

MONTAGU PRIVATE EQUITY ASSOCIATES LLP

**Members' report and audited financial statements for the
year ended 31 December 2016**



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Members' report

The members present their report and financial statements for the year ended 31 December 2016.

Principal Activities

The principal activity of the partnership is the provision of consultancy services.

Members

The Members of the Partnership throughout the year ended 31 December 2016 (unless otherwise stated) were:

Montagu Private Equity LLP

MPE Associateco Limited

V. G. J. Schwegmann

J. Dove

M. Lamure

R. Friedwagner (Joined 01.04.16)

Montagu Private Equity LLP is the Designated Member. The average monthly number of members during the year was six. (2015: Six)

Members' Capital

Under the terms of the Partnership Agreement, each Member subscribes a sum of capital based on their ownership percentage. Total capital contributions of €2 are paid up by the Members as permanent capital. Members' capital is repayable on leaving the Partnership, subject to approval from the Montagu Private Equity Associates LLP Management Board. Repayment of this capital is permitted only on the condition that an equal amount is paid into the partnership. Members' capital has been classified as equity and the Reconciliation of Member's interests on page 8 provides details of members' interests. Members were entitled to guaranteed and discretionary drawings throughout the period. These are subject to the cash requirements of the business which are supported by its members.

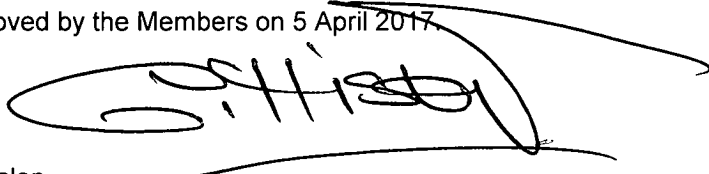
Members' Profits and Losses

Members' profits and losses are allocated based on the LLP agreement.

Independent auditor

KPMG LLP have expressed willingness to continue to act as auditor for the year.

Approved by the Members on 5 April 2017.



G. Hislop
Representing Designated Member Montagu Private Equity LLP

Registered office
2 More London
Riverside
SE1 2AP

Registered No. OC339798

Statement of Members' responsibilities in respect of the Members' report and the financial statements

The members are responsible for preparing the financial statements in accordance with applicable law and regulations and have elected to prepare a Members' report

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under Regulation 8 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 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 LLP and of the statement of comprehensive income of the LLP for that year. 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

Under Regulation 6 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, the members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that its financial statements comply with those regulations. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the LLP and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Montagu Private Equity Associates LLP

We have audited the financial statements of Montagu Private Equity Associates LLP for the year ended 31 December 2016 set out on pages 6 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the members of the limited liability partnership (LLP), as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by Regulation 39 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditor

As explained more fully in the Members' Responsibilities Statement set out on page 4, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeprivate.

Opinion on financial statements

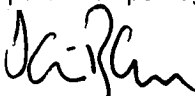
In our opinion the financial statements:

- give a true and fair view, of the state of affairs of the LLP as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- the members were not entitled to prepare financial statements in accordance with the small limited liability partnerships' regime.



Iain Bannatyne (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London, E14 5GL

5 April 2017

Statement of Comprehensive Income
For the year ended 31 December 2016

	Notes	2016 €	2015 €
Fee income	1	2,678,215	5,711,060
Operating costs	2	<u>(451,815)</u>	<u>(2,101,669)</u>
Operating profit		2,226,400	3,609,391
Other interest receivable and similar income		<u>232</u>	<u>930</u>
Profit for the financial year before members' remuneration and profit shares		2,226,632	3,610,321
Members' remuneration charged as an expense		<u>(2,752,803)</u>	<u>(4,341,955)</u>
Loss for the financial year available for discretionary division among members		<u>(526,171)</u>	<u>(731,634)</u>

All results relate to continuing activities.

There were no other items of comprehensive income for the year and therefore the profit for the year is also the total comprehensive income for the year.

There is no difference between the amounts stated above and their historical cost equivalents, in respect of profit before taxation.

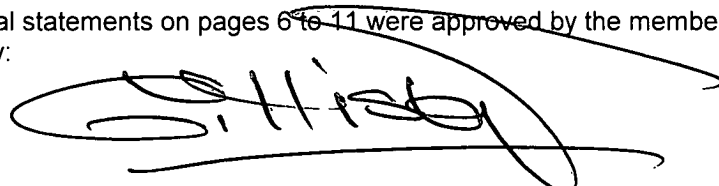
The notes on pages 9 to 11 form part of these financial statements.

Balance Sheet
31 December 2016

	Notes	2016 €	2015 €
Current assets			
Debtors	3	655,440	301,605
Amounts due from members	3	2	2
Cash and short term deposits		<u>92,291</u>	<u>74,757</u>
		747,733	376,364
Creditors: amounts falling due within one year	4	<u>(4,660,277)</u>	<u>(4,440,957)</u>
Net current liabilities		<u>(3,912,544)</u>	<u>(4,064,593)</u>
Total assets less current liabilities		(3,912,544)	(4,064,593)
Net liabilities attributable to members		<u>(3,912,544)</u>	<u>(4,064,593)</u>
Represented by:			
Loans and other debts due to members			
Other amounts		1,266,706	588,486
Equity			
Members' other interests – Other reserves classified as equity		<u>(5,179,250)</u>	<u>(4,653,079)</u>
Total Members' interests		<u>(3,912,544)</u>	<u>(4,064,593)</u>
Amounts due from Members		-	-
Loans and other debts due to Members		1,266,704	588,484
Members' other interests		<u>(5,179,250)</u>	<u>(4,653,079)</u>
		<u>(3,912,546)</u>	<u>(4,064,595)</u>

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

The financial statements on pages 6 to 11 were approved by the members on 5 April 2017 and were signed on its behalf by:



G. Hislop
Representing Designated Member Montagu Private Equity LLP

Registered office
2 More London
Riverside
SE1 2AP

Registered No. OC339798

Reconciliation of members' interests for the year ended 31 December 2016

Partnership	<u>Members' other interests'</u>		<u>Loans and other debts due to members</u>		<u>Total members' interests</u>
	Members' capital Classified as equity €	Other Reserves €	Members' capital Classified as liability €	Other amounts €	€
Members' interests at 1 Jan 2015	2	(3,921,447)	-	1,788,512	(2,132,933)
Members' remuneration charged as an expense	-	-	-	4,341,955	4,341,955
Result for the financial year available for discretionary division among members	-	(731,634)	-	-	(731,634)
Members' interests after (loss) for the year	2	(4,653,081)	-	6,130,467	1,477,388
Drawings	-	-	-	(5,541,981)	(5,541,981)
Members' interests at 31 Dec 2015	<u>2</u>	<u>(4,653,081)</u>	<u>-</u>	<u>588,486</u>	<u>(4,064,593)</u>
Members' interests at 1 Jan 2016	2	(4,653,081)	-	588,486	(4,064,593)
Members' remuneration charged as an expense	-	-	-	2,752,803	2,752,803
Result for the financial year available for discretionary division among members	-	(526,171)	-	-	(526,171)
Members' interests after (loss) for the year	2	(5,179,252)	-	3,341,289	(1,837,961)
Drawings	-	-	-	(2,074,583)	(2,074,583)
Members' interests at 31 Dec 2016	<u>2</u>	<u>(5,179,252)</u>	<u>-</u>	<u>1,266,706</u>	<u>(3,912,544)</u>

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

Notes to the financial statements for the year ended 31 December 2016

1 Accounting Policies

(a) Accounting convention

Montagu Private Equity Associates LLP is a limited liability partnership incorporated in England, the United Kingdom. The address of the registered office is 2 More London Riverside, London, SE1 2AP.

The financial statements address are prepared on the historical cost basis. These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (FRS102) as issued in August 2014 and the Limited Liability Partnerships Act 2000. The amendments to FRS 102 issued in July 2015 have been applied. The presentation currency of these financial statements is Euros.

The financial statements have also been prepared in accordance with the Statement of Recommended Practice for Limited Liability Partnerships issued by the Consultative Committee of Accountancy Bodies. The Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash flow statements and related notes.

The Partnership is equivalent in size to a small Company as set out in s382 of the Companies Act 2006. It is therefore exempt under FRS 102 from the requirement to produce a cash flow statement.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

(b) Taxation

Income tax, being the individual liability of each member, is not provided for in the accounts of the LLP.

(c) Cash

Cash comprises cash at hand, bank balances and money market deposits.

(d) Foreign currencies

Transactions in foreign currencies are translated to the company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are re-translated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income.

(e) Fee income

Fee income represents consultancy fees, and is accounted for on an accruals basis. Provision is made against this income where the directors are uncertain as to its future recoverability.

FPP (Full Potential Plan) is to be prepared with the management of the company upfront following a systematic review of the business strategy. This will identify the key value creation initiatives and growth options to exceed the business plan, outline a process for managing such initiatives and prioritise the key initiatives identified.

The FPP fee for each acquisition is recognised over a 24 month period on the basis that the consultant provides services for the benefit of the company which are not expected to exceed 24 months.

Notes to the financial statements for the year ended 31 December 2016

1 Accounting Policies (continued)

(f) Going Concern

The financial statements have been prepared on the going concern basis, notwithstanding net liabilities of €3,912,542 which the members believe to be appropriate for the following reason. The members consider that for at least 12 months from the date of approval of these financial statements that the Company will continue in operational existence through the support of Montagu Private Equity LLP. As with any company placing reliance on other entities for financial support, the members acknowledge that there can be no certainty that this position will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Based on this agreement with Montagu Private Equity LLP, the members believe that it remains appropriate to prepare the financial statements on a going concern basis.

(g) Debtors

Debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

(h) Creditors

Creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

2 Expenses and auditor's remuneration

	2016	2015
	€	€
Operating costs are stated after charging:		
Auditor's remuneration - audit fee	2,230	13,979
Exchange (gains) / losses	<u>(339,297)</u>	<u>28,460</u>

3 Debtors

	2016	2015
	€	€
Amounts due from members	2	2
Prepayments	1,302	-
Trade debtors	583,113	176,472
VAT	<u>71,025</u>	<u>125,133</u>
	<u>655,442</u>	<u>301,607</u>

4 Creditors: amounts falling due within one year

	2016	2015
	€	€
Sundry creditors	633,701	2,428,602
Accruals and deferred income	<u>4,026,576</u>	<u>2,012,355</u>
	<u>4,660,277</u>	<u>4,440,957</u>

Notes to the financial statements for the year ended 31 December 2016

5 Members

The average number of Members during the period was six (2015: Six). In the event of a winding up of the Partnership, monies due to creditors will be paid before any distributions of loans and other debts due to Members.

Guaranteed and discretionary member's drawings are charged to the profit and loss account as an expense.

6 Related party disclosures

As at 31st December 2016 a funding balance of €509,776 (2015: €2,056,439) was outstanding with Montagu Private Equity LLP.

7 Ultimate controlling party

There is no ultimate parent or controlling party.