

**Versatus Advisers LLP**  
Report And Financial Statements  
*31 December 2009*

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COMPANIES HOUSE

**INFORMATION**

<b>Designated Members</b>	M Berry Versatus Limited
<b>Registered office</b>	6th Floor 30-34 Moorgate London EC2R 6DN
<b>Auditors</b>	Rees Pollock 35 New Bridge Street London EC4V 6BW
<b>Bankers</b>	HSBC Bank plc City of London branch 60 Queen Victoria Street London EC4N 4TR
<b>LLP registered number</b>	OC342104

## MEMBERS' REPORT

For the period ended 31 December 2009

The members present their annual report together with the audited financial statements of Versatus Advisers LLP (the LLP) for the period ended 31 December 2009

### Principal activities and review of the business

Versatus Advisers LLP (hereinafter referred to as "the firm") was incorporated on 16 December 2008 and commenced trading on that date. The firm obtained authorisation from the Financial Services Authority ("FSA") to carry out regulated activities on 4 August 2009. After an initial start-up phase the firm had a full complement of staff by mid-March 2009, and fitted-out offices together with computer systems and website by the end of April. Its principal activities are debt advisory services to borrowers and lenders, primarily in the area of leveraged buyouts (LBOs). These can arise in relation to raising finance for a new leveraged transaction, or in the context of a debt restructuring. In most cases, remuneration is on the basis of a success fee, although in the case of restructurings, there is often an opportunity to charge a monthly retainer.

Looking ahead, the prospects for providers of debt advisory services are favourable both in the primary debt-raising area as the volume of new LBOs being carried out is showing strong growth albeit from a very low level, and in the restructuring area as disappointing corporate performance continues, combined with a more conservative lending environment, to lead to borrowers needing to restructure their finances. The firm is well-placed to meet the needs of these two markets.

2009 can thus be seen as a year in which the firm was able to lay the foundations of a sound professional reputation while achieving a modest level of revenue. Indications so far in 2010 are that the firm should be able to achieve a more significant revenue level, without incurring materially higher costs, as the groundwork carried out in 2009 leads to a higher level of advisory activity.

### Designated Members

M Berry (appointed 9 January 2009)

Versatus Limited (appointed 9 January 2009)

A R Dickson (appointed 16 December 2008, resigned 9 January 2009)

M J Barron (appointed 16 December 2008, resigned 9 January 2009)

### Members' capital and interests

Members share profits and losses in accordance with profit sharing agreements.

Members' capital and drawings are determined by the regulatory capital requirements of the FSA and any trading needs of the LLP. Members' capital is not repayable except where allowed under FSA rules.

### Statement of Members' responsibilities

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

Company law, as applied to LLPs, requires the members to prepare financial statements for each financial year. Under that law the 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 company law, as applied to LLPs, 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 LLP and of the profit or loss of the LLP for that period. In preparing these financial statements, the members are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,

**MEMBERS' REPORT (continued)**

For the period ended 31 December 2009

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the entity's transactions and 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 Companies Act 2006. 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.

**Provision of information to auditors**

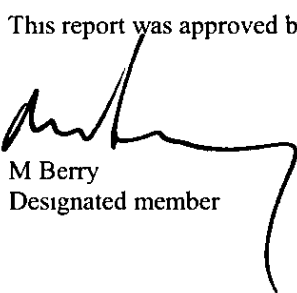
In so far as the members are aware

- there is no relevant audit information of which the LLP's auditors are unaware, and
- the members have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

**Auditors**

The auditors, Rees Pollock, year indicated their willingness to continue in office. The Designated members will propose a motion re-appointing the auditors at a meeting of the members.

This report was approved by the members on ~~4th~~ April 2010 and signed on their behalf, by



M Berry  
Designated member



## REES POLLOCK

*Chartered Accountants*

35 New Bridge Street  
London EC4V 6BW  
Telephone 020 7778 7200  
Fax 020 7329 6408  
www.reespollock.co.uk

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VERSATUS ADVISERS LLP

We have audited the financial statements of Versatus Advisers LLP for the period ended 31 December 2009, set out on pages 5 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the LLP's members in accordance with the Companies Act 2006, as applied by Part 12 of 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 LLP's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's members 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view 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 have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, 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, and give a true and fair view.

In addition we report to you if, in our opinion, the LLP has not kept adequate accounting records or if we have not received all the information and explanations we require for our audit.

We read the Members' Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the members in the preparation of the financial statements, and of whether the accounting policies are appropriate to the LLP's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations 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

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- 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, and
- give a true and fair view of the state of the LLP's affairs as at 31 December 2009 and of its loss for the period then ended.

**Jonathan Mouldsdales (Senior statutory auditor)  
for and on behalf of  
Rees Pollock, Statutory Auditor**

19 April 2010

Partners: Simon Rees FCA CTA, Johnny Mouldsdales FCA, Catherine Kimberlin FCA, Jonathan Munday FCA CTA, Chris Dimmick FCA, Chris Barnett ACA CTA, Phil Vipond ACA. Rees Pollock Limited

Registered to carry on audit work in the UK and Ireland and regulated for a range of investment business activities by The Institute of Chartered Accountants in England and Wales.

VAT Registration No 524 9426 37

**PROFIT AND LOSS ACCOUNT**

For the period ended 31 December 2009

	<b>Note</b>	<b>2009 £</b>
<b>TURNOVER</b>	2	220,518
Administrative expenses		(449,054)
<b>OPERATING LOSS</b>	3	(228,536)
Interest receivable		226
Interest payable		(4)
<b>LOSS FOR THE FINANCIAL PERIOD BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES</b>		(228,314)
<b>LOSS FOR THE FINANCIAL PERIOD BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES</b>		(228,314)
Members' remuneration charged as an expense		(358,092)
<b>LOSS FOR THE FINANCIAL PERIOD AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS</b>		(586,406)

All amounts relate to continuing operations

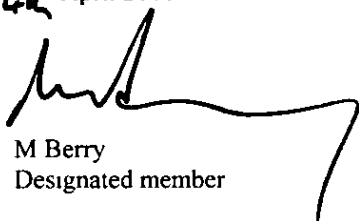
There were no recognised gains and losses for 2009 other than those included in the profit and loss account

The notes on pages 8 to 13 form part of these financial statements

**BALANCE SHEET**  
As at 31 December 2009

	Note	£	2009 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	7		90,068
<b>CURRENT ASSETS</b>			
Debtors	8	207,317	
Cash at bank		22,965	
		<u>230,282</u>	
<b>CREDITORS: amounts falling due within one year</b>	9	(106,756)	
		<u></u>	
<b>NET CURRENT ASSETS</b>			<u>123,526</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>213,594</u>
<b>REPRESENTED BY:</b>			
<b>Equity</b>			
Members' capital classified as equity under FRS 25		800,000	
Other reserves		(586,406)	
		<u></u>	
			<u>213,594</u>
<b>TOTAL MEMBERS' INTERESTS</b>			
Members' other interests			<u>213,594</u>

The financial statements were approved and authorised for issue by the members and were signed on their behalf on 14<sup>th</sup> April 2010

  
M Berry  
Designated member

The notes on pages 8 to 13 form part of these financial statements

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**CASH FLOW STATEMENT**

For the period ended 31 December 2009

	<b>Note</b>	<b>2009 £</b>
Net cash flow from operating activities	11	(61,517)
Returns on investments and servicing of finance	12	222
Capital expenditure and financial investment	12	(127,648)
Net cash flow from transactions with members	12	211,908
<b>INCREASE IN CASH IN THE PERIOD</b>		<u>22,965</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT**

For the period ended 31 December 2009

	<b>2009 £</b>
Increase in cash in the period	<u>22,965</u>
<b>MOVEMENT IN NET DEBT IN THE PERIOD</b>	<u>22,965</u>
<b>NET FUNDS AT 31 DECEMBER 2009</b>	<u>22,965</u>

The notes on pages 8 to 13 form part of these financial statements



## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2009

### 1. ACCOUNTING POLICIES

#### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships"

#### 1.2 Going concern

As described in the members' report on page 2 Versatus Advisers LLP commenced operations in 2009, in a business where much work is carried out on a contingent fee basis, and such revenue is not recognised until the likelihood of its receipt is high

The shareholders of Versatus Limited, the managing member of the firm, have committed substantial resources to the firm and a second drawdown of committed funding was made during the year. Moreover, a further drawdown of £266,129 of committed funding was made to Versatus Limited in February 2010 which can be made available to the LLP to draw down as additional partnership capital if and when it is required

Additionally, the LLP's forecasts to the end of March 2011 show that the business should be able to meet its liabilities as they fall due and maintain a regulatory capital surplus. Based on this, the members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

#### 1.3 Turnover

Turnover comprises revenue recognised by the LLP in respect of services supplied, exclusive of value added tax. Revenue is recognised in the period in which the project work was performed once written agreement of fees has been confirmed with customers. Until such time as the fees have been agreed in writing, no revenue can be recognised by the LLP

#### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures & fittings	-	4 years straight line
Office equipment	-	27 months straight line

#### 1.5 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

**NOTES TO THE FINANCIAL STATEMENTS**  
For the period ended 31 December 2009

**1. ACCOUNTING POLICIES (continued)**

**1.6 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

**1.7 Tax provisions**

The taxation payable on profits is the personal liability of the members during the year

**1.8 Members' remuneration**

The LLP agreement provides that fixed amounts, determined for some members each year, be paid to members, irrespective of the profits of the LLP. These amounts are included as an expense in the profit and loss account after arriving at "profit for the financial year before members' remuneration and profit shares"

A member's discretionary share in the profit or the loss for the year is accounted for as an allocation of profits. Unallocated profits and losses at the year-end are included within "other reserves"

**2. TURNOVER**

The whole of the turnover is attributable to the entity's principal activity, being the provision of specialist finance advisory services

All turnover arose within the United Kingdom

**3. OPERATING LOSS**

The operating loss is stated after charging

	<b>2009</b>
	<b>£</b>
Depreciation of tangible fixed assets	
- owned by the LLP	37,580
Auditors' remuneration	5,000
Auditors' remuneration - non-audit	5,120
	<u>          </u>

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2009

### 4 STAFF COSTS

Staff costs were as follows

	2009 £
Wages and salaries	84,457
Social security costs	9,419
	<u>93,876</u>

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

	2009 No
Operations and administrative staff	<u>2</u>

### 5. INFORMATION IN RELATION TO MEMBERS

	2009 Number
The average number of members during the period was	<u>4</u>
	£
Paid under the terms of the LLP agreement	<u>358,092</u>

### 6 MEMBERS' REMUNERATION

The highest paid member received remuneration of £147,263

### 7 TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Office equipment £	Total £
<b>Cost</b>			
Additions	81,874	45,774	127,648
At 31 December 2009	<u>81,874</u>	<u>45,774</u>	<u>127,648</u>
<b>Depreciation</b>			
Charge for the period	27,026	10,554	37,580
At 31 December 2009	<u>27,026</u>	<u>10,554</u>	<u>37,580</u>
<b>Net book value</b>			
At 31 December 2009	<u>54,848</u>	<u>35,220</u>	<u>90,068</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2009

## 8 DEBTORS

	2009 £
Trade debtors	7,500
Amounts owed by group undertakings	1,974
Other debtors	17,506
Prepayments and accrued income	180,337
	<u>207,317</u>

## 9 CREDITORS: Amounts falling due within one year

	2009 £
Trade creditors	18,073
Social security and other taxes	11,398
Accruals and deferred income	77,285
	<u>106,756</u>

## 10. RECONCILIATION OF MEMBERS' INTERESTS

	Members' capital (classified as equity) £	Other reserves £	Total £
Loss for the period available for discretionary division among members	-	(586,406)	(586,406)
Members' interests after loss for the period	-	(586,406)	(586,406)
Capital amounts introduced by members	800,000	-	800,000
Members' interests at 31 December 2009	<u>800,000</u>	<u>(586,406)</u>	<u>213,594</u>

## 11 NET CASH FLOW FROM OPERATING ACTIVITIES

	2009 £
Operating loss	(228,536)
Depreciation of tangible fixed assets	37,580
Increase in debtors	(205,343)
Increase in creditors	334,782
Net cash outflow from operating activities	<u>(61,517)</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2009

## 12. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2009 £
<b>Returns on investments and servicing of finance</b>	
Interest received	226
Interest paid	(4)
	<u>222</u>
<b>Net cash inflow from returns on investments and servicing of finance</b>	<u>222</u>
	<b>2009 £</b>
<b>Capital expenditure and financial investment</b>	
Purchase of tangible fixed assets	(127,648)
	<u></u>
	<b>2009 £</b>
<b>Transactions with members</b>	
Payments to members	(358,092)
Contributions by members	570,000
	<u>211,908</u>
<b>Net cash inflow from transactions with members</b>	<u>211,908</u>

## 13. ANALYSIS OF CHANGES IN NET DEBT

	16 December 2008 £	Cash flow £	31 December 2009 £
Cash at bank and in hand	-	22,965	22,965
	<u>-</u>	<u>22,965</u>	<u>22,965</u>
<b>Net funds</b>	<u>-</u>	<u>22,965</u>	<u>22,965</u>

## 14. OPERATING LEASE COMMITMENTS

At 31 December 2009 the LLP had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2009 £	Other 2009 £
<b>Expiry date</b>		
Between 2 and 5 years	65,385	1 596
	<u>65,385</u>	<u>1 596</u>

**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 31 December 2009

**15. RELATED PARTY TRANSACTIONS**

During the period the LLP paid for certain expenses on behalf of its parent company, Versatus Limited. The balance outstanding at the end of the period in respect of this is £1,974.

**16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

Versatus Limited is the immediate and ultimate parent company and the head of the largest group for which consolidated accounts are prepared. Copies of these consolidated accounts can be obtained from the Company Secretary, Versatus Limited, 6th Floor, 30-34 Moorgate, London, EC2R 6DN. There is no ultimate controlling party as defined in Financial Reporting Standard 8.