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Egerton Capital Limited

Report and Financial Statements

31 March 2008

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22/07/2008

COMPANIES HOUSE

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Egerton Capital Limited

Registered No 2909193

Directors

J C Armitage
H M Avery
G N Dawson

Secretary

H M Avery

Auditors

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

Bankers

Barclays Bank plc
Fleet Street Goslings Business Centre
London EC4Y 1ET

Solicitors

Simmons & Simmons
CityPoint
1 Ropemaker Street
London EC2Y 9SS

Registered Office

2 George Yard
Lombard Street
London EC3V 9DH

Directors' report

The directors present their report and financial statements for the year ended 31 March 2008

Results

The profit for the year after taxation amounted to £230,672 (2007 – £359,028)

No dividends are recommended

Principal activity and review of the business

The company is the General Partner in and provides support services to Egerton Capital Limited Partnership ("the Partnership"), an organisation whose principal activity during the year was the provision of fund management services. The company is regulated by the Financial Services Authority.

The directors are happy with the result for the year and remain optimistic about the future of the company.

Future Developments

The company has no plans that will significantly change the nature of its activities.

Principal risks and uncertainties

The company's income is in the form of expense reimbursement and profit allocation from the Partnership, the level of which the directors also consider to be the key performance indicator for the company. The business is subject to risks associated with the performance of the funds managed by the Partnership, tax and regulatory regimes within which its business operates and with attracting and retaining the services of key investment executives.

Charitable contributions

During the year the company made charitable donations totalling £4,752 (2007 – £14,435). The donations made during the year were to the following organisations:

- The Royal National Lifeboat Institution
- The British Heart Foundation
- Nordoff-Robbins Music Therapy

Directors

The directors during the year ended 31 March 2008 were as follows:

J C Armitage

H M Avery

W G Bollinger (resigned 19 March 2008)

H A C Reid (resigned 31 December 2007)

G N Dawson (appointed 1 January 2008)

Disclosure of information to the auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. The directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of this information.

Directors' report

Auditors

The Company has elected to dispense with the obligation to appoint auditors annually. Ernst & Young LLP will be re-appointed as the Company's auditor in accordance with the elective resolution passed by the Company under section 386 Companies Act 1985.

On behalf of the board



Director

15 July 2008

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent auditors' report

to the members of Egerton Capital Limited

We have audited the company's financial statements for the year ended 31 March 2008 which comprise Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Statement of Cash Flows and the related notes 1 to 16. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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

The directors 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) as set out in the Statement of Directors' responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view, are properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with the financial statements.

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

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion


We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company'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**to the members of Egerton Capital Limited (continued)****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 the company's affairs as at 31 March 2008 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements



Ernst & Young LLP
Registered Auditor
London

16 July 2008

Profit and loss account

for the year ended 31 March 2008

	Notes	2008 £	2007 £
Turnover	2	627,869	797,931
Administration expenses		(6,459,666)	(5,661,698)
Less amounts recharged		6,033,363	5,278,047
Operating profit	3	201,566	414,280
Bank interest payable		(304)	–
Bank interest receivable		147,262	123,069
Foreign exchange gain/(loss)		441	(1,704)
Other income		27,224	11,642
Gain on disposal of fixed asset investments		6,788	–
Loss on disposal of tangible fixed assets		(960)	–
Profit on ordinary activities before tax		382,017	547,287
Taxation	6	(151,345)	(188,259)
Profit on ordinary activities after tax	14	230,672	359,028

All amounts are in respect of continuing activities

Statement of total recognised gains and losses

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £230,672 in the year ended 31 March 2008, and the profit of £359,028 for the year ended 31 March 2007

Balance sheet

at 31 March 2008

	Notes	2008 £	2007 £
Fixed assets			
Tangible assets	7	178,585	182,409
Investments	8	315,978	287,083
		<u>494,563</u>	<u>469,492</u>
Current assets			
Debtors	9	1,107,778	1,081,674
Cash at bank and in hand		3,306,273	2,874,776
		<u>4,414,051</u>	<u>3,956,450</u>
Creditors: amounts falling due within one year	10	938,188	710,931
Net current assets		<u>3,475,863</u>	<u>3,245,519</u>
Total assets less current liabilities		<u>3,970,426</u>	<u>3,715,011</u>
Creditors amounts falling due after more than one year	11	312,186	287,443
Net assets		<u>3,658,240</u>	<u>3,427,568</u>
Capital and reserves			
Called up share capital	12	250,000	250,000
Profit and loss account	14	3,408,240	3,177,568
Shareholders' funds		<u>3,658,240</u>	<u>3,427,568</u>


Director

15 JULY 2008

Statement of cash flows

for the year ended 31 March 2008

	Notes	2008 £	2007 £
Net cash inflow from operating activities	15(a)	613,662	676,418
Returns on investments and servicing of finance			
Interest received		132,037	112,020
Interest paid		(304)	–
Net cash inflow from returns on investments and servicing of finance		131,733	112,020
Taxation			
Corporation tax paid		(213,755)	(192,094)
Tax deducted at source		(835)	(1,260)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(66,343)	(80,670)
Receipts from sales of tangible fixed assets		170	–
Payments to acquire investments		(70,675)	(178,000)
Receipts from sale of fixed asset investments		41,780	27,500
Net cash inflow from capital expenditure and financial investment		(95,068)	(231,170)
Management of liquid resources			
Decrease in term deposits	15(b)	–	–
Increase in cash	15(b)	435,737	363,914

Notes to the financial statements

at 31 March 2008

1. Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

Basis of financial statements

In its capacity as General Partner, the company has the theoretical ability to exercise dominant influence over the Egerton Capital Limited Partnership and, on this basis, the Partnership is a subsidiary of the company. However, the Founding Limited Partners have the actual ability collectively to exercise dominant influence over the assets of the Partnership and, in the directors' opinion, this amounts to 'severe long-term restriction'.

Section 299 of the Companies Act 1985 permits and FRS 2 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's assets or management. Consequently, consolidated financial statements have not been prepared.

Fixed assets

All fixed assets are recorded at cost and depreciated.

Depreciation is provided on tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life, as follows:

Office equipment	-	over 3 years
Fixtures and fittings	-	over 5 years
Furniture	-	over 5 years

Paintings are not depreciated.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Taxation

Provision is made for corporation tax at the current rates on the excess of taxable income over allowable expenses. Provision is made on all material timing differences arising from the different treatment of items for accounting and tax purposes.

A deferred tax asset arises in respect of the company's share of partnership income taxable in the company before it is earned income for accounting purposes. This asset will reverse on the distribution of profits from the partnership or on the disposal of the investment in the partnership.

Deferred tax assets in respect of tax losses carried forward will be recognised only to the extent that it is considered more likely than not that there will be taxable profits in the future against which the asset can be offset.

Operating leases

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Valuation of investments

Investments are stated at cost less provision for any permanent diminution in value.

Notes to the financial statements

at 31 March 2008

1. Accounting policies (continued)

Pensions

The company operates a group personal pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

2. Turnover

Turnover represents profit share from Egerton Capital Limited Partnership which is based in the UK.

3. Operating profit

This is stated after charging

	2008	2007
	£	£
Auditors' remuneration - audit services	20,000	13,500
Auditors' remuneration - other services in relation to taxation	3,000	3,500
Depreciation of owned fixed assets	69,997	78,187
Depreciation on disposal of fixed assets	(10,060)	(35,198)
Operating lease rentals - land and buildings	564,135	573,180

Expenses totalling £6,033,363 (2007 – £5,278,047) relating to the fund management activities of Egerton Capital Limited Partnership incurred by the company were recharged to that partnership.

4. Directors' emoluments

	2008	2007
	£	£
Emoluments (excluding pension contributions)	163,003	157,187
Company contributions to money purchase pension schemes	22,500	22,500

Contributions were made to the money purchase pension scheme on behalf of 2 directors (2007 – 2)

5. Staff costs

	2008	2007
	£	£
Wages and salaries	3,239,480	2,895,076
Social security costs	388,285	335,027
Other pension costs	142,370	127,987
	<u>3,770,135</u>	<u>3,358,090</u>

Notes to the financial statements

at 31 March 2008

5. Staff costs (continued)

The average weekly number of employees during the year was

	2008 No	2007 No
Fund management	10	9
Administration	30	27
	<u>40</u>	<u>36</u>

6. Tax on profit on ordinary activities

	2008 £	2007 £
Based on the profit for the year		
Corporation tax	179,213	215,734
Corporation tax underprovided in previous year	223	174
	<u>179,436</u>	<u>215,908</u>
Deferred tax		
Originating and reversal of timing differences	(39,174)	(27,649)
Effects of changes in tax rate of opening liability	11,083	–
	<u>151,345</u>	<u>188,259</u>

Notes to the financial statements

at 31 March 2008

6 Tax on profit on ordinary activities (continued)

Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of UK corporation tax (30%) This is explained below

	2008 £	2007 £
Profit on ordinary activities before taxation	382,017	547,287
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2007 – 30%)	114,605	164,186
Effect of		
Disallowed expenses and non-taxable income	21,508	23,483
Other timing differences	–	–
Adjustments in respect of previous periods	223	174
Overseas partnership share	43,100	28,065
Current tax charge for the year	179,436	215,908

Factors that may affect future tax charges

The company has an unrecognised deferred tax asset in respect of capital losses carried forward of £14,123 (2007 – £14,893) The assets are not recognised as it is not considered more likely than not that there will be suitable taxable profits in the future against which the assets can be offset

7. Tangible fixed assets

	<i>Fixtures and fittings</i> £	<i>Office equipment</i> £	<i>Furniture</i> £	<i>Total</i> £
Cost				
At 31 March 2007	419,026	820,241	346,510	1,585,777
Additions	–	56,583	9,760	66,343
Disposals	–	(10,230)	–	(10,230)
At 31 March 2008	419,026	866,594	356,270	1,641,890
Depreciation				
At 31 March 2007	408,958	730,390	264,020	1,403,368
Provided during the year	(3,338)	60,431	12,904	69,997
Disposals	–	(10,060)	–	(10,060)
At 31 March 2008	405,620	780,761	276,924	1,463,305
Net book value				
At 31 March 2008	13,406	85,833	79,346	178,585
At 31 March 2007	10,068	89,851	82,490	182,409

Notes to the financial statements

at 31 March 2008

8. Investments

	2008 £	2007 £
Cost		
At 31 March 2007	287,083	136,583
Additions	70,675	178,000
Disposals	(41,780)	(27,500)
At 31 March 2008	315,978	287,083

Included in the above balance are investments of £1,000 (2007 – £1,000) in Egerton Capital Limited Partnership and of £40,303 (2007 – £40,303) in Egerton Capital Partners, L P. The remainder are investments in The Egerton European Dollar Fund Limited and CF Egerton Sterling Investment Fund.

Egerton Capital Limited Partnership is a partnership registered and operating in the UK. Its capital and reserves at 31 March 2008 amounted to £5,660,123 (2007 – £6,276,842). The decrease in capital and reserves for the year then ended was £616,719 (2007 – £2,823,875 increase).

9. Debtors

	2008 £	2007 £
Amounts due from Egerton Capital Limited Partnership	–	259,685
Other debtors	473,527	289,226
Prepayments	439,920	366,523
Deferred tax asset	194,331	166,240
	1,107,778	1,081,674

The deferred tax asset is in relation to tax assessed on the company's share of income arising in Egerton Capital Partners, L P.

Included within other debtors are rental deposits of £244,984 (2007 – £244,984) which are due in more than one year.

10. Creditors: amounts falling due within one year

	2008 £	2007 £
Amounts due to Egerton Capital Limited Partnership	288,651	–
Trade creditors	216,136	209,813
Current corporation tax	70,415	105,569
Other taxes and social security costs	112,305	67,554
Accruals	231,206	304,280
Bank overdraft	19,475	23,715
	938,188	710,931

Notes to the financial statements

at 31 March 2008

11. Creditors: amounts falling due after more than one year

	2008 £	2007 £
Accruals	312,186	287,443

12. Share capital

	2008 £	Authorised 2007 £
Ordinary shares of £1 each	300,000	300,000

	<i>Allotted, called up and fully paid</i>			
	2008 No	2007 No	2008 £	2007 £
Ordinary shares of £1 each	250,000	250,000	250,000	250,000

13. Related party transactions

During the year the company received income of £627,869 (2007 – £797,931) from, and recharged expenses of £6,033,363 (2007 – £5,278,047) to, Egerton Capital Limited Partnership. The company is the General Partner in this partnership and three other partners, W G Bollinger, J C Armitage and H M Avery who were directors of the company during the year, are entitled to receive profit allocations from the Partnership. At 31 March 2008, £288,651 (2007 – £259,685 due from) was due to the partnership from the company.

14. Reconciliation of shareholders' funds and movements on reserves

	Share capital £	Profit and loss account £	Total £
At 31 March 2007	250,000	3,177,568	3,427,568
Profit for the year	–	230,672	230,672
At 31 March 2008	250,000	3,408,240	3,658,240

Notes to the financial statements

at 31 March 2008

15. Notes to the statement of cash flows

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

	2008 £	2007 £
Operating profit	201,566	414,280
Depreciation	69,997	78,187
Foreign exchange gain/(loss)	441	(1,704)
(Increase)/decrease in debtors	17,212	(270,249)
Increase in creditors	291,394	444,262
Other income	27,224	11,642
Gain on disposal of fixed asset investments	6,788	–
(Loss) on disposal of tangible fixed assets	(960)	–
Net cash inflow from operating activities	613,662	676,418

(b) Analysis of changes in net funds

	At 1 April 2007 £	Net cash (outflow)/ inflow £	At 31 March 2008 £
Cash at bank and in hand	2,874,776	431,497	3,306,273
Bank overdrafts	(23,715)	4,240	(19,475)
Cash	2,851,061	435,737	3,286,798

16. Other financial commitments

Operating leases

At 31 March 2008 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2008 £	Land and buildings 2007 £
Operating leases which expire Between two and five years	564,135	564,135