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AMG Plymouth UK Holdings (1) Limited

Annual Report and Audited Financial Statements

**For the year ended
31 December 2012**

Company No. 07162126



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AMG Plymouth UK Holdings (1) Limited

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AMG Plymouth UK Holdings (1) Limited

Management and Administration

Directors

N Dalton

J Kingston

D Maines (appointed 1 February 2012)

D Shea (resigned 1 February 2012)

Independent Auditors

PricewaterhouseCoopers LLP

7 More London Riverside

London

SE1 2RT

Registered Office

20-22 Bedford Row

London

WC1R 4JS

AMG Plymouth UK Holdings (1) Limited

Directors' Report

The directors present the annual report and audited financial statements of AMG Plymouth UK Holdings (1) Limited ("the Company") for the year ended 31 December 2012.

Business review and principal activities

The Company is a holding company with subsidiaries that provide investment management services predominantly in connection with unquoted companies which are supported by private equity managers. The Company together with its subsidiaries forms the "Group". The Company through its subsidiaries holds direct investments in Pantheon equity funds.

The results of the Company show a profit of \$14,940,661 for the year (2011: \$27,216,226).

The Company is subject to a transfer pricing agreement with other Group companies. Income and expenditure allocation in the Group is determined by the transfer pricing agreement.

Business environment

The private equity fundraising environment improved in 2012, with aggregate amount of closed-end fund private equity capital raised increasing from \$312 billion in 2011 to \$327 billion in 2012. Further, the significant improvement in 2012 returns for private equity portfolios bodes well for fundraising efforts in 2013. In a survey undertaken by Preqin¹ amongst 100 leading LPs, 74% of the LPs interviewed said their private equity returns have met their expectations and a further 11% felt their returns exceeded expectations. This is a substantial improvement compared to 2009, where approximately 21% of the LPs were dissatisfied with their private equity portfolio returns.

The Group raised approximately \$1.9 billion in assets during the 2012 fiscal year, bringing the total assets under management to \$24.0 billion. It completed the final close of its three primary funds that were launched in 2010, which includes PASIA VI, PUSA IX and PFURO VII. It also launched new funds including Emerging Markets Co-investment and Global Infrastructure Fund II.

Strategy

The Group aims to produce the best possible risk-adjusted returns for its clients through diversification, discipline, and active involvement. It has a strong and consistent long-term performance track record, substantial experience of investing in private equity through various economic cycles and in different regional markets, and disciplined due diligence systems.

Future outlook

The investor appetite for private equity is expected to be strong in 2013. According to the Preqin survey¹, 59% of the LPs interviewed expected to maintain their level of exposure to private equity over the next 12 months, while a further 27% plan to increase their allocation to private equity in 2013. There continues to be significant investor appetite for emerging markets-focused private equity, with 60% of the LPs surveyed currently investing in emerging markets and an additional 14% considering allocation in 2013. Also, separate accounts are being utilized by an increasing number of LPs as a way to create highly customized portfolios and forge closer relationships with GPs.

Given some of the recent trends in private equity, the Group has been shifting its focus to better position itself for long-term growth. It has developed a separate account platform that provides flexible solutions to institutional clients. It has also expanded its product offering to include Emerging Markets and Infrastructure. Further, it has been exploring avenues to broaden its distribution reach, including creating products targeted at individual investors.

Dividends

During the year, interim dividends of \$31,325,755 declared and paid (2011: nil).

Directors

The directors who served during the year and up to the date of signing the financial statements are listed on page 1.

No beneficial interests in the Company were held by the directors during the year.

¹ Source: Preqin Investor Outlook: Private Equity H1 2013

AMG Plymouth UK Holdings (1) Limited

Report of the Directors (continued)

Directors' Indemnity

The Group, which includes the Company maintains liability insurance for directors and officers. This is a third party qualifying indemnity provision for the purposes of the Companies Act 2006.

Charitable donations

During the year the Company made charitable donations of \$nil (2011: \$nil).

Principal risks and uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks. The key risks relate to competition, investment performance and staff retention.

- **Competition** - The Group is experiencing a challenging fundraising environment for private equity and significant changes in the private equity fund-of-funds industry. To counter this risk, the Group has launched a number of new product initiatives to reposition the business for the longer term.
- **Investment performance** - The Group applies a disciplined and proven multi-manager investment approach which allows investors to benefit from diversity at stage, time and sector level, selection of best of-breed managers and enhanced cash flow through secondary opportunities.
- **Staff retention** - Private equity is an extremely competitive market and the Group recognises the need to employ and retain the best talent available. The Group has a genuine focus on its associates and is committed to providing a rewarding and stimulating environment for all its employees.

Financial Risk Management

The Group and the Company are exposed to financial risk through its financial assets and financial liabilities. The most important components of this financial risk are currency risk and credit risk.

Currency risk - The Company is exposed to currency risk in respect of assets and liabilities denominated in currencies other than United States Dollar. The most significant currencies to which the Group is exposed are the British Pound, the Euro and the Hong Kong Dollar. At present, the Company does not implement any measures to hedge its exposure to foreign exchange risk.

Credit risk - This is the risk that a counterparty will be unable to pay amounts in full when due. The Company manages the risk by a combination of active credit control and client diversification.

Independent auditors

A resolution for the re-appointment of PricewaterhouseCoopers LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf

20-22 Bedford Row
London
WC1R 4JS



D. Maines
Director
Date: 27 September 2013

AMG Plymouth UK Holdings (1) Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors 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 Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors confirm that they have complied with the above requirements

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors

As far as each of the directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Approved by the Board and signed on its behalf



D. Maines
Director
Date: 27 September 2013

20-22 Bedford Row
London
WC1R 4JS

AMG Plymouth UK Holdings (1) Limited

Independent Auditors' Report to the Member of AMG Plymouth UK Holdings (1) Limited

We have audited the financial statements of AMG Plymouth UK Holdings (1) Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors 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 Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's member as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 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
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Paul Kozlarski (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date: 27 September 2013

AMG Plymouth UK Holdings (1) Limited

Profit and Loss Account

For the year ended 31 December 2012

	<u>Notes</u>	For the year ended 31 December 2012 £	For the year ended 31 December 2011 £
Turnover	1c	-	-
Administrative expenses		(36,642)	(12,433)
Foreign currency exchange (loss) / gain		(6,838,400)	807,572
Operating (loss) / profit		(6,875,042)	795,139
Interest expense		(15,226,673)	(15,401,360)
Dividend income		31,627,456	37,951,798
Profit on ordinary activities before taxation	3	9,525,741	23,145,577
Taxation on profit on ordinary activities	4	5,414,920	3,870,649
Profit for the financial year		14,940,661	27,216,226

There are no material differences between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents

The Company has no recognised gains or losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented

All profits arose from continuing operations

The notes on pages 8 to 11 form part of the financial statements

AMG Plymouth UK Holdings (1) Limited

Balance Sheet

At 31 December 2012

	Notes	At 31 December 2012 £	At 31 December 2011 £
Fixed assets			
Investment in subsidiaries	5	405,672,678	362,429,205
Current assets			
Debtors	6	29,618,232	40,281,231
		<u>29,618,232</u>	<u>40,281,231</u>
Creditors – amounts falling due within one year	7	(172,837,852)	(167,115,757)
Net current liabilities		<u>(143,219,620)</u>	<u>(126,834,526)</u>
Net assets		<u>262,453,058</u>	<u>235,594,679</u>
Capital and reserves			
Called up share capital	8	181,664,431	181,664,431
Share premium	10	75,373,714	32,130,241
Profit and loss account	9	5,414,913	21,800,007
Equity shareholders' funds	11	<u>262,453,058</u>	<u>235,594,679</u>

The notes on pages 8 to 11 form part of the financial statements

The financial statements on pages 6 to 11 were approved and signed on behalf of the Board of Directors on 27 September 2013



D. Malnes
Director

AMG Plymouth UK Holdings (1) Limited

Notes to the Financial Statements for the year ended 31 December 2012

1 Accounting policies

a Basis of accounting

The financial statements have been prepared on a going concern basis, under the historic cost convention, in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The accounting policies are set out below and have been applied consistently throughout the year.

b Consolidation

The Company is a subsidiary of Affiliated Managers Group, Inc. ("AMG"), which is incorporated in the United States of America. The results of the Company and its subsidiaries are included within the consolidated financial statements of AMG and therefore the Company is exempt from the requirement to prepare Group accounts. Consequently, these financial statements present information about the Company as an individual undertaking and not about its Group. The financial statements of AMG are appended to these financial statements.

The Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 401 of the Companies Act 2006.

The consolidated accounts of AMG comply with the requirements relating to the disclosure of non-audit services provided by the auditors.

c Turnover

The Company has not received any income during the year or prior year.

d Foreign currencies

Monetary assets and liabilities denominated in a foreign currency are translated into United States Dollars at the year-end rate. Transactions in a foreign currency are translated into United States Dollars at the rates prevailing on the date of the transaction. Exchange differences are taken directly into the profit and loss account.

e Investments

Investments in subsidiaries are held at cost less impairment, if any, in the balance sheet.

f Cash flow exemption

Under Financial Reporting Standard ("FRS") 1 (revised 1996), the Company is exempt from preparing a cash flow statement on the grounds that its ultimate parent company, AMG, prepares consolidated financial statements which are publicly available.

g Related party disclosure

The Company is exempt under paragraph 3 (c) of FRS 8 'Related Parties' from disclosing related party transactions with entities that are part of AMG, which includes AMG together with its subsidiaries.

2 Directors and employees

The directors do not receive any emoluments for services to the Company. The Company does not have any employees.

3 Profit on ordinary activities before taxation

	For the year ended 31 December 2012	For the year ended 31 December 2011
	\$	\$
Profit on ordinary activities is stated after charging		
Auditors' remuneration - for audit work	36,642	12,433

AMG Plymouth UK Holdings (1) Limited

Notes to the Financial Statements for the year ended 31 December 2012

4 Taxation

	For the year ended 31 December 2012 \$	For the year ended 31 December 2011 \$
UK corporation tax at an average standard rate of 24.5% (2011: 26.5%)		
a) Analysis of tax credit in the year		
Current tax		
UK corporation tax on profits for the year	(5,414,920)	(3,870,649)
	<u>(5,414,920)</u>	<u>(3,870,649)</u>
Tax credit on profits on ordinary activities (Note 4b)		
	For the year ended 31 December 2012 \$	For the year ended 31 December 2011 \$
b) Factors affecting tax credit for the year		
Profit on ordinary activities before tax	9,525,741	23,345,577
	<u>9,525,741</u>	<u>23,345,577</u>
Tax at 24.5% (2010: 26.5%)	2,333,807	6,186,578
Tax exempt income	(7,748,727)	(10,057,227)
	<u>(5,414,920)</u>	<u>(3,870,649)</u>
Current tax credit for the year (Note 4a)		

5 Fixed asset investments

	For the year ended 31 December 2012 \$	For the year ended 31 December 2011 \$
Investment in subsidiaries		
At 1 January	362,429,205	362,429,205
Additions	43,243,473	-
At 31 December	<u>405,672,678</u>	<u>362,429,205</u>

On 21 December 2012, the Company acquired 100 ordinary shares of Pantheon Capital (Asia) Limited from AMG London Holdings Corp. In consideration for the transaction, the Company issued two additional ordinary shares to AMG London Holdings Corp. Pantheon Capital (Asia) Limited was transferred at cost.

AMG Plymouth UK Holdings (1) Limited

Notes to the Financial Statements for the year ended 31 December 2012

6 Debtors

	At 31 December 2012 \$	At 31 December 2011 \$
Due within one year		
Amounts due from parent	11,780,061	27,043,109
Amounts owed by fellow subsidiaries	12,423,252	9,367,473
Group tax relief	5,414,919	3,870,649
	<u>29,618,232</u>	<u>40,281,231</u>

7 Creditors

	At 31 December 2012 \$	At 31 December 2011 \$
Amounts falling due within one year		
Loan stock	154,311,529	147,533,380
Amounts due to parent	12,423,252	9,393,473
Amounts due to subsidiary undertaking	2,179,497	6,460,154
Loan stock interest	3,889,496	3,708,490
Accruals	34,078	20,261
	<u>172,837,852</u>	<u>167,115,757</u>

The loan stock is unsecured, payable on demand with an interest rate of 10%

8 Share capital

	At 31 December 2012 \$	At 31 December 2011 \$
Authorised		
1,160,276,113 (2011: 1,160,276,113) ordinary shares of £0.10 each	<u>181,664,431</u>	<u>181,664,431</u>
Allotted, called up and fully paid		
1,160,276,113 (2011: 1,160,276,113) ordinary shares of £0.10 each	<u>181,664,431</u>	<u>181,664,431</u>

9 Profit and loss account

	For the year ended 31 December 2012 \$	For the year ended 31 December 2011 \$
At 1 January	21,800,007	(5,416,219)
Profit for the financial year	14,940,661	27,216,226
Dividends paid	(31,325,755)	-
At 31 December	<u>5,414,913</u>	<u>21,800,007</u>

AMG Plymouth UK Holdings (1) Limited

Notes to the Financial Statements for the year ended 31 December 2012

10 Reserves

	Share premium account \$	Profit and loss account \$	Total \$
At the beginning of year	32,130,241	21,800,007	53,930,248
Profit for the year	-	14,940,661	14,940,661
Dividends	-	(31,325,755)	(31,325,755)
Shares issued	43,243,473	-	43,243,473
At the end of year	<u>75,373,714</u>	<u>5,414,913</u>	<u>80,788,627</u>

11 Reconciliation of the movement in shareholders' funds

	For the year ended 31 December 2012 \$	For the year ended 31 December 2011 \$
Opening shareholders' funds	235,594,679	208,378,453
Profit for the financial year/period	14,940,661	27,216,226
Dividends	(31,325,755)	-
Share premium	43,243,473	-
Closing shareholders' funds	<u>262,453,058</u>	<u>235,594,679</u>

12 Related party disclosure

FRS 8 grants a partial exemption to subsidiary undertakings from its requirements, provided that 100% of the voting rights of the Company are controlled within the Group and the subsidiary is included in publicly available consolidated financial statements.

The directors of the Company have taken advantage of this exemption in respect of the transactions between the Company and other qualifying Group undertakings.

There are no other related party transactions.

13 Parent company

The ultimate parent undertaking and the largest group to prepare consolidated financial statements is AMG, a company incorporated in the United States of America. The consolidated financial statements of AMG can be obtained from 600 Hale Street Prides Crossing, MA 01965 and are appended to these financial statements.