

Company Registration No. 3779692

CAPVEST LIMITED

**Directors' Report and Consolidated Financial Statements
Year Ended 31 December 2010**

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CAPVEST LIMITED

**DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2010**

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CAPVEST LIMITED

**DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2010**

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Seamus FitzPatrick
Win Neuger
Randi Shure
Robert Thompson

SECRETARY

Tina Page

REGISTERED OFFICE

CapVest Limited
100 Pall Mall
London
SW1Y 5NQ

AUDITORS

KPMG Audit Plc
8 Salisbury Square
London EC4Y 8BB

CAPVEST LIMITED

GROUP DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of CapVest Limited, Registration Number 3779692, for the year ended 31 December 2010

PRINCIPAL ACTIVITY

The principal activity of the Group is the provision of investment advisory services

BUSINESS REVIEW

Recruitment and key staff retention are an important focus for the business. The average number of employees decreased by three during the year, whilst revenues decreased by 5% based on contractual fees. The Directors consider the result for the year satisfactory.

Management take appropriate steps to minimise the impact of risks faced by the Group through their day to day management of the Group.

The Group's financial risks are disclosed in Note 2 of the Financial Statements.

RESULTS AND DIVIDENDS

The Group's turnover decreased from £18,468,551 to £17,594,278 and the profit for the year amounted to £4,437,316 (2009 £3,786,785). During the year, an equity dividend of £5,191,281 (2009 £4,850,000) has been declared, of which £4,096,586 (2009 £4,650,000) was paid during the year.

DIRECTORS AND THEIR INTERESTS

The directors who served throughout the year were as follows:

Seamus FitzPatrick
Win Neuger
Randl Shure
Robert Thompson

Edward Matthews resigned as a non-executive Director on 17 March 2010.

SUBSIDIARIES

CapVest Fund Services Ireland Limited, is wholly owned by CapVest Limited. The Directors who served CapVest Fund Services Ireland Limited throughout the year were as follows:

Seamus FitzPatrick
Randl Shure

GOING CONCERN

The directors have a reasonable expectation that the Company will continue in operational existence for the foreseeable future and have therefore used the going concern basis in preparing the financial statements.

DISCLOSURE OF INFORMATION TO AUDITORS

The Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

AUDITORS

KMPG Audit Plc have expressed their willingness to continue to act as auditors to the Company.

Approved by the Board of Directors
and signed on behalf of the Board

Seamus FitzPatrick
Director

21 April 2011

CAPVEST LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

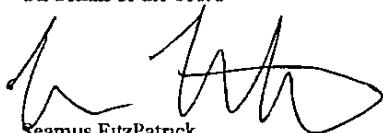
Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities

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

On behalf of the board



Seamus FitzPatrick
Director

21 April 2011

CAPVEST LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAPVEST LIMITED

We have audited the financial statements of CapVest Limited for the year ended 31 December 2010 set out on pages 5 to 19. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors 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 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 (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2010 and of the group's profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Anthony Cecil (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc (Statutory Auditor)
Chartered Accountants
8 Salisbury Square
London, EC4Y 8BB

21st April 2011

CAPVEST LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 December 2010

	Note	2010 £	2009 £
GROUP TURNOVER		<u>17,594,278</u>	<u>18,468,551</u>
Administrative expenses		(11,545,161)	(13,094,098)
GROUP OPERATING PROFIT	3	6,049,117	5,374,453
Interest receivable and similar income	4	<u>10,556</u>	<u>79,209</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		6,059,673	5,453,662
Tax charge on profit on ordinary activities	7	(1,622,357)	(1,666,877)
PROFIT ON ORDINARY ACTIVITIES AFTER TAX AND RETAINED FOR THE YEAR	16	<u>4,437,316</u>	<u>3,786,785</u>

All of the above results for both years derive from continuing activities

Neither the company nor the group has any recognised gains or losses for either year other than the results as shown above. Consequently no statement of total recognised gains and losses is presented.

The notes on pages 9 to 19 form part of these financial statements

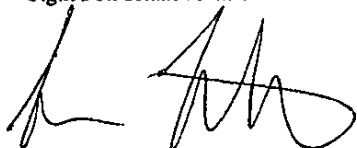
CAPVEST LIMITED

CONSOLIDATED BALANCE SHEET As at 31 December 2010

	Note	Group 2010 £	Group 2009 £
FIXED ASSETS			
Tangible assets	10	<u>250,953</u>	<u>430,107</u>
		250,953	430,107
CURRENT ASSETS			
Debtors	12	2,136,254	1,608,379
Investments	11	40,000	40,000
Cash at bank and in hand		<u>3,812,524</u>	<u>5,531,738</u>
		5,988,778	7,180,117
CREDITORS amounts falling due within one year	13	(3,914,668)	(4,531,196)
NET CURRENT ASSETS		2,074,110	2,648,921
TOTAL ASSETS LESS CURRENT LIABILITIES		2,325,063	3,079,028
NET ASSETS		<u>2,325,063</u>	<u>3,079,028</u>
CAPITAL AND RESERVES			
Called up share capital	15	245,890	245,890
Capital redemption reserve	16	9,763	2,009,763
Profit and loss account	16	2,069,410	823,375
SHAREHOLDERS' FUNDS		<u>2,325,063</u>	<u>3,079,028</u>

These financial statements were approved by the Board of Directors on 21 April 2011

Signed on behalf of the Board of Directors



Seamus FitzPatrick
Director
Company Registration Number 3779692

The notes on pages 9 to 19 form part of these financial statements

CAPVEST LIMITED

COMPANY BALANCE SHEET **As at 31 December 2010**

	Note	Company 2010 £	Company 2009 £
FIXED ASSETS			
Tangible assets	10	250,953	430,107
Investments	9	858	858
		<u>251,811</u>	<u>430,965</u>
CURRENT ASSETS			
Debtors	12	2,143,222	1,608,379
Investments	11	40,000	40,000
Cash at bank and in hand		3,779,985	5,475,502
		<u>5,963,207</u>	<u>7,123,881</u>
CREDITORS: amounts falling due within one year	13	(3,882,729)	(4,476,024)
NET CURRENT ASSETS		2,080,478	2,647,857
TOTAL ASSETS LESS CURRENT LIABILITIES		2,332,289	3,078,822
NET ASSETS		<u>2,332,289</u>	<u>3,078,822</u>
CAPITAL AND RESERVES			
Called up share capital	15	245,890	245,890
Capital redemption reserve	16	9,763	2,009,763
Profit and loss account		2,076,636	823,169
SHAREHOLDERS' FUNDS		<u>2,332,289</u>	<u>3,078,822</u>

CAPVEST LIMITED

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2010

	Note	Group 2010 £	Group 2009 £
Net cash inflow from operating activities	18	4,229,716	5,648,256
Return on investments and servicing of finance	19	10,601	65,965
Taxation	19	(1,645,955)	(1,945,586)
Capital expenditure and financial investment	19	(16,990)	(32,903)
Dividends paid	19	<u>(4,296,586)</u>	<u>(4,650,000)</u>
Cash outflow before financing		(1,719,214)	(914,268)
Decrease in cash in the year	20	<u>(1,719,214)</u>	<u>(914,268)</u>

The notes on pages 9 to 19 form part of these financial statements

CAPVEST LIMITED

NOTES TO THE AUDITED FINANCIAL STATEMENTS

Year ended 31 December 2010

1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. Under s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31st December 2010. Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Investments

In the Company's financial statements, investments in subsidiary undertakings, associates and joint ventures are stated at cost (less amounts written off).

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Computer equipment	three years
Office equipment	three years
Furniture and fittings	five years
Leasehold improvements	over life of lease

Residual value is calculated on prices prevailing at the date of acquisition.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

The assets and liabilities and profit and loss accounts of overseas subsidiary undertakings and associated undertakings are translated at the closing exchange rates. Profit and loss accounts of such undertakings are consolidated at the average rates of exchange during the year. Gains and losses arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Classification of financial instruments issued by the Group

Following the adoption of FRS 25, financial instruments issued by the Group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group), and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity

CAPVEST LIMITED

NOTES TO THE AUDITED FINANCIAL STATEMENTS

Year ended 31 December 2010

instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. The finance cost on the financial liability component is correspondingly higher over the life of the instrument.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Turnover

Turnover represents amounts receivable for investment advisory services provided in the normal course of business, net of VAT, plus any transaction fees, recognised as earned. All turnover arises from services provided from the United Kingdom.

Leases

Rentals under operating leases are charged to the profit and loss account net of VAT where appropriate on a straight-line basis over the lease term, even if payments are not made on such basis.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 2. The directors have a reasonable expectation that the company 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.

2. FINANCIAL RISK MANAGEMENT

The Group's primary Financial Risks are

a) Market Risk

Management take appropriate steps to minimise the impact of risks faced by market conditions through their day-to-day management of the Group. During 2007 the Group made an investment in PendVest LLP.

	Cost	Fair Value	% Net Assets
	£	£	£
Investments held as at 31 December 2010	40,000	40,000	1.715%

It was decided during 2009 to wind up PendVest LLP. Please see note 11 for more information on this.

b) Credit Risk

The primary Credit Risk for the Group is default by Limited Partners of the Funds it advises. There were no such defaults as at 31 December 2010. The Group manages this risk through monitoring of the Funds advised.

CAPVEST LIMITED

NOTES TO THE AUDITED FINANCIAL STATEMENTS

Year ended 31 December 2010

c) Currency Risk

The Group has assets and liabilities denominated in currencies other than sterling, the functional currency. The Group is therefore exposed to currency risk as the value of the assets denominated in currencies other than the functional currency will fluctuate due to changes in exchange rates. The Group policy is not to enter into any currency hedging transactions.

The table below summarises the Group's exposure to currency risks at year end

	\$	€	Total £
Current Assets			
Cash and Bank Balances	1,640	2,342,422	2,009,209
Debtors	-	1,626,002	1,393,972
Current Liabilities			
Creditors	-	-	-

The Euro exchange rate at 31 December 2010 was €1.00 to £0.8573. The United States Dollar exchange rate at 31 December 2010 was US\$1.00 to Sterling £0.6405.

The Group's sensitivity to a 25% increase/decrease in sterling against these currencies would be £850,795 / (£850,795) to the profit after tax for the year and Group's equity. Notwithstanding the currency movements in 2010, 25% is management's assessment of the potential further exposure to foreign exchange rate fluctuation. The sensitivity analysis includes only outstanding foreign currency, current financial assets and liabilities and adjusts their translation at the year end for a 25% change in foreign currency rate thus indicating the potential movement in net assets attributable to the shareholders.

d) Liquidity Risk

The primary Liquidity Risk for the Group is delayed funding of advisory fees by the Funds advised. This is managed by the Group through ongoing monitoring of the Group's liquid assets and close monitoring of the Funds advised.

e) Interest Rate Risk

The Group's primary exposure to interest rate risk is on income from cash balances and deposits which will fluctuate with market interest rates all of which are due within one year. The Group believes there is minimal risk to the business.

f) Capital Risk

At 31 December 2010, the capital of the Group comprised £245,890 of ordinary shares. In addition to this, the Group had £9,763 in a capital redemption reserve and £2,076,636 of retained earnings at that date.

3. OPERATING PROFIT

Operating profit is stated after charging

	Group 2010 £	Group 2009 £
Depreciation and amounts written off tangible fixed assets	167,351	199,040
Auditor's remuneration for audit services	31,529	33,542
Auditor's remuneration for non-audit services	9,500	5,000
Rent	503,478	518,289

CAPVEST LIMITED

NOTES TO THE AUDITED FINANCIAL STATEMENTS

Year ended 31 December 2010

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Bank interest received	10,556	10,539	54,172	54,172
Other income	-	-	25,037	25,037
	<u>10,556</u>	<u>10,539</u>	<u>79,209</u>	<u>79,209</u>

5 STAFF COSTS

The average number of employees during the year was

	Group 2010 Number	Company 2010 Number	Group 2009 Number	Company 2009 Number
	<u>29</u>	<u>29</u>	<u>32</u>	<u>32</u>

Aggregate remuneration comprised

	2010 £	2010 £	2009 £	2009 £
Wages and salaries	8,517,210	8,418,999	8,576,127	8,469,686
Social security costs	1,062,494	1,051,880	1,248,896	1,193,638
Pension costs	208,873	184,103	1,137,974	1,137,974
	<u>9,788,577</u>	<u>9,654,982</u>	<u>10,962,997</u>	<u>10,801,298</u>

Pension costs:

The Company contributes to defined contribution pension schemes, the assets of which are held separately in an independently administered fund. Contributions to this scheme are charged to the profit and loss account as they become payable.

6. DIRECTORS' REMUNERATION AND TRANSACTIONS

The remuneration of the directors comprised emoluments of £1,732,405 (2009 - £1,688,355). The amounts for remuneration include £1,120,496 (2009 - £1,185,774) in respect of the highest paid director.

CAPVEST LIMITED

NOTES TO THE AUDITED FINANCIAL STATEMENTS

Year ended 31 December 2010

7 TAX CHARGE ON ORDINARY ACTIVITIES

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
UK corporation tax current	1,744,761	1,744,761	1,654,380	1,654,380
UK corporation tax prior	(87,275)	(87,275)	-	-
Deferred taxation	(35,129)	(35,129)	12,497	12,497
	<u>1,622,357</u>	<u>1,622,357</u>	<u>1,666,877</u>	<u>1,666,877</u>

	Group 2010 £	Group 2009 £
Profit on ordinary activities before tax	6,059,673	5,769,117
Profit on ordinary activities multiplied by the blended rate of corporation tax in the UK of 28% (2009 28%)	1,697,501	1,615,353
Effects of		
Expenses not deductible for tax purposes	6,616	13,311
Depreciation in excess of capital allowances	39,830	32,789
Movement in short term timing differences	814	(7,010)
Prior Year Adjustments	-	-
Foreign taxes	-	(62)
Current tax charge for year	<u>1,744,761</u>	<u>1,654,380</u>

8. EQUITY DIVIDENDS

	Group 2010 £	Group 2009 £
Equity dividends on ordinary shares paid	4,096,586	4,650,000
Equity dividends on ordinary shares unpaid	1,094,695	200,000
	<u>5,191,281</u>	<u>4,850,000</u>

CAPVEST LIMITED

NOTES TO THE AUDITED FINANCIAL STATEMENTS

Year ended 31 December 2010

9 FIXED ASSET INVESTMENTS

	2010	2010	2009	2009
Shares in group undertakings	Group	Company	Group	Company
	£	£	£	£
Balance brought forward	-	858	-	-
Additions	-	-	-	858
(Disposals)	-	-	-	-
Balance carried forward	-	858	-	858

The subsidiaries of the Company, all of which are consolidated, are:

	Interest of the Company at 31 December 2010	Country of Incorporation
<u>Directly held</u>		
CapVest Fund Services Ireland Limited	100% Ordinary Shares	Republic of Ireland

10. TANGIBLE FIXED ASSETS

	Leasehold improvements	Computer equipment	Office equipment	Furniture and fittings	Total
	£	£	£	£	£
Cost					
At 1 January 2010	967,377	448,198	91,427	199,792	1,706,794
Additions	1,845	7,732	3,351	5,516	18,444
At 31 December 2010	<u>969,222</u>	<u>455,930</u>	<u>94,778</u>	<u>205,308</u>	<u>1,725,238</u>
Depreciation					
At 1 January 2010	692,403	362,580	66,310	155,394	1,276,687
Charge for the year	87,377	70,255	14,863	25,103	197,598
At 31 December 2010	<u>779,780</u>	<u>432,835</u>	<u>81,173</u>	<u>180,497</u>	<u>1,474,285</u>
Net book value					
At 31 December 2010	<u>189,442</u>	<u>23,095</u>	<u>13,605</u>	<u>24,811</u>	<u>250,953</u>
At 31 December 2009	<u>274,974</u>	<u>85,618</u>	<u>25,117</u>	<u>44,398</u>	<u>430,107</u>

CAPVEST LIMITED

NOTES TO THE AUDITED FINANCIAL STATEMENTS

Year ended 31 December 2010

11. CURRENT ASSET INVESTMENTS

Company and Group

PendVest LLP was placed into liquidation on 11th January 2010, CapVest Limited is due to recoup its original investment of £40,000 in the Partnership during 2011

	2010 £	2009 £
Investments brought and carried forward	40,000	40,000

12. DEBTORS

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Trade debtors	804,628	811,596	928,772	928,772
Other debtors	71,159	71,159	57,811	57,811
Interest receivable	593	593	638	638
Prepayments, accrued income and deferred expenses	1,259,874	1,259,874	621,158	621,158
	<u>2,136,254</u>	<u>2,143,222</u>	<u>1,608,379</u>	<u>1,608,379</u>

As at 31 December 2010, other debtors included an interest-free loan of £6,925 (2009 £6,925) to a shareholder's trust for which Seamus FitzPatrick, a director of the company, is a beneficiary, and an interest-free loan of £6,925 (2009 £6,925) to a trust for which Randi Shure, a director of the company, is a beneficiary. These loans are related to the formation of MezzVest II LP and were the maximum amounts due during the year. The loans are repayable on the liquidation of both MezzVest Manager II, Ltd and MezzVest Partners II, Ltd

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Trade creditors	62,422	60,912	68,346	72,948
Corporation tax	841,587	841,587	830,055	830,055
Taxation and social security	1,712,151	1,688,090	2,787,225	2,731,974
Other creditors	19,950	19,948	27,028	27,028
Dividends payable	1,094,695	1,094,695	200,000	200,000
Accruals and deferred income	155,741	149,375	555,291	550,768
Deferred tax	28,122	28,122	63,251	63,251
	<u>3,914,668</u>	<u>3,882,729</u>	<u>4,531,196</u>	<u>4,476,024</u>

CAPVEST LIMITED

NOTES TO THE AUDITED FINANCIAL STATEMENTS

Year ended 31 December 2010

14. DEFERRED TAX

Movement on deferred taxation balance in the period	Group 2010 £	Group 2009 £
Opening balance	63,251	50,754
Debit / (credit) to profit and loss account	(35,129)	12,497
Closing balance	<u>28,122</u>	<u>63,251</u>

ANALYSIS OF DEFERRED TAX BALANCE

	Group 2010 £	Group 2009 £
Capital allowances in excess of depreciation	28,122	63,251
Provision for deferred tax	<u>28,122</u>	<u>63,251</u>

15. CALLED UP SHARE CAPITAL

	Company 2010 £	Company 2009 £
Authorised		
40,000 A ordinary shares of \$10 each	245,884	245,884
1,000 B ordinary shares of £1 each	1,000	1,000
	<u>246,884</u>	<u>246,884</u>
Allotted, called up, and fully paid		
40,000 A ordinary shares of \$10 each	245,884	245,884
6 B ordinary shares of £1 each	6	6
	<u>245,890</u>	<u>245,890</u>

Each ordinary share carries an equal right to vote and an equal interest in the profits of the Company

16. RESERVES

	Group Capital redemption reserve £	Group Profit and loss account £
At 1 January 2010	2,009,763	823,375
Profit for the year	-	4,437,316
Dividends declared	(2,000,000)	(3,191,281)
At 31 December 2010	<u>9,763</u>	<u>2,069,410</u>

On 23 March 2010 the company resolved to agree a capital reduction of its capital redemption reserve in the amount of £2,009,763, of which £2,000,000 was paid as a dividend on 1 April 2010

CAPVEST LIMITED

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Year ended 31 December 2010

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group 2010 £	Group 2009 £
Profit for the year	4,437,316	3,786,785
Dividends declared	(5,191,281)	(4,850,000)
Net deduction to shareholders' funds	(753,965)	(1,063,215)
Opening shareholders' funds	3,079,028	4,142,243
Closing shareholders' funds	<u>2,325,063</u>	<u>3,079,028</u>

18. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	Group 2010 £	Group 2009 £
Operating profit	6,049,117	5,374,453
Depreciation charges	167,351	199,040
(Increase) / decrease in debtors	(497,672)	325,428
(Decrease) / increase in creditors	(1,489,080)	(250,665)
Net cash inflow from operating activities	<u>4,229,716</u>	<u>5,648,256</u>

19. ANALYSIS OF CASH FLOWS

	Group 2010 £	Group 2009 £
Returns on investments and servicing of finance		
Interest received	10,601	65,965
Net cash inflow	<u>10,601</u>	<u>65,965</u>
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(16,990)	(32,903)
Dividends paid	(4,296,586)	(4,650,000)
Corporation tax paid	(1,645,955)	(1,945,586)
Net cash outflow	<u>(5,959,531)</u>	<u>(6,628,489)</u>

CAPVEST LIMITED

NOTES TO THE AUDITED FINANCIAL STATEMENTS **Year ended 31 December 2010**

20. ANALYSIS AND RECONCILIATION OF NET CASH

	Group 31-Dec 2009 £	Group Cash flow £	Group 31-Dec 2010 £
Cash at bank and in hand	5,531,738	(1,719,214)	3,812,524
Net cash	<u>5,531,738</u>	<u>(1,719,214)</u>	<u>3,812,524</u>
		2010 £	2009 £
Decrease in cash in the year		(1,719,214)	(914,268)
Change in net cash resulting from cash flows		<u>(1,719,214)</u>	<u>(914,268)</u>
Movement in net cash in year		(1,719,214)	(914,268)
Net cash at 31 December 2009 / 31 December 2008		5,531,738	6,446,006
Net cash at 31 December 2010 / 31 December 2009		<u>3,812,524</u>	<u>5,531,738</u>

21. COMMITMENTS

Commitments under non-cancellable operating leases are as follows

	Group Land and buildings 2010 £	Group Land and buildings 2009 £
Expiring within two to five years	-	651,835
Expiring within two years	651,835	-

CAPVEST LIMITED

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Year ended 31 December 2010

22 RELATED PARTIES

The Company has taken advantage of the exemption in Financial Reporting Standard No 8 ("FRS 8") from the requirement to disclose intra group transactions which are defined as related party transactions under FRS 8

The Directors of the Company hold an interest in a Limited Liability Partnership, CapVest Partners LLP. During the year, the Company recharged expenses to CapVest Partners LLP amounting to £101,765 (2009 £52,458) relating to the latter's share of expenses related to the sharing of office space. As at 31 December 2010, there was £88,856 due to the Company (2009 £52,458).

During the year, the Company received £3,475,447 (2009 £3,343,919) from CapVest Private Equity II LP, a partnership in which certain Directors of the Company have an interest, in relation to advisory services offered to the partnership by the Company. At the year end, £179,990 (2009 £nil) was owed to the Company.

During the year, the Company recharged expenses to CapVest Equity Partners II LP, a partnership in which certain Directors of the Company have an interest, at year end £162,854 (2009 £36,882) was owed to the Company.

The Company received £12,033,635 (2009 £12,089,094) from MezzVest Manager II Limited, a Company in which certain Directors of CapVest Limited have an interest, in relation to advisory services offered to MezzVest Manager II Limited. At the year end, £32,972 (2009 £nil) was owed to the Company. The Company also recharged expenses to MezzVest Manager II Limited during the year, at the year end £116,242 (2009 £53,618) was owed to the Company.

The Company also received £932,011 (2009 £2,268,076) from MV Manager Limited, a Company in which certain Directors have an interest, in relation to advisory services offered to MV Manager Limited. At the year end £223,559 (2009 £249,245) was owed to the Company. The Company also recharged expenses to MV Manager Limited during the year, at the year end £58,051 (2009 £53,107) was owed to the Company.

23. POST BALANCE SHEET EVENTS

PendVest LLP (the LLP) was placed in liquidation on 11th January 2010. The Partnership should be fully liquidated during 2011.