

ISAM (Europe) LLP

Report and Financial Statements

Year Ended 31 March 2014

Partnership Number OC379966

Registered in England and Wales



Report and Financial Statements

For the Year Ended 31 March 2014

Contents

- 3 Report of the Members
- 5 Independent Auditor's Report
- 6 Profit and Loss Account
- 7 Balance Sheet
- 8 Cash Flow Statement
- 9 Notes Forming Part of the Financial Statements

Members

Stanley Fink
Alanxander Lowe
Roy Sher
Jonathan Rowland
Darren Upton
ISAM Services (UK) Limited

Registered Office

52 Queen Anne Street, London, W1G 8HL

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Partnership Number

OC379966

Report of the Members

For the Year Ended 31 March 2014

The Members present their report together with the audited financial statements for the period ended 31 March 2014.

Results

The profit and loss account is set out on page 6 and shows the profit for the year.

Principal Activity

Under its authorisation and regulation by the Financial Conduct Authority, the Partnership continued to provide investment advice to its clients who are engaged in the management of hedge funds. The Partnership earns its income from the recharging of expenses incurred in acting on behalf of clients, and has a discretionary investment management agreement relating to portfolio management services between International Standard Asset Management and ISAM Systematic Management and ISAM (Europe) LLP. There are no significant future developments planned.

At the end of the period the Partnership had strong cash reserves and a low level of debtors.

The principal risk to the Partnership is the loss of clients and thereby the loss of the partnership's revenue stream. The Members are, however, confident of their continuing success in providing clients with investment advice to maintain the financial performance of their investment funds under management.

The Members monitor the liquidity and cash flow risk of the company carefully, and on a regular basis.

Mandatory electronic regulatory reporting to the FCA is conducted on a timely basis and is in accordance with the Partnership's reporting schedule.

The Partnership has no external debt or financial instruments.

Pillar 3

Details of the Partnership's unaudited Pillar 3 disclosures will be obtainable from the company's website at www.isam.com

Designated Members

The designated members during the year were:

- Stanley Fink
- Alexander Lowe
- Roy Sher
- Jonathan Rowland
- Darren Upton
- ISAM Services (UK) Limited

Members' Responsibilities

The Members are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The Limited Liability Partnerships (LLP) Regulations 2001 made under the Limited Liability Partnership Act 2000 require the members to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the partnership and of the profit and loss of the partnership for that year. In preparing those financial statements, the members are required to:

- select suitable accounting policies and then 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 partnership will continue in business.

Report of the Members (continued)**For the Year Ended 31 March 2014**

Under the Limited Liability Partnership Regulations, the members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the partnership and to enable them to ensure that the financial statements will comply with those regulations. The members have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the partnership and to prevent and detect fraud and other irregularities.

Allocation of profits

Any profits are shared among the members as governed by the Limited Liability Partnership Agreement dated 25 March 2013. Members are remunerated solely out of the profits of the partnership and final allocation of profits to members is made in accordance with the Partnership Agreement.

Capital

The members may only contribute to the partnership's capital in accordance with the Partnership Agreement. No member is entitled to interest on their capital.

Policy for drawings, subscriptions and repayment of members' capital

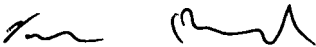
The Partnership Agreement governs policies for members' drawings, subscriptions and repayment of members' capital. No drawings or other payments can be made to or on behalf of any members, other than by distribution of profits, without the consent of the members. The firm will reserve, out of profits before distribution, sufficient funds to provide for the working capital requirements of the business.

Auditors

All of the current members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the partnership's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The members are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP were appointed auditors during the year. A resolution to re-appoint BDO LLP as auditors will be proposed at the next annual general meeting.

Approved by the members of the Limited Liability Partnership on 21 July 2014



Jonathan Rowland
Designated Member
21 July 2014

Independent Auditor's ReportFor the Year Ended 31 March 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ISAM (EUROPE) LLP

We have audited the financial statements of ISAM (Europe) LLP for the year ended 31 March 2014 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. 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 limited liability partnership's members, as a body, in accordance with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the limited liability partnership's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the partnership and the partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditors

As explained more fully in the statement of members' responsibilities, 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 Financial Reporting Council's (FRC'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 FRC's website at www.frc.org.uk/auditscopeukprivate.

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 March 2014 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 the Companies Act 2006) Regulations 2008.

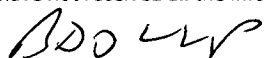
Opinion on other matters

In our opinion the information given in the members' 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 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
- the financial statements are not in agreement with the accounting records and returns;
- we have not received all the information and explanations we require for our audit



George Brooks (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor

London

United Kingdom

Date 22 July 2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Profit and Loss Account

For the Year Ended 31 March 2014

	Note	Year ended 31 March 2014 £	5 month period ended 31 March 2013 £
Turnover	2	3,008,010	-
Administrative Expenses		59,906	-
Operating Profit	3	2,948,104	-
Interest Received		572	-
Profit for the Financial Period before Members' Remuneration		2,948,676	-
Members' remuneration charged as an expense		2,948,676	-
Result for the Financial Period available for Discretionary Division among the Members		-	-

There are no other recognised gains and losses other than the profit for the year.

All amounts relate to continuing activities.

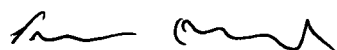
The notes on pages 9 to 11 form part of these financial statements.

Balance Sheet

For the Year Ended 31 March 2014

	Note	31 March 2014 £	31 March 2013 £
Current Assets			
Debtors	5	218,030	-
Cash at Bank and in Hand		773,978	-
		992,008	-
Creditors			
Amounts Falling Due Within One Year	6	8,000	-
Net Current Assets		984,008	-
Net Assets Attributable to Members		984,008	-
Represented by			
Members' interest classified as liability under FRS 25	7	284,008	-
Members' interest classified as equity under FRS 25	7	700,000	-
		984,008	-
Total Members' Interest			
Amounts due to Members	7	284,008	-
Members' Equity	7	700,000	-
		984,008	-

The financial statements were approved by the Members Committee and authorised for issue on the 21 July 2014.



Jonathan Rowland

Member

21 July 2014

The notes on pages 9 to 11 form part of these financial statements.

Cash Flow Statement

For the Year Ended 31 March 2014

	Note	31 March 2014	31 March 2013
			£
Net Cash Inflow from Operating Activities	9	2,738,074	-
Returns on Investments and Servicing of Finance			
Interest Received		572	-
Net Cash Inflow from Returns on Investments and Servicing of Finance		572	-
Transactions with Members			
Members' Capital Introduced		700,000	-
Payment to members		(2,664,668)	-
Increase in Cash		773,978	-
Net cash at start of year		-	-
Net cash at year end		773,978	-

The notes on pages 9 to 11 form part of these financial statements.

Notes Forming Part of the Financial Statements

For the Year Ended 31 March 2014

1 Accounting Policies

Accounting convention

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

The following principal accounting policies have been applied:

Turnover

Turnover represents the value of services provided net of value added tax. Management and incentive fees are recognised when receivable in accordance with the relevant investment management agreement. Turnover is recognised at the fair value of services provided.

Foreign currency

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the year and their balance sheets translated into sterling at the rates of exchange ruling on the balance sheet date. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings and from translating the profit and loss account at an average rate are taken to reserves.

2 Fee Income

Fee Income is wholly attributable to the principal activity of the Partnership and arises solely within the United Kingdom.

	31 March 2014	31 March 2013
	£	£
3 Operating Profit		
This has been arrived at after charging:		
Foreign exchange loss	8,857	-
Auditors' Remuneration		
- audit	5,500	-
- non audit	2,500	-

Notes Forming Part of the Financial Statements

For the Year Ended 31 March 2014

4 Members' Share of Profits

Profits and losses are shared by the members at the end of the year in accordance with agreed profit and loss sharing arrangements governed by the Partnership Agreement. Members are required to make their own provision for pensions and other benefits from their profit shares.

	31 March 2014	31 March 2013
Average Number of Members	6	6
	£	£
Average Profit share per Member	491,446	-
Highest paid Member	1,915,755	-

5 Debtors

	£	£
Amount Owed by Group Undertakings	216,203	-
VAT	1,827	-
Total Debtors	218,030	-

6 Creditors: Amounts Falling Due Within One Year

	£	£
Accruals	8,000	-
Total Creditors	8,000	-

7 Members' Interest

	Members' Capital classified as Equity £	Other reserves £	Loans due to Members £	Total £
Capital Introduced by Members	700,000	-	-	700,000
Members' remuneration charged as an expense	-	-	2,948,676	2,948,676
Profit for the year available for division among Members	-	-	-	-
Drawings	-	-	(2,664,668)	(2,664,668)
Members' Interest at 31 March 2014	700,000	-	284,008	984,008

Notes Forming Part of the Financial Statements

For the Year Ended 31 March 2014

8 Reconciliation of Operating profit to net Cash Outflow from Operating Activities

	31 March 2014	31 March 2013
	£	£
Operating Profit	2,948,104	-
Increase in Debtors	(218,030)	-
Increase in Creditors	8,000	-
Net Cash Inflow from Operating Activities	2,738,074	-

9 Reconciliation of net Cash Inflow to Movement in Net Cash

Increase in cash in the Period	773,978	-
Net cash inception	-	-
Net cash at 31 March 2014	773,978	-

10 Related party transactions

At year end there was a balance of £284,008 due to ISAM Services (UK) Limited, a member of the LLP.

The income from investment management fees during the year from International Standard Asset Management, the ultimate parent undertaking, was £116,203. At year end there was a balance of £55,105 due from International Standard Asset Management.

The income from investment management fees during the year from ISAM Systematic Management, under common control, was £2,890,307. At year end there was a balance of £161,098 due from ISAM Systematic Management.

11 Ultimate Parent Undertaking and Controlling Party

At 31 March 2014 the immediate controlling party was ISAM Services (UK) Limited.

The Ultimate parent undertaking is International Standard Asset Management, incorporated in the Cayman Islands.

The parent undertaking of the smallest and largest group for which consolidated accounts are prepared is ISAM Services (UK) Limited. Consolidated accounts are available to the public, and copies may be obtained from Companies House.