

# **Ebullio Capital Management LLP**

## **REPORT AND AUDITED ACCOUNTS**

Period ended 30 September 2008

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# **Ebullio Capital Management LLP**

## **Report and audited accounts**

For the period from 9 September 2007 to 30 September 2008

## **Contents of the report and accounts**

	<b>Page</b>
Partnership information	2
Members' report	3
Statement of Members' responsibilities	5
Independent auditors' report to the Members	6
Profit and loss account	8
Balance sheet	9
Cash flow statement	10
Notes to the accounts	11

Registered No: OC331213

## Partnership information

### Members

Lars Steffensen  
Gemma Rogers  
Monica Kotzee  
David Sutcliffe

(Designated Member)  
(Designated Member)  
(Member)  
(Member)

### Auditors

Kinetic Partners Audit LLP  
One London Wall  
Level 10  
London  
EC2Y 5HB

### Bankers

Bank of Scotland Bank PLC  
600 Gorgie Road  
Edinburgh  
EH11 3XP

### Registered office

Ebullio House  
33 Clarence Street  
Southend-on-Sea  
Essex  
SS1 1BH

## **Members' report**

The Members present their report and accounts for the period from 9 September 2007 to 30 September 2008.

### **Incorporation and commencement**

Ebullio Capital Management LLP ("the Partnership") was incorporated on 9 September 2007. The Partnership was authorised to conduct investment business by the Financial Services Authority on 24 September 2008.

### **Principal activity and review of the business**

During the period ended 30 September 2008, the Partnership operated its own managed trading account with Marex Financial Ltd. The Partnership was able to trade physical, futures and options for its own account.

On the 1 October 2008, Ebullio Commodity Master Fund LP (the "Fund") was launched. Therefore subsequent to year end, the principal activity of the Partnership is to provide investment management services to the Fund. From this date, the Fund's strategy was open to external investors.

### **Results and distributions**

The loss for the period available for discretionary division among Members was £113,345. Drawings made by Members during the period amounted to £123,731. The Partnership's balance sheet as detailed on page 9 shows a positive position with Members' total interests amounting to £180,100.

### **Members' profit allocation**

Any profits are shared among the Members as decided by the Members Meeting and governed by the Partnership Agreement dated 8 September 2008.

### **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 8 September 2008.

### **Going concern**

The Members are of the opinion that the Partnership has adequate resources to continue its operational activities for the foreseeable future and are of the opinion that the going concern basis should be adopted in the preparation of the financial statements.

### **Charitable contributions**

During the year, the LLP made a charitable donation totally £1,000.

## Members' report

### Members

The Partnership has appointed Lars Steffensen as the Managing Member. The Members of the Partnership during the period were as follows:

Lars Steffensen	Member (*)	Appointed on 09/09/07
Gemma Rogers	Member (*)	Appointed on 09/09/07
Fletcher Kennedy Directors Limited	Member (*)	Appointed on 09/09/07 and resigned on 19/09/2007
Fletcher Kennedy Secretaries Limited	Member (*)	Appointed on 09/09/07 and resigned on 19/09/07
Monica Kotzee	Member	Appointed on 01/05/08
David Sutcliffe	Member	Appointed on 01/09/08

(\*) The above Members are classified as Designated Members

### Statement as to disclosure of information to auditors

So far as the Members are aware, there is no relevant audit information (as defined by Section 234A of the Companies Act 1985) of which the Partnership's auditors are unaware, and each Member has taken all the steps that they ought to have taken as a Member in order to make themselves aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information.

### Auditors

In accordance with section 385 of the Companies Act 1985 (as applied to Limited Liability Partnerships by regulations of the Limited Liability Regulations 2001), Kinetic Partners Audit LLP was appointed as auditor to the Partnership on 16 December 2008. A resolution to reappoint Kinetic Partners Audit LLP as auditor will be put to the Members at the Annual General Meeting.

By order of the Members

Lars Steffensen

Date:

23-01-09

## **Statement of Members' responsibilities in respect of the accounts**

The Members are required by Company Law to prepare accounts for each financial period which give a true and fair view of the state of affairs of the Partnership and of the profit or loss for that period. In preparing those accounts, the Members have undertaken to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on a going concern basis unless it is inappropriate to presume that the Partnership will continue in business;
- follow suitable accounting standards subject to material departures being disclosed and explained in the accounts; and
- prepare the annual report and financial statements in accordance with applicable UK GAAP.

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 ensure that the accounts comply with the Partnerships Regulations 2001 made under the Limited Liability Partnerships Act 2000. The Members are also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent auditors' report to the Members of Ebullio Capital Management LLP**

We have audited the accounts of Ebullio Capital Management LLP ("the Partnership") on pages 8 to 20 for the period ended 30 September 2008, which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

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

The Members' responsibilities for preparing the annual report and accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the responsibilities of the Members on page 5.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report and opinion are made solely to the Members of the Partnership, as a body, in accordance with the Companies Act 1985 as applied to limited liability partnerships by the Limited Liability Partnerships Act 2000 and regulations made there under. Our audit work has been undertaken so that we might state to the Members of the Partnership 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 Partnership and the Members as a body, for our audit work, for this report, or for the opinion we have formed.

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 Companies Act 1985, as applied to Limited Liability Partnerships. We also report to you whether in our opinion the Members' Report is consistent with the accounts.

In addition we report to you if, in our opinion, the Partnership 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 designated Members' remuneration and other transactions is not disclosed.

We read the Members' report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.



## **Independent auditors' report to the Members of Ebullio Capital Management LLP**

### **Basis of 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 accounts. It also includes an assessment of the significant estimates and judgements made by the Members in the preparation of the accounts, and of whether the accounting policies are appropriate to the 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 accounts 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 accounts.

### **Opinion**

In our opinion:

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Limited Liability Partnership's affairs as at 30 September 2008 and of its loss for the period then ended;
- the accounts have been properly prepared in accordance with the Companies Act 1985 as applied to limited liability partnerships; and
- the information given in the Members' Report is consistent with the accounts.



### **Kinetic Partners Audit LLP**

Chartered Accountants and Registered Auditors

One London Wall, Level 10

London

EC2Y 5HB

23 January 2009



## Profit and loss account

for the period from 9 September 2007 to 30 September 2008

	Notes	Period ended 30 September 2008 £
<b>Turnover</b>	2	289,643
Administrative expenses	3	(316,651)
<b>Operating loss</b>	5	(27,008)
Interest receivable and similar income	6	1,824
Interest paid	7	(1,017)
<b>Loss for the financial period before Members' remuneration and profit share</b>		(26,201)
Members' remuneration charged as an expense		(87,144)
<b>Loss for the financial period available for discretionary division among Members</b>		(113,345)

There is no difference between the profit on ordinary activities for the period and its historical cost equivalent.

## Statement of total recognised gains and losses

There were no recognised gains or losses in the period other than the profit for the period. All amounts are in respect of continuing activities.

The notes on pages 11 to 20 form part of these accounts.

**Balance sheet**

as at 30 September 2008

	Notes	2008 £
<b>Fixed assets</b>		
Tangible assets	9	31,007
		<u>31,007</u>
<b>Current assets</b>		
Debtors	10	316,506
Cash at bank and in hand		50,942
		<u>367,448</u>
<b>Creditors: amounts falling due within one period</b>	11	(91,327)
		<u>276,121</u>
<b>Net current assets</b>		
		<u>307,128</u>
<b>Total assets less current liabilities</b>		
		<u>307,128</u>
<b>Creditors: amounts falling due after one period</b>	12	(3,297)
		<u>303,831</u>
<b>Net assets attributable to Members</b>		
		<u>303,831</u>
<b>Represented by:</b>		
<b>Equity</b>		
Members' capital classified as equity under FRS25		412,500
Members' other interests - other reserves		(113,345)
	13	<u>299,155</u>
<b>Loans and other debts due to Members</b>		
Other amounts	13	4,676
		<u>303,831</u>
<b>Total Members' Interests</b>		
Amounts due from Members		(123,731)
Loans and other debts due to Members		4,676
Members' other interests		299,155
	13	<u>180,100</u>

The financial statements on pages 8 to 20 were authorised and approved by the Members on 23 January 2009.

For and on behalf of the Members

Lars Steffensen

The notes on pages 11 to 20 form part of these accounts.

## Cash flow statement

for the period 9 September 2007 to 30 September 2008

		Period ended 30 September 2008 £
<b>Net cash (outflow) from operating activities</b>	Notes 14(a)	(126,504)
<b>Returns on investments and servicing of finance</b>	14(b)	807
<b>Capital expenditure and financial investment:</b>		
Purchase of tangible fixed assets		(36,009)
<b>Financing</b>	14(b)	6,347
		<hr/> (155,359)
<b>Transactions with Members</b>	14(b)	206,301
		<hr/>
<b>Increase in cash</b>	14(d)	50,942
		<hr/>

The notes on pages 11 to 20 form part of these accounts.

## Notes to the accounts

at 30 September 2008

### I. Accounting policies

#### Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards, under the historical cost convention and in accordance with the Limited Liability Partnerships Act 2000, the Limited Liability Partnerships Regulations 2001 and the Statement of Recommended Practice – “Accounting for Limited Liability Partnerships”, (the “SORP”) issued in March 2006.

#### Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Fixtures and fittings	-	over 3 years
Computer equipment	-	over 3 years

#### Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions 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.

#### Leasing commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, are capitalised in the balance sheet and are depreciated over the shorter of the lease term and the asset's useful lives. The capital elements of future obligations under leases are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the period of the leases and represent a constant proportion of the balance of capital repayments outstanding.

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

#### Taxation

No taxation is reflected in the accounts as tax is borne by the individual Members in a personal capacity on their attributable profit shares and not the Partnership.

## Notes to the accounts

at 30 September 2008

### Members' capital

Member's capital is classified as equity in accordance with Financial Reporting Standard 25 (Financial Instruments: Presentation and Disclosure) and the LLP SORP. Repayment of Member's capital is governed by the Partnership Agreement dated 8 September 2008.

### 2. Turnover

For the period ended 30 September 2008, turnover, which is stated net of value added tax, comprises of gains and losses from trading on its own managed account.

The Fund launched on the 1 October 2008, therefore, subsequent to year end turnover will be attributable to one continuing activity, the supply of investment management services to one fund. Management fees will be recognized on the accrual basis. Performance fees will be recognised when the fees are crystallized.

### 3. Administrative expenses

Administrative expenses include salaries, professional fees and foreign exchange gains and losses.

### 4. Staff costs

	Period ended 30 September 2008 £
Wages and salaries	56,714
Social security costs	8,591
	<hr/> 85,305
	Period ended 30 September 2008
Average monthly number of employees, including:	
Traders	2
Administration	<hr/> 1

## Notes to the accounts

at 30 September 2008

### 5. Operating profit

The operating profit is stated after charging:

	Period ended 30 September 2008 £
<b>Auditors' remuneration:</b>	
Audit services	
Current year audit	20,000
Non audit services	
Regulatory assistance	5,160
Taxation services	7,700
	<u>32,860</u>

Audit services were provided by Kinetic Partners Audit LLP. Non-audit services were provided by Kinetic Partners LLP, a related party of Kinetic Partners Audit LLP.

### 6. Interest receivable and similar charges

	Period ended 30 September 2008 £
Bank interest	<u>1,824</u>

### 7. Interest payable and similar charges

	Period ended 30 September 2008 £
Bank interest	390
Finance charges payable under finance lease	627
	<u>1,017</u>

## Notes to the accounts

at 30 September 2008

### 8. Members' remuneration

	Period ended 30 September 2008 £
Loss for the financial period before Members' remuneration and profit share	(26,201)
Members' remuneration charged as an expense	<u>(87,144)</u>
Loss for the financial period available for division among Members	<u>(113,345)</u>

The average number of Members during the period was four. Remuneration paid to Members is a non discretionary payment and has therefore been included in Members remuneration charged as an expense.

### 9. Tangible fixed assets

	Computer equipment £	Fixtures and fittings £	Total £
Cost at 9 September 2007	-	-	-
Additions	<u>16,687</u>	<u>19,322</u>	<u>36,009</u>
Cost at 30 September 2008	<u>16,687</u>	<u>19,322</u>	<u>36,009</u>
Depreciation at 9 September 2007	-	-	-
Depreciation in period	<u>3,280</u>	<u>1,722</u>	<u>5,002</u>
Depreciation at 30 September 2008	<u>3,280</u>	<u>1,722</u>	<u>5,002</u>
Net book value at 9 September 2007	<u>-</u>	<u>-</u>	<u>-</u>
Net book value at 30 September 2008	<u>13,407</u>	<u>17,600</u>	<u>31,007</u>

Included in the net book value of computer equipment is £5,192 in respect of assets held under finance leases.



## Notes to the accounts

at 30 September 2008

### 10. Debtors

	As at 30 September 2008 £
Amounts due from broker	159,230
Prepayments and accrued income	4,565
Other debtors	28,780
Amounts due from Members	123,731
	<u>316,506</u>

Included in other debtors is an amount of £11,750 relating to rental deposit due after more than one year.

### 11. Creditors: amounts falling due within one period

	As at 30 September 2008 £
Other taxes and social security	8,188
Trade creditors	40,488
Obligations under finance leases	3,050
Accruals	39,601
	<u>91,327</u>

Obligations under finance leases are secured against the assets to which they relate.

## Notes to the accounts

at 30 September 2008

### 12. Creditors: amounts falling due after one period

	As at 30 September 2008 £
Obligations under finance leases	3,297
	<u>3,297</u>

Obligations under finance leases are secured against the assets to which they relate and are repayable at fixed interest rates of 12.5%.

#### (a) Amounts due under finance leases

	2008 £
Amounts payable:	
Within one year	3,051
In two to five years	3,297
	<u>6,348</u>

## Notes to the accounts

at 30 September 2008

### 13. Reconciliation of movements in Members' interests

	<u>Members' other interest</u>				
	Members' capital (classified as equity)	Other reserves	Total	Loans and other debts due to Members less any amounts due from Members in debtors	Total
	£	£	£	£	£
Balance as at 9 September 2007	-	-	-	-	-
Profit for the financial period available for discretionary division among Members	-	(113,345)	(113,345)	-	(113,345)
Members' interests after profit for the period	-	(113,345)	(113,345)	-	(113,345)
Other amounts	-	-	-	4,676	4,676
Introduced by Members	412,500	-	412,500	-	412,500
Drawings in anticipation of profits	-	-	-	(123,731)	(123,731)
	412,500	(113,345)	299,155	(119,055)	180,100
Amounts due to Members				4,676	
Amounts due from Members				(123,731)	
Balance as at 30 September 2008	412,500	(113,345)	299,155	(119,055)	180,100

In the event of a winding up, the creditors of the Partnership will be paid before the Members' distribution or the repayment of Members' capital.

## Notes to the accounts

at 30 September 2008

### 14. Notes to the cash flow statement

(a) Reconciliation of operating loss to net cash flow from operating activities:

	Period ended 30 September 2008 £
Operating loss	(27,008)
(Increase) in debtors	(192,775)
Increase in creditors	88,277
Depreciation	5,002
Net cash outflow from operating activities	<u>(126,504)</u>

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

	Period ended 30 September 2008 £
<b>Returns on investments and servicing of finance:</b>	
Interest received	1,824
Interest element of finance lease payments	(627)
Interest paid	(390)
	<u>807</u>

#### Financing

Purchase of finance lease	9,150
Repayments of capital elements of finance leases	(2,803)
	<u>6,347</u>

#### Transactions with Members:

Contributions by Members	412,500
Drawings taken by Members	(123,731)
Members remuneration charged as an expense	(87,144)
Loans and other debts due to Members	4,676
	<u>206,301</u>

## Notes to the accounts

at 30 September 2008

### (c) Analysis of changes in net funds

	At 9 September 2007 £	Cash Flows £	Other non-cash movements £	At 30 September 2008 £
Cash in hand	-	50,942	-	50,942
Finance leases	-	2,803	(9,150)	(6,347)
Loans and other debts due to Members	-	(4,676)	-	(4,676)
Net funds	-	49,069	(9,150)	39,919

### (d) Reconciliation of net cash flow to movement in net funds

	Period ended 30 September 2008 £
Increase in cash in the period	50,942
Cash inflow from increase in loans	(4,676)
Repayment of capital element of finance leases	2,803
Change in net funds resulting from cash flows	49,069
Other	(9,150)
Net funds at start of period	-
Net funds at 30 September 2008	39,919

## 15. Other financial commitments and contingencies

At 30 September 2008, the Partnership had commitments under a non-cancellable operating lease as set out below.

	Period ended 30 September 2008 £
<b>Land and buildings</b>	
Operating lease which expires	
Within one year	-
Within two to five years	23,500

Other than the above, there are no other financial commitments or contingencies.

## **Notes to the accounts**

**at 30 September 2008**

### **16. Related party transactions**

No related party transactions took place during the period under review.

### **17. Ultimate controlling party**

During the period under review, the ultimate controlling party was Lars Steffensen.