

**MONTAGU PRIVATE EQUITY ASSOCIATES LLP**

**Members' report and audited financial statements for the  
year ended 31 December 2017**



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## **Members' report**

The members present their report and financial statements for the year ended 31 December 2017.

### **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 2017 (unless otherwise stated) were:

Montagu Private Equity LLP

MPE Associateco Limited

V. G. J. Schwegmann

J. Dove

M. Lamure

R. Friedwagner

Jean-Philippe Talmon (Joined 1 September 2017)

Montagu Private Equity LLP is the Designated Member. The average monthly number of members during the year was six (2016: 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 Partnership agreement.

### **Independent auditor**

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

Approved by the Members on 28 March 2018.

  
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 Members' Report and the financial statements in accordance with applicable law and regulations.

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 Montagu Private Equity Associates LLP (the "LLP") and of its profit or loss for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the LLP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.

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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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**

### **Opinion**

We have audited the financial statements of Montagu Private Equity Associates LLP ("the LLP") for the year ended 31 December 2017 which comprise the Statement of comprehensive income, Balance sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view, of the state of affairs of the LLP as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the LLP in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### **Other information**

The members are responsible for the other information, which comprises the members' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 as applied to limited liability partnerships we are required 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.

We have nothing to report in these respects.

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

### Members' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the LLP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the members of the 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.



**Iain Bannatyne (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London, E14 5GL

28 March 2018

**Statement of Comprehensive Income**  
*For the year ended 31 December 2017*

	Notes	2017 €	2016 €
Fee income	1	4,153,162	2,678,215
Operating costs	2	<u>(1,400,104)</u>	<u>(451,815)</u>
<b>Operating profit</b>		<b>2,753,058</b>	<b>2,226,400</b>
Other interest receivable and similar income		<u>20</u>	<u>232</u>
<b>Profit for the financial year before members' remuneration and profit shares</b>		<b>2,753,078</b>	<b>2,226,632</b>
Members' remuneration charged as an expense		<u>(3,111,545)</u>	<u>(2,752,803)</u>
<b>Result for the financial year available for discretionary division among members</b>		<b><u>(358,467)</u></b>	<b><u>(526,171)</u></b>

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.

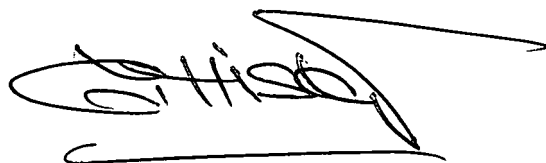
There is no difference between the amounts stated above and their historical cost equivalents, in respect of profit before taxation.

The notes on pages 10 to 12 form part of these financial statements.

**Balance Sheet**  
*at 31 December 2017*

	Notes	2017 €	2016 €
<b>Current assets</b>			
Debtors	3	988,687	655,440
Amounts due from members	3	2	2
Cash and short term deposits		<u>1,808,128</u>	<u>92,291</u>
		2,796,817	747,733
Creditors: amounts falling due within one year	4	<u>(6,971,087)</u>	<u>(4,660,277)</u>
<b>Net current liabilities</b>		<u>(4,174,270)</u>	<u>(3,912,544)</u>
<b>Total assets less current liabilities</b>		(4,174,270)	(3,912,544)
<b>Net liabilities attributable to members</b>		<u>(4,174,270)</u>	<u>(3,912,544)</u>
Represented by:			
<b>Loans and other debts due to members within one year</b>			
Other amounts	5	1,363,447	1,266,706
<b>Equity</b>			
Members' other interests – Other reserves classified as equity under FRS 25		<u>(5,537,717)</u>	<u>(5,179,250)</u>
<b>Total Members' interests</b>		<u>(4,174,270)</u>	<u>(3,912,544)</u>
Amounts due from Members		2	2
Loans and other debts due to Members		1,363,447	1,266,706
Members' other interests		<u>(5,537,719)</u>	<u>(5,179,252)</u>
		<u>(4,174,270)</u>	<u>(3,912,544)</u>

The notes on pages 10 to 12 form part of these financial statements.  
The financial statements on pages 7 to 12 were approved by the members on 28 March 2018 and were signed on its behalf by:



G. Hislop  
Representing Designated Member Montagu Private Equity LLP  
Registered No. OC339798



**Reconciliation of Members' Interests**  
*For the year ended 31 December 2017*

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 €	€
<b>Members' interests at 1 Jan 2016</b>	2	(4,653,081)	-	588,486	<b>(4,064,593)</b>
Members' remuneration charged as an expense	-	-	-	2,752,803	<b>2,752,803</b>
Result for the financial year available for discretionary division among members	-	(526,171)	-	-	<b>(526,171)</b>
Members' interests after (Loss) for the year	2	(5,179,252)	-	3,341,289	<b>(1,837,961)</b>
Drawings	-	-	-	(2,074,583)	<b>(2,074,583)</b>
<b>Members' interests at 31 Dec 2016</b>	<b>2</b>	<b>(5,179,252)</b>	<b>-</b>	<b>1,266,706</b>	<b>(3,912,544)</b>
<b>Members' interests at 1 Jan 2017</b>	2	(5,179,252)	-	1,266,706	<b>(3,912,544)</b>
Members' remuneration charged as an expense	-	-	-	3,111,545	<b>3,111,545</b>
Result for the financial year available for discretionary division among members	-	(358,467)	-	-	<b>(358,467)</b>
Members' interests after (Loss) for the year	2	(5,537,719)	-	4,378,251	<b>(1,159,466)</b>
Drawings	-	-	-	(3,014,804)	<b>(3,014,804)</b>
<b>Members' interests at 31 Dec 2017</b>	<b>2</b>	<b>(5,537,719)</b>	<b>-</b>	<b>1,363,447</b>	<b>(4,174,270)</b>

The notes on pages 10 to 12 form part of these financial statements.

## Notes to the financial statements for the year ended 31 December 2017

### 1. Accounting Policies

#### (a) Accounting convention

Montagu Private Equity Associates LLP (the "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 are prepared on the historical cost basis. These financial statements are 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.

Full Potential Plan ("FPP") is to be prepared with the management of the portfolio 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 2017 (continued)

### 1. Accounting Policies (continued)

#### (f) Going Concern

The financial statements have been prepared on the going concern basis, notwithstanding net liabilities of €4,174,270 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

Operating costs are stated after charging / (crediting):

	2017 €	2016 €
Auditor's remuneration - audit fee	12,052	2,230
Exchange (gains) / losses	<u>(283,315)</u>	<u>(339,297)</u>

### 3. Debtors

	2017 €	2016 €
Amounts due from members	2	2
VAT	-	71,025
Prepayments	1,483	1,302
Trade debtors and accrued income	<u>987,204</u>	<u>583,113</u>
	<u>988,689</u>	<u>655,442</u>

### 4. Creditors: amounts falling due within one year

	2017 €	2016 €
VAT	277,021	-
Sundry creditors	98,844	633,701
Accruals and deferred income	<u>6,595,222</u>	<u>4,026,576</u>
	<u>6,971,087</u>	<u>4,660,277</u>

**Notes to the financial statements for the year ended 31 December 2017**  
*(continued)*

**5. Members**

The average number of Members during the period was six (2016: 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 31<sup>st</sup> December 2017 a funding balance of €92,873 (2016: €509,776) was outstanding with Montagu Private Equity LLP.

**7. Ultimate controlling party**

There is no ultimate parent or controlling party.