

# **Baker Steel Capital Managers LLP**

**Registration Number: OC301191**

## **Members' Report and Financial Statements**

**For the year ended 31 December 2008**

WEDNESDAY



"ANVC2E3N"

A20

14/10/2009

52

COMPANIES HOUSE

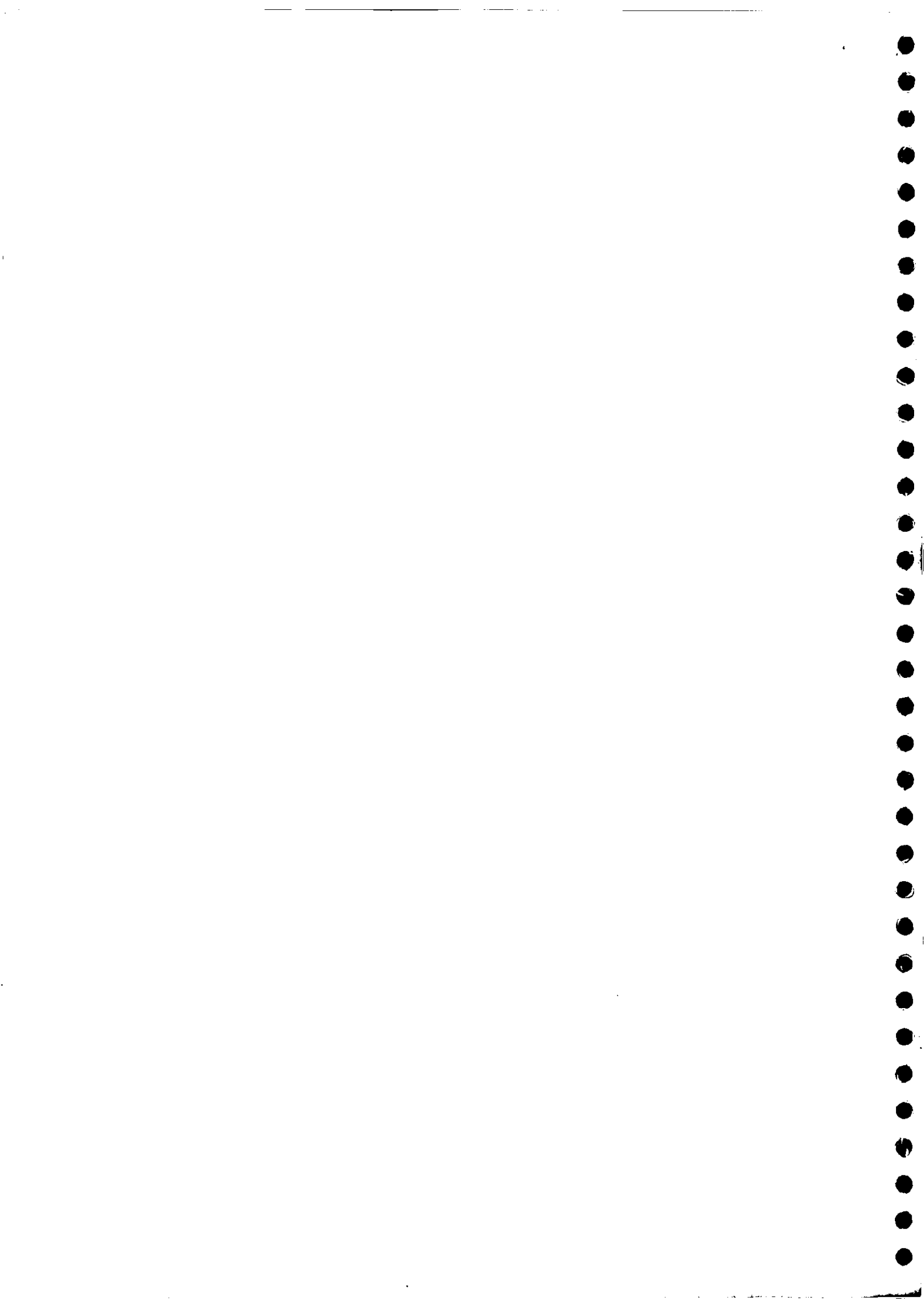
# Baker Steel Capital Managers LLP

---

Registration No: OC301191

<b>Contents</b>	<b>Page</b>
Administrative information	1
Members' report	2
Statement of Designated Members' responsibilities	4
Independent auditors' report	5
Profit and loss account	7
Balance sheet	8
Cash flow statement	9
Notes to the financial statements	10

---



Registration No: OC301191

## **Administrative information**

### **Members**

T D Steel  
Northcliffe Holdings Pty Limited  
Meadow International Investments Limited  
P M Tompson  
J C Withall  
C Isnardi  
A K Bhatt  
Baker Steel Limited

### **Registered Office**

86 Jermyn Street  
London  
SW1Y 6JD

### **Auditors**

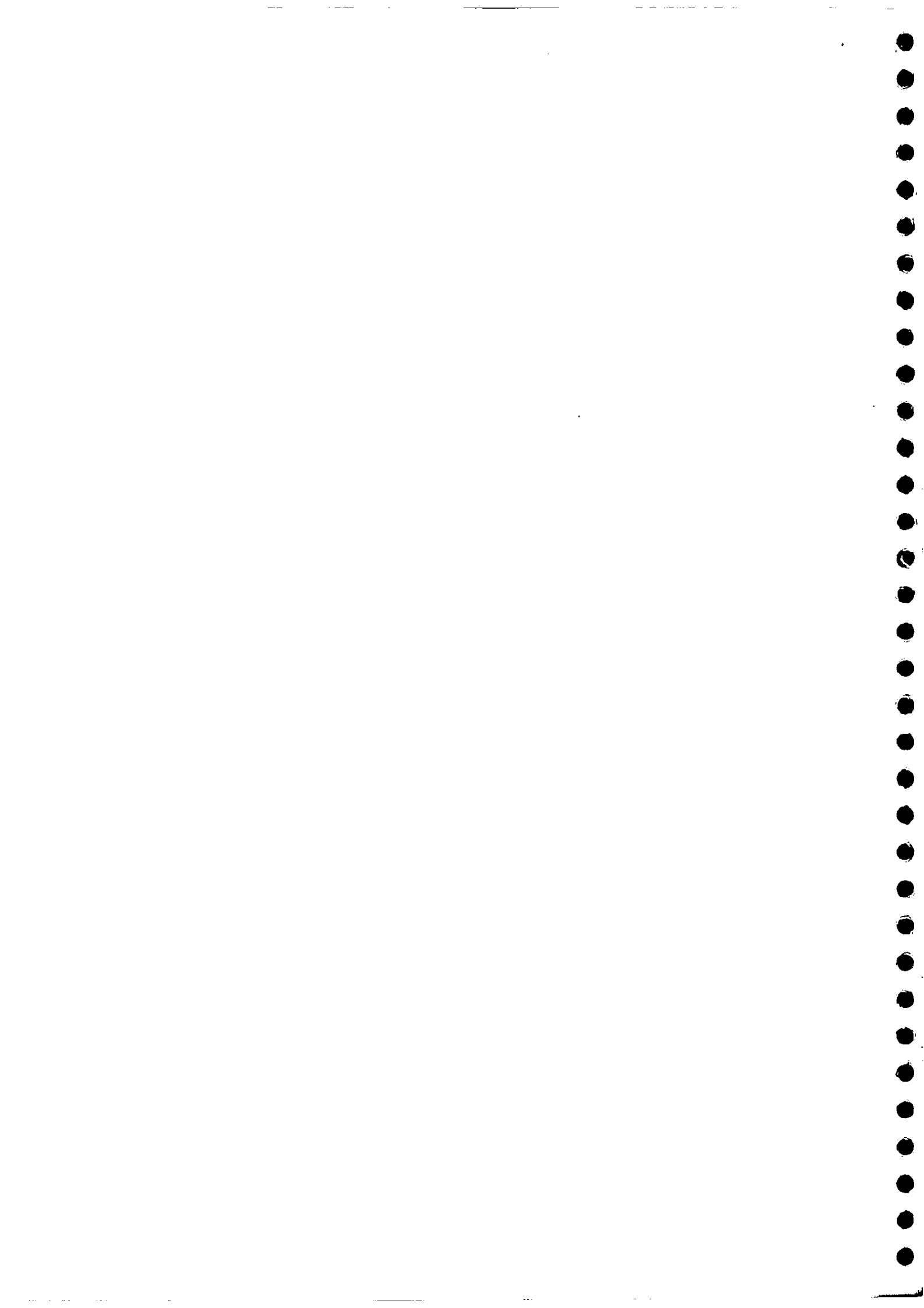
Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

### **Bankers**

National Westminster Bank plc  
PO Box 4QQ  
19 Shaftesbury Avenue  
London  
W1A 4QQ

### **Legal Advisors**

Simmons & Simmons  
CityPoint  
One Ropemaker Street  
London  
EC2Y 9SS



## Members' report

for the year ended 31 December 2008

The Members present their report and the audited financial statements of Baker Steel Capital Managers LLP ("the LLP") for the year ended 31 December 2008.

### Principal activity and business review

The LLP is authorised and regulated by The Financial Services Authority and its principal activity during the year under review was the provision of investment management services to Baker Steel Capital Managers (Cayman) Ltd.

### Results and allocation to Members

The profit for the year was £1,653,224 (2007: £4,912,930) as shown on page 7. The LLP distributed £1,520,318 (2007: £4,885,469) of its retained profits to its Members. Any profits are shared amongst the Members as decided by the Managing Members and governed by the Partnership Agreement dated 30 November 2007.

### Financial position

The LLP's balance sheet as detailed on page 8 shows a satisfactory position, Members' other interests amounting to £1,722,767 (2007: £1,538,078).

### Future development

The Members do not expect any change in the principal activity of the LLP in the foreseeable future.

### 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 Agreement dated 30 November 2007.

### Pillar 3

In accordance with the rules of the Financial Services Authority, the LLP has prepared information on its risk management objectives and policies on its regulatory capital requirements and resources. This information is available from the LLP on application to the registered office, at 86 Jermyn Street, London, SW1Y 6JD.

### Members

The Members of the LLP during the year and up to the date of this report were as follows:

T D Steel	
Northcliffe Holdings Pty Limited	
T R Darvall	(resigned 11 April 2008)
Meadow International Investments Limited	
A L Frazer	(resigned 4 April 2008)
A N Pullar	(resigned 31 January 2009)
C Isnardi	
J C Withall	
Baker Steel Limited	
P M Tompson	(appointed 1 January 2008)
A K Bhatt	(appointed 1 January 2009)

T D Steel and Baker Steel Limited are the Designated Members, at the date of this report. T Darvall resigned as a Designated Member on 28 February 2008.

The Managing Members are Northcliffe Holdings Pty Limited and T D Steel.

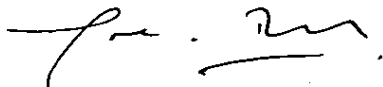
## Members' report (continued)

for the year ended 31 December 2008

### Auditors

The auditors, Ernst & Young LLP, have indicated their willingness to continue in office and a resolution to reappoint them as auditors will be proposed at the Members' meeting to approve these financial statements.

On behalf of the Members



T.D. STEER

Designated Member

23<sup>rd</sup> APRIL 2009

## **Statement of Designated Members' responsibilities in respect of the financial statements**

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

The Designated Members are required to prepare financial statements for each financial year. 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). The financial statements are required by law to give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the LLP for that period. 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business; and
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements.

The Designated Members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the LLP and to ensure that the financial statements comply with the Partnerships Regulations 2001 made under the Limited Liability Partnerships Act 2000. The Designated Members 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 Baker Steel Capital Managers LLP**

We have audited the financial statements of Baker Steel Capital Managers LLP (the "LLP") for the year ended 31 December 2008 which comprise Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related notes 1 to 12. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the LLP's Members, as a body, in accordance with the Limited Liability Partnerships Regulations 2001 made under the Limited Liability Partnerships Act 2000. 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 Members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Designated Members and auditors**

As described in the Statement of Designated Members' Responsibilities, the Designated Members are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 accounts give a true and fair view and are properly prepared in accordance with the Limited Liability Partnerships Regulations 2001 made under the Limited Liability Partnerships Act 2000. We also report to you if, in our opinion, the LLP has not kept proper 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 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 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.

## Independent auditors' report (continued)

to the Members of Baker Steel Capital Managers LLP

### 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 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Limited Liability Partnerships Regulations 2001.

*Ernst & Young LLP*

Ernst & Young LLP  
Registered Auditor  
London

27<sup>th</sup> April 2009

**Profit and loss account**

for the year ended 31 December 2008

	<i>Notes</i>	<i>2008</i> £	<i>2007</i> £
<b>Turnover</b>	2	3,505,210	7,896,662
<b>Expenses</b>			
Administration expenses		(1,160,771)	(2,363,896)
Service charges reimbursed to Baker Steel Limited		(697,898)	(670,995)
<b>Operating profit</b>	3	1,646,541	4,861,771
Interest receivable		9,361	66,299
Interest payable		(652)	(1,140)
<b>Profit on ordinary activities before taxation</b>		1,655,250	4,926,930
Taxation	5	(2,026)	(14,000)
<b>Profit for the financial year available for discretionary division amongst Members</b>		1,653,224	4,912,930

All activities are derived from continuing operations.

The LLP has no recognised gains or losses other than the profit shown above and therefore no separate statement of total recognised gains and losses has been presented.

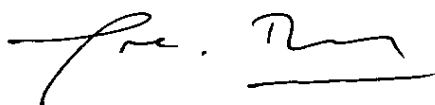
Notes 1-12 form an integral part of these financial statements

**Balance sheet**

as at 31 December 2008

	Notes	2008 £	2007 £
<b>Fixed assets</b>			
Tangible fixed assets	6	2,629	2,248
Investments	7	343,548	1,267,062
		<u>346,177</u>	<u>1,269,310</u>
<b>Current assets</b>			
Debtors	8	1,834,484	1,686,226
Cash		30,931	86,808
		<u>1,865,415</u>	<u>1,773,034</u>
<b>Creditors:</b> amounts falling due within one year	9	(136,103)	(148,256)
<b>Net current assets</b>		<u>1,729,312</u>	<u>1,624,778</u>
<b>Net assets attributable to Members</b>		<u>2,075,489</u>	<u>2,894,088</u>
<b>Represented by:</b>			
<b>Loans and other debts due to Members within one year</b>			
Members' capital reclassified as a liability under FRS25		343,530	1,267,049
Other amounts		9,192	88,961
		<u>352,722</u>	<u>1,356,010</u>
<b>Members' other interests:</b>			
Members' capital classified as equity under FRS 25	10	303,170	218,461
Other reserves	10	1,419,597	1,319,617
		<u>1,722,767</u>	<u>1,538,078</u>
		<u>2,075,489</u>	<u>2,894,088</u>
<b>Total Members' interests</b>			
Amounts owed by Members		(1,717,464)	(30,000)
Loans and other debts due to Members		352,722	88,961
Members' other interests	10	1,722,767	2,805,127
	10	<u>358,025</u>	<u>2,864,088</u>

The financial statements were approved by the Members on 23<sup>rd</sup> APRIL 2009 and signed on their behalf by



Designated Member

Notes 1-12 form an integral part of these financial statements

**Cash flow statement**

for the year ended 31 December 2008

	<i>Notes</i>	<i>2008</i> £	<i>2007</i> £
<b><i>Net cash inflow from operating activities</i></b>	11(a)	3,201,951	4,162,806
<b><i>Returns on investments and servicing of finance</i></b>	11(b)	8,709	65,159
<b><i>Capital expenditure and financial investment</i></b>	11(b)	(64,697)	(4,504)
<b><i>Transactions with Members</i></b>	11(b)	(3,139,322)	(5,614,590)
<b><i>Taxation</i></b>		(29,592)	(25,980)
<b><i>Decrease in cash</i></b>	11(c)	<u>(22,951)</u>	<u>(1,417,109)</u>
<b><i>Reconciliation of net cash flow to movement in net funds</i></b>			
Decrease in cash in year		(22,951)	(1,417,109)
Movement in net funds		(22,951)	(1,417,109)
Foreign exchange differences		(32,926)	-
Decrease in cash		<u>(55,877)</u>	<u>(1,417,109)</u>
Net funds at 1 January		86,808	1,503,917
Net funds at 31 December	11(c)	<u>30,931</u>	<u>86,808</u>

Notes 1-12 form an integral part of these financial statements

## Notes to the financial statements

for the year ended 31 December 2008

### 1. Accounting policies

#### Basis of accounting

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with applicable accounting standards and the requirements of the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' (SORP) issued in March 2006.

FRS 2 'Accounting for subsidiary undertakings' requires the exclusion of a subsidiary from consolidation if severe long term restrictions substantially hinder the exercise of the parent undertaking's rights over the subsidiary undertaking's assets or management. The Members believe such restrictions exist over their rights over the assets of Ironman Investment Company Limited and accordingly the accounts of that entity have not been consolidated.

#### Foreign currencies

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

#### Turnover

Turnover represents fees receivable for investment management services and investment advisory services provided during the year to clients largely based in the Cayman Islands. Management and performance fees are recognised when the LLP obtains the right for consideration in exchange for its performance of services. Turnover is measured at the fair value of the consideration received, excluding rebates and VAT.

#### Operating leases

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

#### Tangible fixed assets

Tangible fixed assets are recorded at cost less accumulated depreciation. Depreciation of tangible fixed assets is calculated to write off their cost or valuation, less any residual value, over their estimated useful economic lives as follows:

Office equipment - 4 years straight line

#### Investments

Investments are held at cost less provision for any permanent impairment in value.

#### Taxation

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 and not on the LLP.

#### Members' profit allocation

Discretionary profit allocations are recognised when formally approved by the management committee.

Allocations made to Members which are not considered discretionary are accrued as an expense to the profit and loss account.

## Notes to the financial statements

for the year ended 31 December 2008

### 2. Turnover

Turnover represents fees receivable for investment management and advisory services provided during the year and arising from continuing activities in the UK.

Turnover in the year arose largely from the supply of services to clients in the Cayman Islands.

Turnover by geographical market is as follows:

	2008	2007
	£	£
Cayman Islands	2,307,581	6,617,042
United Kingdom	1,197,629	1,200,945
Rest of Europe	-	78,675
	<u>3,505,210</u>	<u>7,896,662</u>

### 3. Operating profit

Operating profit is stated after charging:

	2008	2007
	£	£
Depreciation of tangible fixed assets	791	2,256
Auditors' remuneration:		
-fees payable to auditor for audit of financial statements	15,000	35,500
Operating lease rentals	10,762	7,964
	<u>26,553</u>	<u>45,720</u>

### 4. Members' remuneration

	2008	2007
	£	£
Profit for the financial year before Members' remuneration and profit share and available for discretionary division amongst Members	<u>1,653,224</u>	<u>4,912,930</u>
Profit in respect of the highest paid Member during the year	<u>553,322</u>	<u>1,453,463</u>

The average number of Members in the year was 8 (2007: 6)

## Notes to the financial statements

for the year ended 31 December 2008

### 5. Taxation

	2008	2007
	£	£
Tax on profits of Australian branch	2,026	14,000

The Members of the LLP are liable for tax on the profits of the LLP. Consequently no charge to United Kingdom taxation on profits of the year is reflected in these financial statements.

### 6. Tangible fixed assets

	<i>Office equipment</i>
	£
Cost:	
At 1 January 2008	4,504
Additions	1,172
At 31 December 2008	5,676
Accumulated depreciation:	
At 1 January 2008	2,256
Charge for the year	791
At 31 December 2008	3,047
Net book value:	
At 31 December 2008	2,629
At 31 December 2007	2,248



## Notes to the financial statements

for the year ended 31 December 2008

### 7. Investments

	2008 £
At 1 January 2008	1,267,062
Additional investment	63,525
Disposal of fixed asset investment	(987,039)
	<u>343,548</u>

**Investments are as follows:**

Genus Capital Fund	- US\$10 unquoted non-participating founder shares
Genus Natural Resources Fund	- €10 unquoted non-participating founder shares
Genus Dynamic Gold Fund	- US\$10 unquoted non-participating founder shares
Ironman Investment Company Limited	- £10 class A ordinary shares
	£280,000 class B ordinary shares
	£63,520 class C ordinary shares

The LLP owns 100% of Ironman Investment Company Limited, a company which is registered in Jersey. The company has been incorporated to carry out investment trading and investment holding activities. At 31 December 2008 the net assets of Ironman Investment Company Limited were US\$845,114 (2007: US\$3,050,713).

### 8. Debtors

	2008 £	2007 £
Trade debtors	45,022	294,910
Amounts owed by Baker Steel Capital Managers (Cayman) Limited	37,889	1,304,746
Amounts owed by Members	1,717,464	30,000
Other debtors	-	14,861
Overseas tax	16,176	-
Prepayments	17,933	41,709
	<u>1,834,484</u>	<u>1,686,226</u>

## Notes to the financial statements

for the year ended 31 December 2008

### 9. Creditors: amounts falling due within one year

	2008	2007
	£	£
Trade creditors	3,362	3,404
Overseas tax	-	11,390
Other taxes and social security	15	1,815
Other creditors	3,593	496
Accruals and deferred income	129,133	131,151
	<u>136,103</u>	<u>148,256</u>

### 10. Reconciliation of movements in Members' other and Members' total interests

	<i>Members' capital</i>	<i>Other reserves</i>	<i>Total Members' other interests</i>	<i>Loans and other debts due to/(from) Members</i>	<i>Total Members' interests</i>
	£	£	£	£	£
At 1 January 2008	218,461	1,319,617	1,538,078	1,326,010	2,864,088
Profit for the year available for discretionary division amongst Members	-	1,653,224	1,653,224	-	1,653,224
Foreign exchange on consolidation of Australian branch	-	(32,926)	(32,926)	-	(32,926)
Members' interests after profit for the year	218,461	2,939,915	3,158,376	1,326,010	4,484,386
Profit allocation	-	(1,520,318)	(1,520,318)	1,520,318	-
Distributions	-	-	-	(1,520,318)	(1,520,318)
Advance drawings	-	-	-	(1,684,964)	(1,684,964)
Introduced by Members	119,306	-	119,306	63,520	182,826
Repayments of capital	(34,597)	-	(34,597)	-	(34,597)
Repayments of debt (including Members' capital classified as a liability)	-	-	-	(987,039)	(987,039)
Other transactions with Members	-	-	-	(82,269)	(82,269)
At 31 December 2008	<u>303,170</u>	<u>1,419,597</u>	<u>1,722,767</u>	<u>(1,364,742)</u>	<u>358,025</u>

Amounts due to Members are not subordinated.

## Notes to the financial statements

for the year ended 31 December 2008

### 11. Notes to the cash flow statement

(a) Reconciliation of operating profit to net cash inflow from operating activities:

	2008	2007
	£	£
Operating profit	1,646,541	4,861,771
Depreciation	791	2,256
Decrease/(increase) in debtors	1,555,382	(724,009)
(Decrease)/increase in creditors	(763)	22,788
	<u>3,201,951</u>	<u>4,162,806</u>

(b) Analysis of cash flows for headings netted in the statement of cash flows:

	2008	2007
	£	£
<b>Returns on investments and servicing of finance:</b>		
Interest paid	(652)	(1,140)
Interest received	9,361	66,299
	<u>8,709</u>	<u>65,159</u>
<b>Capital expenditure and financial investment</b>		
Purchase of fixed asset investments	(63,525)	-
Payments to acquire fixed assets	(1,172)	(4,504)
	<u>(64,697)</u>	<u>(4,504)</u>
<b>Transactions with Members:</b>		
Members' capital contributions received	180,326	7,461
Members' capital contributions repaid	(34,597)	-
Distributions to Members	(1,520,318)	(4,885,469)
Advanced drawings to Members	(1,684,964)	-
Other transactions with Members	(79,769)	(736,582)
	<u>(3,139,322)</u>	<u>(5,614,590)</u>

(c) Analysis of changes in net funds:

	At 1 January 2008	Cash Flows	Exchange Differences	At 31 December 2008
	£	£	£	£
Cash at bank	86,808	(22,951)	(32,926)	30,931

## Notes to the financial statements

for the year ended 31 December 2008

### 12. Related party transactions

During the year, the LLP reimbursed Baker Steel Limited, a Member of the LLP, for service charges of £697,898 (2007: £670,995). In addition, the LLP made allocations of £493,129 (2007: £1,375,175) to Baker Steel Limited. At the year end the LLP owed Baker Steel Limited £9,192 (2007: £88,961).

Baker Steel Capital Managers (Cayman) Limited is the parent undertaking of Baker Steel Limited. The LLP manages investments under various advisory agreements. During the year, the LLP received management and performance fees of £2,307,581 (2007: £6,701,680) from Baker Steel Capital Managers (Cayman) Limited. In addition, Baker Steel Capital Managers (Cayman) Limited charged the LLP £881,852 (2007: £1,975,546) for marketing services. At the year end, Baker Steel Capital Managers (Cayman) Limited owed the LLP a net amount of £37,889 (2007: £1,304,706).