


VGF Advisers (UK) LLP

Report and Financial Statements

Year Ended

31 December 2009

Partnership number OC330228 

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VGF Advisers (UK) LLP

Report and financial statements for the year ended 31 December 2009

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Members

Shai Weiss
Virgin Management Limited

Managing member

VGF I Limited

Registered office

Kean House, 6th Floor, 6 Kean Street, London, WC2B 4AS

Partnership number

OC330229

Auditors

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

VGF Advisers (UK) LLP

Report of the members for the year ended 31 December 2009

The members present their report together with the audited financial statements for the year ended 31 December 2009

Results

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

Principal activities, review of the business and future developments

The entity's principal activity is to provide advisory and administrative services to Virgin Green Fund I, L P "Virgin Green Fund"

Results for the year and allocation to members

Loss for the year attributable to members was £356,484 (2008 - £1,088,356)

Principal risks and uncertainties

It is the member's option that there are no significant risks or uncertainties facing the LLP other than the systematic risk that exists in the financial sector

Designated members

The designated members during the year were

Managing Member - VGF I Limited
Class A Member - Virgin Management Limited
Class B Member - Shai Weiss

Policy with respect to members drawings and the subscription and repayment of members capital

Allocations

Net losses are allocated between members in accordance with their LLP percentages at the end of the accounting period

Net income is allocated firstly to Class B Members and Residual Members in order to clear any Fixed Drawings Profit Shortfall from previous accounting periods and the current accounting period. Any excess net income will be allocated to the members, including Class B Members, pro rata to their LLP percentages at the end of the accounting period

VGF Advisers (UK) LLP

Report of the members for the year ended 31 December 2009 (Continued)

Policy with respect to members drawings and the subscription and repayment of members capital (Continued)

Distributions

Class B members are entitled to fixed drawings paid monthly, based on an amount determined annually by the Managing Member. No other member may be given an entitlement to fixed drawings. If the cumulative net income is less than the cumulative fixed drawings, then in accordance with the LLP Agreement, the fixed drawings are treated as a non-interest bearing and non-recourse loan, not recoverable other than through the allocation of future net income. Any excess net income after such allocation shall be allocated between the members, including Class B members pro rata to their LLP percentages.

Distributions, other than fixed drawings and allocations of net income are agreed by the Managing Member and in proportion to the members LLP percentages.

Capital

Each member contributed to the capital of the LLP on their admission to the LLP. Additional capital was contributed during the period ended 31 December 2008. Each member's interest in the LLP is subject to a right of repurchase by the LLP. Upon cessation of membership of the LLP the repayment of capital contributions is at the discretion of the LLP.

In the event of the LLP being wound up, no member has agreed with other members that he shall contribute in any way to the assets of the LLP in accordance with section 74 of the insolvency act.

Members' responsibilities

The members are responsible for preparing the members' report and financial statements in accordance with applicable law and regulation.

The Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under these regulations the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under these regulations the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Limited Liability Partnership and of the profit or loss of the Limited Liability Partnership for that period.

In preparing these financial statements, the members are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Limited Liability Partnership will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the Limited Liability Partnership's transactions, disclose with reasonable accuracy at any time the financial position of the Limited Liability Partnership, and enable them to ensure that the financial statements comply with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the Limited Liability Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

VGF Advisers (UK) LLP

Report of the members for the year ended 31 December 2009 (*Continued*)

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 have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

Approved by the members of the Limited Liability Partnership on 23 April 2010



Shar Weiss
Designated member

VGF Advisers (UK) LLP

Independent auditor's report

TO THE MEMBERS OF VGF ADVISERS (UK) LLP

We have audited the financial statements of VGF Advisers (UK) LLP for the year ended 31 December 2009 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Our report has been prepared pursuant to the requirements of the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Respective responsibilities of members and auditors

As described in the statement of members' responsibilities, the members of the limited liability partnership are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view.

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

We report to you our opinion as to whether the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, have been prepared in accordance with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008, give a true and fair view and whether the information given in the members' report is consistent with those financial statements. We also report to you if, in our opinion, the limited liability partnership has not kept adequate accounting records, or if we have not received all the information and explanations we require for our audit.

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

Basis of audit opinion

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

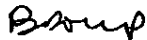
VGF Advisers (UK) LLP

Independent auditor's report (*Continued*)

Opinion

In our opinion

- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008,
- the financial statements give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2009 and of its loss for the year then ended,
- the information given in the members' report is consistent with the financial statements



*Daniel Taylor, (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom*

23 April 2010

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

VGF Advisers (UK) LLP

Profit and loss account for the year ended 31 December 2009

		Year ended 31 December 2009 £	Period 12 September 2007 to 31 December 2008 £
	Note		
Turnover	2	3,202,625	3,299,716
Administrative expenses		3,561,258	4,417,173
		<hr/>	<hr/>
Operating loss	4	(358,633)	(1,117,457)
Other interest receivable and similar income	6	2,149	29,101
		<hr/>	<hr/>
Loss for the financial year before members' remuneration and profit shares		(356,484)	(1,088,356)
		<hr/>	<hr/>
Loss for the financial year before members' remuneration and profit shares		(356,484)	(1,088,356)
Loss divided among members	11	356,484	1,088,356
		<hr/>	<hr/>
Results for the financial year available for discretionary division among members		-	-
		<hr/>	<hr/>

All amounts relate to continuing activities

There are no other recognised gains or losses other than the results for the year

There is no difference between the loss available for division amongst members and its historical cost equivalent

The notes on pages 8 to 14 form part of these financial statements

VGF Advisers (UK) LLP

**Balance sheet
at 31 December 2009**

<i>Partnership number OC330229</i>	Note	2009 £	2009 £	2008 £	2008 £
Fixed assets					
Tangible assets	7		100,044		135,029
Current assets					
Debtors	8	1,442,508		858,861	
Cash at bank and in hand		287,981		766,830	
		<u>1,730,489</u>		<u>1,625,691</u>	
Creditors amounts falling due within one year	9	(529,431)		(237,628)	
		<u></u>		<u></u>	
Net current assets			1,201,058		1,388,063
			<u></u>		<u></u>
Total assets less current liabilities			1,301,102		1,523,092
			<u></u>		<u></u>
Creditors amounts falling due after one year	10	(134,494)		-	
		<u></u>		<u></u>	
Total assets less liabilities attributable to members			1,166,608		1,523,092
			<u></u>		<u></u>
Represented by:					
Equity – Members' other interests					
Members' capital classified as equity under FRS 25	11		2,611,448		2,611,448
Other reserves	11		(1,444,840)		(1,088,356)
			<u>1,166,608</u>		<u>1,523,092</u>
			<u></u>		<u></u>
Total members' interest					
Loan and other debts due from members	5		(694,950)		(402,246)
Members' other interests	11		1,166,608		1,523,092
			<u>471,658</u>		<u>1,120,846</u>
			<u></u>		<u></u>

The financial statements were approved and authorised for issue by the members of the Limited Liability Partnership on 28 April 2010

Shai Weiss
Designated member

The notes on pages 8 to 14 form part of these financial statements

VGF Advisers (UK) LLP

Notes forming part of the financial statements for the year ended 31 December 2009

1 Accounting policies

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 Partnerships

The following principal accounting policies have been applied

Turnover

The turnover shown in the profit and loss account represents amounts due for investment advisory services recognised on an accruals basis during the year

Members interest

All amounts due to members are classified as equity or liabilities in accordance with FRS 25 and UITF 39

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, evenly over their estimated useful lives. It is calculated at the following rates

Leasehold improvements	-	20% straight line
Computer equipment	-	33⅓% straight line

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account

Leased assets

All leases are operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease

Pension costs

Contributions to the partnership's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable

Taxation

Income tax payable on the LLP's profits is solely the personal liability of the individual Members and consequently is not dealt with in these financial statements

VGF Advisers (UK) LLP

Notes forming part of the financial statements for the year ended 31 December 2009 (Continued)

1 Accounting policies (Continued)

Financial Instruments

The partnership uses forward foreign currency contracts to fix its exposure to fluctuations in foreign exchange rates. Any gains or losses from the forward foreign exchange contracts are taken to the profit and loss account on exercise. The financial commitments outstanding at year end under these contracts are disclosed in note 13 to the accounts.

2 Turnover

Turnover is wholly attributable to the principal activity of the partnership and arises solely within the United Kingdom.

3 Employees

	Year ended 31 December 2009 £	Period 12 September 2007 to 31 December 2008 £
Staff costs consist of		
Wages and salaries	472,406	805,759
Social security costs	53,938	89,111
Other pension costs	16,938	32,415
	<u>543,282</u>	<u>927,285</u>

The average number of employees, including members, during the year was 7 (2008 - 7)

4 Operating loss

	Year ended 31 December 2009 £	Period 12 September 2007 to 31 December 2008 £
This has been arrived at after charging/(crediting)		
Depreciation of tangible fixed assets	36,834	32,609
Hire of other assets - operating leases	141,625	135,158
Auditors' remuneration		
- fees payable to the partnership's auditor for the audit of the partnership's annual accounts	10,000	10,000
- other taxation services	7,355	6,700
- all other services	38,682	67,450
Foreign exchange gain	(29,217)	(68,520)
	<u></u>	<u></u>

VGF Advisers (UK) LLP

Notes forming part of the financial statements
for the year ended 31 December 2009 (Continued)

5 Members' loan account

	Year ended 31 December 2009 £	Period 12 September 2007 to 31 December 2008 £
Non-interest bearing and non-recourse loan to Class B members during the year	694,950	402,246

The Class B member's non-interest bearing and non-recourse loan, which represents Class B member's entitlement to drawings, in accordance with the LLP agreement is not repayable by the member other than through the allocation of net income. This amount is disclosed in note 8.

6 Other interest receivable and similar charges

	Year ended 31 December 2009 £	Period 12 September 2007 to 31 December 2008 £
Bank interest receivable	2,149	29,101

7 Tangible assets

	Leasehold improvements £	Computer equipment £	Total £
<i>Cost</i>			
At 1 January 2009	148,484	19,154	167,638
Additions	-	1,849	1,849
At 31 December 2009	148,484	21,003	169,487
<i>Depreciation</i>			
At 1 January 2009	27,352	5,257	32,609
Provided for the year	29,587	7,247	36,834
At 31 December 2009	56,939	12,504	69,443
<i>Net book value</i>			
At 31 December 2009	91,545	8,499	100,044
At 31 December 2008	121,132	13,897	135,029

VGF Advisers (UK) LLP

Notes forming part of the financial statements
for the year ended 31 December 2009 (Continued)

8 Debtors

	2009 £	2008 £
Amounts owed by related parties (see note 12)	607,352	323,103
Member's loan account (see note 5)	694,950	402,246
Other tax and social security	12,668	11,730
Other debtors	19,278	24,854
Prepayments and accrued income	108,260	96,928
	<u>1,442,508</u>	<u>858,861</u>

All amounts shown under debtors fall due for payment within one year. Except for the members loan account where the timing of the repayment is dependent on the level of net income in future years.

9 Creditors' amounts falling due within one year

	2009 £	2008 £
Trade creditors	83,980	59,329
Amounts owed to related parties (see note 12)	132,217	-
Other creditors	50,286	-
Accruals and deferred income	262,948	178,299
	<u>529,431</u>	<u>237,628</u>

In the event of the LLP being wound up all remaining assets after the satisfaction of all creditors of the LLP shall be distributed to the members in accordance with the LLP agreement.

10 Creditors' amounts falling due after one year

	2009 £	2008 £
Amounts owed to related parties (see note 12)	134,494	-
	<u>134,494</u>	<u>-</u>

VGF Advisers (UK) LLP

Notes forming part of the financial statements
for the year ended 31 December 2009 (Continued)

11 Reconciliation of movements in members' interest

	Members other interests			Loans and other debts due from members	
	Members' capital classified as equity £	Other reserves £	Total £	£	Total £
Balance at 1 January 2009	2,611,448	(1,088,356)	1,523,092	(402,246)	1,120,846
Allocated losses for the year	-	(356,484)	(356,484)	-	(356,484)
Non-interest bearing and non-recourse loan to members	-	-	-	(292,704)	(292,704)
Balance at 31 December 2009	2,611,448	(1,444,840)	1,166,608	(694,950)	471,658

All losses for the accounting period are distributable in accordance with the LLP percentages as laid out in the LLP Agreement

12 Related party disclosures

Amounts due from Virgin Green Fund I, LP

A total of £16,086 (2008 - £51,252) was due from Virgin Green Fund I, L P, which is related through VGF 1 Limited the Managing Member of the LLP and the ultimate General Partner to the Fund, and included in 'Amounts owed by related parties' at 31 December 2009. This balance has arisen in respect of the following transactions throughout the year

Advisory fee

The LLP provides advisory services to the Virgin Green Fund I, L P. During the year the LLP charged \$4,956,818 (£3,202,625) for fees in respect of advisory services provided to the fund. The fee is based on 2.25% of the committed fund. The balance due as at 31 December 2009 was £16,088 (2008 - £Nil)

Recharges

During the year the LLP recharged to Virgin Green Fund I, L P, legal and professional costs amounting to £Nil (2008 - £181,396) and travel expenses amounting to £61,961 (£177,465). The balance due as at 31 December 2009 was £Nil (2008 - £26,052)

Accounting fees

The LLP has settled accountancy fees amounting £23,000 (2008 - £25,200) in respect of Virgin Green Fund I, L P (including VGF Partners I, L P). The balance due as at 31 December 2009 was £Nil (2008 - £25,200)

Amounts due from VGF Advisers (US) LLC

A total amount of £591,266 (2008 - £240,784) was due from VGF Advisers (US) LLC, which is related through common ownership, and included in 'Amounts owed by related parties' at 31 December 2009. This balance has arisen in respect of the following transactions throughout the year. The balances on the individual transaction streams will be used to offset any balance due in respect of the sub-advisory fee

VGF Advisers (UK) LLP

Notes forming part of the financial statements for the year ended 31 December 2009 (Continued)

12 Related party disclosures (Continued)

Sub-advisory fee

VGF Advisers (US) LLC provides sub-advisory services to the LLP. During the year to 31 December 2009 an amount of £1,897,665 (2008 - £2,040,572) was paid as a sub-adviser fee, this is equal to 103% of the total expenses of the LLC. At 31 December 2009, an amount of £638,421 (2008 - £111,949) was outstanding due to VGF Advisers (UK) LLP as a payment on account by the LLP.

Accounting fees

The LLP has settled accountancy fees amounting £6,000 (2008 - £16,656) in respect of VGF Advisers (US) LLC. The balance due as at 31 December 2009 was £Nil (2008 - £16,656).

Other costs

During the year the LLP incurred various costs of VGF Advisers (US) LLC amounting to £4,655 (2008 - £123,719), this amount was not outstanding as at 31 December 2009. VGF Advisers (US) LLC paid costs of £452,749 (2008 - £11,540) on behalf of VGF Advisers (UK) LLP, this amount was not outstanding at 31 December 2009 (2008 - £11,540).

Amounts due to Virgin Management Limited

A total amount of £420,860 (2008 - £(31,067)) was due to Virgin Management Limited, which is a member of the LLP, at 31 December 2009 (of which £154,149 is included within accruals (2008 - £Nil)). This balance has arisen in respect of the following transactions throughout the year:

Service costs

During the year to 31 December 2009 the LLP was charged £21,000 (2008 - £32,000) for HR and IT services provided to the LLP by Virgin Management Limited, a member of the LLP. The balance due as at 31 December 2009 was £21,000 (2008 - £Nil).

Other costs

During the year Virgin Management Limited incurred costs of £618,492 (2008 - £1,445,074) on behalf of the LLP. The balance due at 31 December 2009 was £430,927 (2008 - £Nil).

An amount of £31,067 (2008 - £31,067) is due from Virgin Management Limited in respect of cost reimbursement, and included in 'Amounts owed by related parties' as at December 31, 2009.

VGF Advisers (UK) LLP

Notes forming part of the financial statements for the year ended 31 December 2009 (Continued)

13 Financial commitments

As at the balance sheet date the partnership had the following commitments to buy currency under foreign exchange contracts (2008 - £nil)

- Purchase of \$736,580 on 8 Jan 2010 selling £520,000
- Purchase of \$408,375 on 12 April 2010 selling £250,000
- Purchase of \$459,200 on 9 July 2010 selling £287,000
- Purchase of \$484,864 on 1 Oct 2010 selling £303,040

14 Commitments under operating leases

The partnership had annual commitments under non-cancellable operating leases as set out below

	2009 £	2008 £
Land and buildings		
In two to five years	152,548	152,548
	<u>152,548</u>	<u>152,548</u>

15 Controlling party

The LLP Agreement deems the management of the LLP to be vested in the Managing Member, VGF I Limited. VGF I Limited is owned by Corvina Holdings Limited, who owns 200 Class A Shares and Shai Weiss and Anup Jacob, who own 100 Class B shares each.

16 Cash flow statement

The partnership has taken advantage of the small entities exemption from the requirement of Financial Reporting Standard No 1 'Cash Flow Statements' to prepare a cash flow statement.

VGF Advisers (UK) LLP

The page which follows does not
form part of the statutory
financial statements of the partnership

VGF Advisers (UK) LLP

Detailed profit and loss account for the year ended 31 December 2009

	Year ended 31 December 2009 £	Year ended 31 December 2009 £	Period 12 September 2007 to 31 December 2008 £	Period 12 September 2007 to 31 December 2008 £
Turnover		3,202,625		3,299,716
Salaries & Benefits	543,282		923,348	
Travel & Entertainment	111,964		242,663	
Travel & Entertainment Reimbursed	(61,961)		(177,348)	
Office	260,679		315,311	
Professional Fees	89,104		387,263	
Professional Fees Reimbursed	(29,000)		(181,396)	
Marketing	43,172		46,524	
Learning & Development	14,433		26,594	
Information Technology	89,924		123,229	
Other Costs	12		9,476	
Sub-Advisory Fees	1,897,665		2,040,572	
Placement Agent	594,366		695,692	
Amortisation & Depreciation	36,834		32,608	
Financial Items	(29,217)		(67,363)	
		3,561,258		4,417,173
Operating loss		(358,633)		(1,117,457)
Other interest receivable and similar income		2,149		29,101
Loss on ordinary activities		(356,484)		(1,088,356)