

OC302670

# **MatlinPatterson Advisers (Europe) LLP**

## **Report and Financial Statements**

For the year ended 31 December 2014

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COMPANIES HOUSE

## **MatlinPatterson Advisers (Europe) LLP**

Registered No OC302670

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### **Members**

J Van der Schee (resigned on 31 January 2015)  
MatlinPatterson Advisers Limited (Managing Member)

### **Auditors**

Ernst & Young LLP  
1 More London Place  
London SE1 2AF

### **Bankers**

HSC Bank plc  
69 Pall Mall  
London SW1Y 5EY

### **Solicitors**

Sidley Austin LLP  
1 Threadneedle Street  
London EC2R 8AW

### **Registered Office**

Montpelier House  
106 Brompton Road  
London SW3 1JJ

## Members' report

The members present their report and financial statements of MatlinPatterson Advisers (Europe) LLP for the year ended 31 December 2014

### Principal activity and review of the business

The principal activity of MatlinPatterson Advisers (Europe) LLP (the "LLP") is to provide investment advisory services to MatlinPatterson Global Advisers LLC ("MPGA")

In late 2014, MPGA had sold its last remaining private equity investment in Europe. In connection with this exit, the LLP has decided to vacate its office space in central London. Remaining fixed assets held by the LLP at 31 December 2014 were sold or written off. Subsequent to year end, in February 2015, the LLP assigned its operating lease to an unaffiliated party.

The LLP remains well capitalized and is currently exploring business opportunities with MPGA and its affiliates for advisory services of its hedge fund businesses. The LLP may secure new premises in 2015 subject to the growth of its hedge fund activities in Europe.

The LLP is authorized by the Financial Conduct Authority.

### Results and distributions

The results for the year are shown in the profit and loss account on page 7. The LLP's balance sheet as detailed on page 8 shows a satisfactory position with members' total interests amounting to £167,366 (2013 – £100,689).

### Going Concern

The members have a reasonable expectation that the LLP has adequate resources to continue in operational existence and MPGA has the ability and is willing to continue the investment advisory arrangement with the LLP for the foreseeable future as it explores the growth of its hedge fund business in Europe. As a consequence, the members believe the LLP is well placed to manage its business risks successfully. The members have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

### Future development

The LLP is currently exploring business opportunities with MPGA and its affiliates. Potential changes to its current investment advisory agreement may significantly change the activities and risks of the LLP.

### Members' profit allocation

Profits are shared among the members as decided by the Managing Member and governed by the Partnership Agreement dated 16 October 2003 (as amended 25 March 2008 and 5 March 2010).

### Policy for members' drawings, subscriptions and repayments of members' capital

Policies for members' drawings, subscriptions and repayment of members' capital are governed by the Partnership Agreement dated 16 October 2003 (as amended 25 March 2008 and 5 March 2010).

### Members

The members of the LLP during the year and at the date of this report are as follows:

J. Van der Schree (resigned on 31 January 2015)

MatlinPatterson Advisers Limited

*MatlinPatterson Advisers Limited is the Managing Member*

### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

## Members' report

By order of the members



Cameron Hillyer

Chief Financial Officer

MatlinPatterson Advisers Ltd (as Managing Member of MatlinPatterson Advisers (Europe) LLP), by its  
director, MatlinPatterson Global Advisers LLC

Date 22 April 2015

## Statement of designated members' responsibilities

The Designated Member is responsible for preparing the members' report and financial statements in accordance with applicable law and regulations

The Limited Liability Partnership (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 made under the Limited Liability Partnerships Act 2000 require members to prepare financial statements for each financial year. Under that Regulation, the Designated Member has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under the Regulation, the Designated 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 profit or loss of the LLP for that period.

In preparing those financial statements, the Designated Member is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK 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 LLP will continue in business.

The Designated Member is 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 to ensure that the financial statements comply with the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. The Designated Member is responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MATLINPATTERSON ADVISERS (EUROPE) LLP (‘LLP’)**

We have audited the financial statements of MatlinPatterson Advisers (Europe) LLP for the year ended 31 December 2014 which comprise Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes 1 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).

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied by 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 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 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 Practices Board's Ethical Standards for Auditors.

### **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 limited liability partnership's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the designated members, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

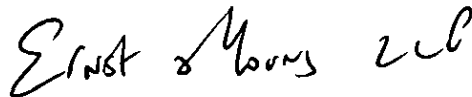
- ▶ give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2014 and of its profit for the year then ended,
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MATLINPATTERSON ADVISERS (EUROPE) LLP (‘LLP’)**

### **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



**Jeremy Young (Senior statutory auditor)**  
**for and on behalf of Ernst & Young LLP, Statutory Auditor**  
**London**  
**22 April 2015**

**Profit and loss account****for the year ended 31 December 2014**

	<i>Notes</i>	<i>2014</i> £	<i>2013</i> £
<b>Turnover</b>			
Sub-advisory fee	2	1,560,499	1,920,281
Administration expenses		(1,108,039)	(1,064,736)
<b>Operating profit</b>	3	452,460	855,545
Foreign exchange (loss)/gain		(659)	451
Bank interest received		320	323
<b>Retained profit for the financial year available for discretionary division among members</b>		452,121	856,319

All amounts are in respect of continuing activities

**Statement of total recognised gains and losses**

There were no recognised gains or losses in the current or previous year other than the result for the year

The accompanying notes 1 to 15 form an integral part of these financial statements




**Balance sheet**

at 31 December 2014

	<i>Notes</i>	<i>2014</i> £	<i>2013</i> £
<b>Fixed assets</b>	6	6,000	11,930
<b>Current assets</b>			
Debtors	7	162,487	152,684
Cash at bank		123,232	217,480
		<u>285,719</u>	<u>370,164</u>
<b>Current liabilities</b>			
<b>Creditors</b> amounts falling due within one year	8	(124,353)	(281,405)
		<u>161,366</u>	<u>88,759</u>
<b>Net current assets</b>			
		<u>167,366</u>	<u>100,689</u>
<b>Net assets attributable to members</b>			
		<u>167,366</u>	<u>100,689</u>
<b>Represented by</b>			
Equity			
Members' capital	9	100,000	100,000
Other reserves	9	67,366	689
		<u>167,366</u>	<u>100,689</u>
		<u>167,366</u>	<u>100,689</u>
<b>Memorandum of members' total interests</b>			
		<i>2014</i> £	<i>2013</i> £
Loans and other amounts due to members	9	–	–
Members' other interests	9	167,366	100,689
		<u>167,366</u>	<u>100,689</u>
Members' total interests		<u>167,366</u>	<u>100,689</u>

The financial statements on page 7 to 15 were approved by the Members on

For and on behalf of the Members



Cameron Hillyer

Chief Financial Officer

MatlinPatterson Advisers Ltd (as Managing Member of MatlinPatterson Advisers (Europe) LLP), by its director, MatlinPatterson Global Advisers LLC

Date 22 April 2015

The accompanying notes 1 to 15 form an integral part of these financial statements

## Statement of cash flows

for the year ended 31 December 2014

	<i>Notes</i>	<i>2014</i> £	<i>2013</i> £
<b>Net cash inflow from operating activities</b>	10 (a)	394,959	787,744
<b>Returns on investments and servicing of finance</b>	10 (b)	(339)	774
<b>Transactions with members</b>	10 (b)	(366,805)	(856,319)
<b>Capital expenditures</b>	10 (b)	(122,063)	(675)
<b>Decrease in cash</b>	10 (c)	<u>(94,248)</u>	<u>(68,476)</u>

The accompanying notes 1 to 15 form an integral part of these financial statements

## Notes to the financial statements

at 31 December 2014

### 1. Accounting policies

#### Basis of accounting

The financial statements have been prepared in accordance with applicable UK accounting standards, under the historical cost convention and in accordance with the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' (SORP) issued in March 2010

#### Turnover

Turnover, which is stated net of value added tax, represents fees receivable for investment advisory services provided during the year and are recognised on a receivable basis, when the LLP obtains the right to consideration in exchange for its performance of services

#### Expenses

Expenses incurred have been recognized on an accrual basis

#### Foreign currencies

Assets and liabilities denominated in foreign currency are translated into sterling at the rate of exchange rate ruling at 31 December 2014. Foreign currency gains or losses are included in the profit and loss account

#### Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life

Telephones and computer equipment - 5 years

Fixtures and fittings - 5 years

#### Taxation

No provision has been made for taxation in the financial statements. Each member is exclusively liable for any tax liabilities arising out of their interest in the LLP, which will be assessed on the individual members and not on the LLP

#### Operating leases

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

#### Pensions

The LLP operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme

#### Members' profit allocation

Discretionary profit allocations are recognised when formally approved by the management committee

Allocations made to members that are not considered discretionary have been accrued as an expense to the profit and loss account

### 2. Turnover

Turnover represents fees receivable for investment advisory services from its principal activity wholly undertaken in the United Kingdom

## Notes to the financial statements

at 31 December 2014

### 3. Operating profit

This is stated after charging

	2014	2013
	£	£
Operating lease rentals – land and buildings	311,838	235,893
Depreciation of owned assets	24,998	7,810
Write off of fixed assets	102,995	-
Auditors' remuneration		
Audit services	36,369	42,258
Tax services	5,413	4,485
Total auditors' remuneration	41,782	46,743

### 4. Members' remuneration

	2014	2013
	£	£
Profit for the financial year before members' remuneration and profit share	452,121	856,319
Profit for the financial year available for division among members	452,121	856,319
Profit attributable to the member with the highest entitlement	385,444	856,319

The average number of members during the year was 2 (2013 – 2)

### 5. Staff costs

	2014	2013
	£	£
Staff costs, excluding members' remuneration, consist of		
Wages and salaries	228,094	463,864
Social security costs	20,754	63,485
Pension costs (defined contribution)	13,249	15,972
Total staff costs	262,097	543,321
Breakdown of average number of employees by functional areas		
Investment advisory	1	1
Administrative	1	1
Total average number of employees during the year	2	2

## Notes to the financial statements

at 31 December 2014

### 6. Fixed assets

	<i>Telephone and computer equipment</i>	<i>Fixtures and fittings</i>	<i>Total</i>
	£	£	£
Cost			
At 1 January 2014	162,393	39,926	202,319
Additions	24,591	97,472	122,063
At 31 December 2014	186,984	137,398	324,382
Accumulated depreciation			
At 1 January 2014	158,050	32,339	190,389
Charge for the year	5,489	19,509	24,998
Write off of fixed assets	23,445	79,550	102,995
At 31 December 2014	186,984	131,398	318,382
Net book value			
At 31 December 2014	—	6,000	6,000
At 31 December 2013	4,343	7,587	11,930

### 7. Debtors

	<i>2014</i>	<i>2013</i>
	£	£
Amounts due from ultimate controlling party	6,957	57,122
Other assets	84,185	3,450
Prepayments	50,531	46,179
Other debtors	20,814	39,309
Amounts due from affiliates	—	6,624
	162,487	152,684

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

	<i>2014</i>	<i>2013</i>
	£	£
Accounts payable	65,544	225,219
Accrued expenses	40,170	49,470
Due to members	18,639	—
Amounts due to ultimate controlling party	—	6,716
	124,353	281,405

## Notes to the financial statements

at 31 December 2014

### 9. Reconciliation of movements in members' other and members' total interests

	<i>Members' capital</i>	<i>Other reserves</i>	<i>Total members' other interests</i>	<i>Loans from and other amounts due to/(from) members</i>	<i>Members' total interests</i>
	£	£	£	£	£
At 1 January 2014	100,000	689	100,689	–	100,689
Profit for the year	–	452,121	452,121	–	452,121
Allocations	–	(385,444)	(385,444)	385,444	–
Distributions to members	–	–	–	(385,444)	(385,444)
At 31 December 2014	100,000	67,366	167,366	–	167,366

### 10. Notes to the statement of cash flows

#### (a) Reconciliation of operating income to net cash flow from operating activities

	<i>2014</i>	<i>2013</i>
	£	£
Net cash flow from operating activities		
Operating profit	452,460	855,545
Increase in debtors	(9,803)	(74,181)
Decrease in creditors	(175,691)	(1,430)
Depreciation	24,998	7,810
Write off of fixed assets	102,995	–
	394,959	787,744

## Notes to the financial statements

at 31 December 2014

### 10. Notes to the statement of cash flows (continued)

(b) Reconciliation of operating income to net cash flow from operating activities

	2014	2013
	£	£
<b>Returns on investments and servicing of finance</b>		
Bank interest received	320	323
Foreign currency (loss)/gain	(659)	451
	<u>(339)</u>	<u>774</u>
<b>Transactions with members</b>		
Distributions to members	(366,805)	(856,319)
	<u>(366,805)</u>	<u>(856,319)</u>
<b>Capital expenditures</b>		
Payments to acquire tangible fixed assets	(122,063)	(675)
	<u>(122,063)</u>	<u>(675)</u>

(c) Analysis of changes in net funds

	At 1 January 2014 £	Cash flows £	At 31 December 2014 £
Cash at bank	217,480	(94,248)	123,232

### 11 Related parties

Sub-advisory fees of £1,560,499 (2013 £1,920,281) were generated from investment advisory services provided to MPGA, the ultimate controlling party. No receivable was outstanding at year end (2013 £53,303).

Reimbursement made by MPGA for part of travelling and entertainment expenses incurred during the year by the LLP was £30,679 (2013 - £29,619). £6,957 was outstanding at year end (2013 £3,819). There was no payable due to MPGA for board meeting related travelling and entertainment expenses reimbursed by a portfolio company (2013 £6,716).

At year end, there was no receivable due from the Managing Member, MatlinPatterson Advisers Ltd (2013 £6,624).

## Notes to the financial statements

at 31 December 2014

### 12. Operating lease commitments

The LLP's annual commitments under operating leases are set out below

	2014	2013
	£	£
Operating leases which expire In over two to five years	210,460	–
	<u>          </u>	<u>          </u>
Operating leases which expire In one year	–	46,342
	<u>          </u>	<u>          </u>

### 13. Other financial commitments and contingencies

There are no other financial commitments or contingencies

### 14. Ultimate controlling party

The ultimate controlling party is MatlinPatterson Global Advisers LLC, a Delaware limited liability company

### 15 Subsequent event

Subsequent to year end, in February 2015, the LLP assigned its operating lease to an unaffiliated party