

# Aalto Invest LLP

## FINANCIAL STATEMENTS

for the year ended

31 December 2013

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COMPANIES HOUSE

LLP Registration No OC358659

# Aalto Invest LLP

## LLP INFORMATION

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DESIGNATED MEMBERS	Aalto Invest UK Ltd P Barman I L Harding
LLP NUMBER	OC358659
REGISTERED OFFICE	Mutual House 70 Conduit Street London W1S 2GF
AUDITOR	Baker Tilly UK Audit LLP 25 Farringdon Street London EC4A 4AB

# Aalto Invest LLP

DESIGNATED MEMBERS' REPORT  
For the year ended 31 December 2013

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The designated members present their report and financial statements for Aalto Invest LLP (LLP Registration No OC358659) for the year ended 31 December 2013

## PRINCIPAL ACTIVITIES

The principal activity of Aalto Invest LLP is the provision of the investments advisory services regulated by the Financial Conduct Authority. The pillar 3 disclosures as required within the BIPRU 11 of the FCA's handbook are available at the LLP's registered office.

## RESULTS

The results for the year are set out on page 7.

## DESIGNATED MEMBERS

The following designated members have held office since 1 January 2013

Aalto Invest UK Ltd  
P Barman  
I L Harding

## MEMBERS' CAPITAL AND DRAWINGS

Members are required to subscribe capital to the business based on their allocated capital shares. The corporate member may make additional capital contributions in order to satisfy the UK Financial Services Authority requirements from time to time.

Upon admission of an additional member the executive committee determines the capital contribution to be made by such member and each such member makes such capital contribution as soon as practicable following the signing of the Deed of Accession to the LLP main deed. No interest is payable to the members on their contributions of capital to the LLP. The executive committee has similar discretionary powers in relation to returns of members' capital upon retirement.

No member is required to make capital contributions pursuant to the deed following the occurrence of the presentation of the petition, the making of an order or the passing of a resolution for the winding up, administration or liquidation of the LLP.

Each member is entitled to a monthly drawing as determined by the executive committee from time to time, such sum to be no less than the amount specified in the Divisional Agreement where applicable, payable on the last working day of each month. The cost of members' drawings is allocated according to the Divisional Agreement.

If the profits of the LLP for a period available for distribution are less than the amounts due to members, the corporate member shall make capital contributions to the LLP to cover such shortfall. The executive committee, following the end of the financial year, allocates the profits and losses among the members or as it otherwise determines from time to time (including as to the timing of any such payments).

# Aalto Invest LLP

DESIGNATED MEMBERS' REPORT  
For the year ended 31 December 2013

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## AUDITOR

The auditor, Baker Tilly UK Audit LLP, has indicated its willingness to continue in office

## STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The members who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the members have confirmed that they have taken all the steps that they ought to have taken as members in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor

This report was approved by the board of designated members on 21 May 2014

Signed on behalf of the board



I L Harding  
DESIGNATED MEMBER

Dated 21 May 2014

# Aalto Invest LLP

## STRATEGIC REPORT

For the year ended 31 December 2013

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### REVIEW OF THE BUSINESS

This report and the related financial statements reflect the results for the year ended 31 December 2013

The assets under management and investor commitments continued to grow strongly throughout 2013. The partnership's main investment strategies have continued to perform according to expectations.

The foundations laid by the Members in 2012/13 have enabled a successful growth of the direct real estate and senior real estate lending strategies. Looking out to 2014, the partnership expects to continue to expand its direct real estate investments in the US, and to continue to selectively invest across the senior real estate lending market.

The partnership continues to measure near-term success of its strategies by analysing performance of the investments both in absolute performance terms as well as relative to risk and performance targets set prior to entering into the investment.

There have been no events since the balance sheet date which materially affect the position of the partnership.

This report was approved by the board of designated members on *21 May* 2014

Signed on behalf of the board

  
I L Harding  
DESIGNATED MEMBER

Dated *21 May* 2014

# Aalto Invest LLP

## STATEMENT OF MEMBERS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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The members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the 2008 Regulations) requires 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law)

Under the 2008 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 partnership and of the profit or loss of the partnership for that period

In preparing those financial statements, the members are required to

- a) Select suitable accounting policies and then apply them consistently,
- b) Make judgements and accounting estimates that are reasonable and prudent, and
- c) Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business

Under the 2008 Regulations, the members are responsible for keeping adequate accounting records that are sufficient to show and explain the partnership's transactions and disclose with reasonable accuracy at any time the financial position of the partnership and to enable them to ensure that the financial statements comply with the requirements of those Regulations They 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

The members are responsible for the maintenance and integrity of the corporate and financial information included on the partnership's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

These responsibilities are exercised by the designated members on behalf of the members

# Aalto Invest LLP

## INDEPENDENT AUDITOR'S REPORT

To the Members of Aalto Invest LLP

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We have audited the financial statements on pages 7 to 15 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Their report is made solely to the Limited Liability Partnership's members, as a body, in accordance with Chapter 3 Part 16 of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships Regulations 2008 Our audit work has been undertaken so that we might state to the Limited Liability Partnership'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 Limited Liability Partnership and the Limited Liability Partnership's Members as a body, for our audit work, for this report, or for the opinions we have formed

### RESPECTIVE RESPONSIBILITIES OF THE MEMBERS AND THE AUDITOR

As more fully explained in the Member's Responsibilities Statement set out on page 5, 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 Ireland) Those standards require us to comply with the Auditing Practice Board's (APB'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 [http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx)

### OPINION ON THE FINANCIAL STATEMENTS

In our opinion the financial statements

- give true and fair view of the state of the Limited Liability Partnership's affairs as at 31 December 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom 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 Regulations 2008

### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have no exceptions 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

*Baker Tilly UK Audit LLP*

David Blacher (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street

London

EC4A 4AB

Date 2 June 2014

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# Aalto Invest LLP

## PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2013

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	Notes	2013 £	2012 £
TURNOVER	1	1,462,459	422,163
Other operating expenses	2	(1,455,401)	(688,918)
OPERATING PROFIT/(LOSS)		<u>7,058</u>	<u>(266,755)</u>
Investment income	3	171	33
PROFIT/(LOSS) FOR THE YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES	4	<u>7,229</u>	<u>(266,722)</u>
Members' remuneration charged as an expense		(85,000)	(307,222)
LOSS FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONGST MEMBERS		<u>(77,771)</u>	<u>(573,944)</u>

Turnover and operating profit/(loss) for the year are derived from the LLP's continuing operations

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account



# Aalto Invest LLP

BALANCE SHEET  
As at 31 December 2013

	Notes	2013 £	2012 £
<b>FIXED ASSETS</b>			
Tangible assets	6	22,544	23,104
<b>CURRENT ASSETS</b>			
Debtors	7	436,557	245,051
Cash at bank and in hand		505,725	165,272
		<u>942,282</u>	<u>410,323</u>
<b>CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	8	(328,190)	(69,520)
<b>NET CURRENT ASSETS</b>		<u>614,092</u>	<u>340,803</u>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>	9	<u>636,636</u>	<u>363,907</u>
<b>REPRESENTED BY</b>			
<b>LOANS AND OTHER DEBTS DUE TO MEMBERS</b>			
Members' capital classified as a liability	9	714,407	937,851
<b>MEMBERS' OTHER INTERESTS</b>			
Members' other interests – other reserve	9	(77,771)	(573,944)
		<u>636,636</u>	<u>363,907</u>
<b>TOTAL MEMBERS' INTERESTS</b>			
Amounts due from members	9	(151,695)	(66,695)
Loans and other debts due to members	9	714,407	937,851
Members' other interests	9	(77,771)	(573,944)
		<u>484,941</u>	<u>297,212</u>

The financial statements on pages 7 to 15 were approved by the board of designated members and authorised for issue on 21 May 2014 and are signed on its behalf by

  
I L Harding  
DESIGNATED MEMBER

Dated 21 May 2014

# Aalto Invest LLP

## CASH FLOW STATEMENT

For the year ended 31 December 2013

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	2013	2012
	£	£
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		
Operating profit/(loss)	7,058	(266,755)
Depreciation charges	13,405	8,584
Increase in debtors	(191,506)	(148,759)
Increase in creditors	258,670	26,954
Net cash flow from operating activities	<u>87,627</u>	<u>(379,976)</u>
<b>RETURNS ON INVESTMENTS</b>		
Interest received	171	33
<b>CAPITAL EXPENDITURE</b>		
Purchase of tangible fixed assets	(12,845)	(21,716)
<b>TRANSACTIONS WITH MEMBERS</b>		
Contributions by members	288,000	829,000
Payments to members	(22,500)	(314,722)
	<u>265,500</u>	<u>514,278</u>
<b>INCREASE IN CASH IN THE YEAR</b>	<u><u>340,453</u></u>	<u><u>112,619</u></u>

# Aalto Invest LLP

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention in accordance with applicable accounting standards and the Standard of Recommended Practice "Accounting by Limited Liability Partnerships" March 2010

### GOING CONCERN

Having reviewed the twelve month period from the date of the approval of these financial statements, the members have concluded that the use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt upon the ability of the LLP to continue as a going concern. The corporate partner, Aalto Invest UK Ltd, will continue to support the LLP and the development of its business to ensure that all liabilities of the LLP are met as they fall due.

### TURNOVER

Turnover represents the value of investment fund management services carried out for customers during the reporting period. Turnover is recognised when services are rendered and investment fund management fees become payable.

### TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Office equipment, fixtures & fittings	33.3% straight line
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### LEASING

All of the LLP's leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

### FOREIGN CURRENCY TRANSLATION

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

### TAXATION

The taxation payable on the LLP profits is the liability of the members; therefore neither LLP taxation nor related deferred taxation are accounted for in the financial statements.

### MEMBERS' DRAWINGS

In accordance with the Firm Management Divisional Agreement, each member is entitled to a monthly drawing as determined by the executive committee from time to time, such sum to be no less than the amount specified in the Divisional Agreement where applicable, payable on the last working day of each month. The cost of members' drawings is allocated according to the Divisional Agreement.

For accounting purposes, members' drawings are classified as members' remuneration and are charged as an expense through the profit and loss account.

# Aalto Invest LLP

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

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### 1 TURNOVER

During the year ended 31 December 2013 98% (2012 52%) of the LLP's turnover was generated from markets outside the United Kingdom

### 2 OTHER OPERATING EXPENSES (NET)

	2013 £	2012 £
Administrative expenses	<u>1,455,401</u>	<u>688,918</u>

### 3 INVESTMENT INCOME

	2013 £	2012 £
Bank interest	<u>171</u>	<u>33</u>

### 4 PROFIT/(LOSS) FOR THE YEAR BEFORE MEMBERS' REMUNERATION

	2013 £	2012 £
Profit/(Loss) for the year before members' remuneration is stated after charging		
Depreciation of tangible assets		
- Owned assets	13,405	8,584
Operating lease rentals		
- Land and buildings	79,619	54,497
Auditor's remuneration		
- Audit fees	8,500	8,000
- Other services	26,264	14,574

### 5 EMPLOYEES

	No	No
The average monthly number of persons employed by the LLP (excluding members) during the year was		
Administration	<u>11</u>	<u>6</u>

	£	£
Staff costs for the above persons		
Wages and salaries	688,095	265,587
Social security costs	83,599	29,198
	<u>771,694</u>	<u>294,785</u>

	No	No
The average number of members during the year was	<u>3</u>	<u>5</u>

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# Aalto Invest LLP

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 December 2013

6 TANGIBLE FIXED ASSETS		Office equipment, fixture & fittings £
COST		
At 1 January 2013		33,974
Additions		12,845
At 31 December 2013		<u>46,819</u>
DEPRECIATION		
At 1 January 2013		10,870
Charge for the year		13,405
At 31 December 2013		<u>24,275</u>
NET BOOK VALUE		
At 31 December 2013		<u>22,544</u>
At 31 December 2012		<u>23,104</u>
7 DEBTORS		
	2013 £	2012 £
Amounts falling due within one year		
Amounts due from members	151,695	66,695
Amounts owed by Aalto Invest UK Ltd	34,195	-
Other debtors	39,085	72,528
Prepayments and accrued income	211,582	105,828
	<u>436,557</u>	<u>245,051</u>
8 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR		
	2013 £	2012 £
Trade creditors	6,456	-
Other taxation and social security costs	68,800	29,975
Amounts owed to Aalto Invest UK Ltd	-	5,000
Accruals	252,934	34,545
	<u>328,190</u>	<u>69,520</u>

# Aalto Invest LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2013

### 9 MEMBERS' INTERESTS

	MEMBERS' OTHER INTERESTS	LOANS AND OTHER DEBTS DUE TO MEMBERS		TOTAL 2013 £	TOTAL 2012 <i>Restated</i> £
	Other reserves £	Members' capital (classified as liability under FRS25) £	Other amounts £		
Amounts due to members					
Amounts due from members					
Balance at 1 January 2013	(573,944)	937,851	(66,695)	297,212	49,656
Members' remuneration charged as an expense	-	-	85,000	85,000	307,222
Loss for the financial year available for discretionary division amongst members	(77,771)	-	-	(77,771)	(573,944)
Members' interests after loss for the year	(651,715)	937,851	18,305	304,441	(217,066)
Losses allocated to members in accordance with the decision of the executive committee	573,944	-	(573,944)	-	-
Capital introduced by members	-	288,000	-	288,000	829,000
Capital withdrawn by members	-	(22,500)	-	(22,500)	(7,500)
Drawings	-	-	(85,000)	(85,000)	(307,222)
Amounts due from members transferred to capital	-	(488,944)	488,944	-	-
Amounts due to members			-		
Amounts due from members			(151,695)		
Balance at 31 December 2013	(77,771)	714,407	(151,695)	484,941	297,212

# Aalto Invest LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2013

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### 9 MEMBERS' INTERESTS (CONTINUED)

The LLP divides the profits according to the signed Limited Liability Partnership Deed and the signed Divisional Agreement

Each member is entitled to a monthly drawing as determined by the executive committee from time to time, such sum to be no less than the amount specified in the Divisional Agreement where applicable, payable on the last working day of each month. The cost of members' drawings is allocated according to the Divisional Agreement

Each division member receives the amount of profit share that he is allocated, payable on the last working day of each calendar year or at other times as agreed in the relevant Divisional Agreement

If the profits of the LLP for a period available for distribution are less than the amounts due to members, the corporate member shall make capital contributions to the LLP to cover such shortfall. The executive committee, following the end of the financial year, allocates the profits and losses among the members or as it otherwise determines from time to time (including as to the timing of any such payments)

In the event of a winding up sale of the business or its assets, any surplus assets of the LLP over its liabilities or sale proceeds after all payments due to creditors and any expenses associated with the winding-up or sale, will be allocated first to the corporate member up to the amount standing to the credit of its capital account at that date, second pro rata to each member up to the credit of his capital account at that date, and third any remaining surplus to the corporate member

In the event of a winding up of the LLP or a sale of the business and/or the assets of the LLP, any surplus of assets of the LLP over its liabilities after payment of all monies due to creditors of the LLP and expenses associated with a sale or winding up, will be allocated as follows

- first, to pay to the corporate member the amount outstanding on the capital account of the corporate member,
- second, to pay pro rata to the other members the amount outstanding on the capital account of each member, and
- third, to pay any remaining amounts to the corporate member

The amount payable to former members or his representatives will be payable no later than seven months after such date of retirement or death

### 10 FINANCIAL COMMITMENTS

At 31 December 2013 the LLP was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2014

	Land and buildings £
Operating leases which expire In two to five years	<u>172,074</u>

# Aalto Invest LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2013

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### 11 CONTROL

The LLP is managed by its members and there is no ultimate controlling party

However, for accounting purposes, the corporate partner, Aalto Invest UK Ltd, is treated as the immediate parent company. The ultimate parent company is Aalto Invest Limited, a company incorporated in the Cayman Islands. There is no ultimate controlling party of Aalto Invest Limited.

### 12 RELATED PARTY TRANSACTIONS

During the year, the LLP entered into various transactions with its members, the majority of which are summarised in note 8 to these financial statements. In respect of the transactions summarised in note 8, all of the capital introduced in 2013 was supplied to the LLP by the corporate partner, the capital withdrawn related to resigning non-corporate partners, and the drawings were all in respect of non-corporate partners.

During the year, the LLP incurred expenses on behalf of the Corporate Partner, Aalto Invest UK Ltd. In addition, Aalto Invest UK Limited invested a further £288,000 in the LLP with the amount being included in Loans and Other amounts due to members (note 9). At the balance sheet date, an amount of £34,195 was owed by the corporate partner and included in debtors (2012: £5,000 owed to the corporate partner).