as debt. Where the LLP has an unconditional right to avoid delivering cash or other financial assets to a member in respect of such amounts (i.e. repayment of the member's capital is discretionary) it is treated as equity.

2. OPERATING PROFIT

	Year ended 31 March 2009 £	Period ended 31 March 2008 £
This is stated after charging:		
Auditors' remuneration –		
Audit services	3,500	4,000
Taxation services	1,400	1,000
Foreign exchange differences	<u>20,775</u>	<u>8,857</u>

A management charge of £439,900 (2008: £395,343) was paid to the corporate member, Somerset Capital Management Limited (see note 10 on Related Party Transactions). This includes the auditors' remuneration shown above.

3. EMPLOYEES

The partnership has no direct employees.

4. MEMBERS' REMUNERATION

The profit for the year available for discretionary division among members was £328,906 (2008: £162,766).

The largest entitlement to profit of a non-corporate member during the year was £59,039 (2008: £20,753).

Average monthly number of members	Year ended 31 March 2009 No.	Period ended 31 March 2008 No.
Office and management	13	7
Corporate members	<u>1</u>	<u>1</u>
	<u>14</u>	<u>8</u>

5. DEBTORS

	31 March 2009 £	31 March 2008 £
Trade debtors	38,239	-
Other debtors	108,440	88,326
VAT recoverable	352	-
Prepayments and accrued income	<u>220,333</u>	<u>265,076</u>
	<u>367,364</u>	<u>353,402</u>

SOMERSET CAPITAL MANAGEMENT LLP

NOTES TO THE FINANCIAL STATEMENTS - continued

6. CREDITORS: Amounts falling due within one year

	31 March 2009 £	31 March 2008 £
Bank overdraft	-	27,862
Trade creditors	9,266	5,765
Other creditors	55,889	44,068
Accruals and deferred income	-	5,668
Other taxes and social security payable	-	36,384
	<u>65,155</u>	<u>119,747</u>

7. RECONCILIATION OF MOVEMENTS IN MEMBERS OTHER AND TOTAL INTERESTS

	Members' capital £	Other reserves classified as equity £	Total £	Loans and other debts due to/from members £	Total £
Opening Members' interests	600,000	162,766	762,766	(180,336)	582,430
Profit for the financial year available for division among members	-	548,177	548,177	-	548,177
Members' interests after profit for the year	600,000	710,943	1,310,943	(180,336)	1,130,607
Division of profit	-	(219,271)	(219,271)	219,271	-
Drawings	-	-	-	(599,903)	(599,903)
	600,000	491,672	1,091,672	(560,968)	530,704
Amounts due to members	-	-	-	-	-
Amounts due from members	-	-	-	(560,968)	-
Members' interests at 31 March 2009	<u>600,000</u>	<u>491,672</u>	<u>1,091,672</u>	<u>(560,968)</u>	<u>530,704</u>

Amounts due to members have been subordinated to the claims of other creditors in a winding up of the LLP.

SOMERSET CAPITAL MANAGEMENT LLP

NOTES TO THE FINANCIAL STATEMENTS - continued

8. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Year ended 31 March 2009 £	Period ended 31 March 2008 £
Operating profit	544,184	234,104
Increase in debtors	(13,982)	(353,382)
(Decrease)/increase in creditors	(26,730)	91,885
Foreign exchange differences	20,775	8,857
Net cash outflow from operating activities	<u>524,247</u>	<u>(18,536)</u>

9. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April 2008 £	Cash inflow/ (outflow) £	Non-cash movement £	At 31 March 2009 £
Net cash				
Cash at bank and in hand	348,775	(92,375)	(27,905)	228,495
Bank overdraft	<u>(27,862)</u>	<u>27,862</u>	<u>-</u>	<u>-</u>
Net cash	<u>320,913</u>	<u>(64,513)</u>	<u>(27,905)</u>	<u>228,495</u>

10. RELATED PARTY TRANSACTIONS

Somerset Capital Management LLP (the "LLP") is under the control of the designated members.

During the year the LLP paid management charges to its corporate member, Somerset Capital Management Limited ("SCM Limited"), of £439,900 (2008: £395,343) in respect of expenses incurred on behalf of the LLP. SCM Limited is controlled by Dominic Johnson, Jacob Rees-Mogg and Edward Robertson, members of the LLP.

At 31 March 2009 SCM Limited owed the LLP £73,854 (2008: £83,269).

During the year the LLP paid management charges to Somerset Capital Management Singapore Pte Limited ("SCMS Limited") of £192,518 (2008: £43,867) in respect of expenses incurred on behalf of the LLP. At 31 March 2009, the LLP owed SCMS Limited £51,429 (2008: £41,073). SCMS Limited is ultimately controlled by Dominic Johnson, Jacob Rees-Mogg and Edward Robertson, members of the LLP.

On 31 March 2009 the LLP transferred £18,773 to SCMS Limited. This payment did not credit the bank account of SCMS Limited until 2 April 2009 and is therefore not included within the inter-company balance of £51,429.

During the year the LLP made a further loan to Somerset Capital Management (Cayman) Limited ("SCMC Limited"). At 31 March 2009, SCMC Limited owed the LLP £13,985 (2008: £5,037). SCMC Limited is ultimately controlled by Dominic Johnson, Jacob Rees-Mogg and Edward Robertson, members of the LLP.