

00330139

**Kelso Place Asset Management LLP**

Report And Financial Statements

*31 March 2013*

Rees Pollock  
Chartered Accountants



## Kelso Place Asset Management LLP

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### LLP INFORMATION

<b>Designated Members</b>	P Weston S Kearsey P Dougall G Downes
<b>Registered office</b>	36-37 St George Street London W1S 2FW
<b>Independent auditors</b>	Rees Pollock 35 New Bridge Street London EC4V 6BW
<b>LLP registered number</b>	OC330139

## MEMBERS' REPORT

For the year ended 31 March 2013

The members present their annual report together with the audited financial statements of Kelso Place Asset Management LLP (the "LLP") for the year ended 31 March 2013

### Principal activities

The principal activity of the LLP during the year was fund management

### Results for the year

The trading results for the year and the LLP's financial position at the end of the year are shown in the attached accounts

### Designated members

The following were designated members of the LLP during the year

P Weston  
S Kearsey  
P Dougall

G Downes was appointed as a designated member on 18 July 2013

### Policy with respect to members' drawings and subscription and repayment of amounts subscribed or otherwise contributed by members

Members are permitted to make drawings in anticipation of profits which will be allocated to them. The amount of such drawings is set at the beginning of each financial period, taking into account the anticipated cash needs of the LLP.

### Members' responsibilities statement

The members are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law, as applied to LLPs, 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 company law, as applied to LLPs, 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 profit or loss of the LLP for that period. 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the entity's transactions and disclose with reasonable accuracy at any time the financial position of the LLP 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 LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**MEMBERS' REPORT (continued)**  
For the year ended 31 March 2013

**Provision of information to auditors**

Each of the persons who are designated members at the time when this Members' Report is approved has confirmed that

- so far as that designated member is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that member has taken all the steps that he ought to have taken as a member in order to be aware of any information needed by the partnership's auditors in connection with preparing their report and to establish that the partnership's auditors are aware of that information

**Auditors**

Rees Pollock have indicated their willingness to continue in office

This report was approved by the members on 23 July 2013 and signed on their behalf, by

A handwritten signature in black ink, appearing to be 'G Downes', with a long horizontal flourish extending to the right.

G Downes  
Designated member



# REES POLLOCK

Chartered Accountants

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KELSO PLACE ASSET MANAGEMENT LLP

We have audited the financial statements of Kelso Place Asset Management LLP for the year ended 31 March 2013, set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the LLP's members, as a body, in accordance with the Companies Act 2006, as applied by Part 12 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 Auditors' 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 auditors

As explained more fully in the Members' responsibilities statement, 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 LLP'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 Members' 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 financial statements

In our opinion the financial statements

- give a true and fair view of the state of the LLP's affairs as at 31 March 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, 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 the financial statements in accordance with the small limited liability partnerships regime.

Jonathan Mouldsdaile (Senior statutory auditor)  
for and on behalf of  
Rees Pollock, Statutory Auditor  
24 July 2013

**PROFIT AND LOSS ACCOUNT**  
For the year ended 31 March 2013

	<b>Note</b>	<b>2013 £</b>	<b>2012 £</b>
<b>TURNOVER</b>		2 500,809	2,561,920
Administrative expenses		(1,140,089)	(949,829)
<b>OPERATING PROFIT</b>	2	1,360,720	1,612,091
Interest receivable and similar income		321	281
Interest payable and similar charges		(6,390)	(8,713)
<b>PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES</b>		<u>1,354,651</u>	<u>1,603,659</u>
<b>PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES</b>		1,354,651	1,603,659
Members' remuneration charged as an expense		(1,635,624)	(1,563,489)
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS</b>		<u>(280,973)</u>	<u>40,170</u>


The notes on pages 7 to 12 form part of these financial statements

**BALANCE SHEET**  
As at 31 March 2013

	Note	£	2013 £	£	2012 £
<b>FIXED ASSETS</b>					
Tangible assets	4		54,208		117,815
Investments	5		20		20
			<u>54,228</u>		<u>117,835</u>
<b>CURRENT ASSETS</b>					
Debtors	6	896,446		1,172,815	
Cash at bank and in hand		315,011		255,531	
		<u>1,211,457</u>		<u>1,428,346</u>	
<b>CREDITORS:</b> amounts falling due within one year	7	(582,960)		(524,634)	
			<u>628,497</u>		<u>903,712</u>
<b>NET CURRENT ASSETS</b>					
			<u>682,725</u>		<u>1,021,547</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
<b>CREDITORS:</b> amounts falling due after more than one year	8		(20,272)		(64,833)
			<u>662,453</u>		<u>956,714</u>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>					
			<u>662,453</u>		<u>956,714</u>
<b>REPRESENTED BY</b>					
<b>Loans and other debts due to members within one year</b>					
Other amounts			-		724,304
<b>Equity</b>					
Members' capital classified as equity		1,001,186		250,000	
Other reserves classified as equity		(338,733)		(17,590)	
		<u>662,453</u>		<u>232,410</u>	
			<u>662,453</u>		<u>956,714</u>
<b>TOTAL MEMBERS' INTERESTS</b>					
Loans and other debts due to members			-		724,304
Members' other interests			662,453		232,410
	10		<u>662,453</u>		<u>956,714</u>

The financial statements have been prepared in accordance with the special provisions relating to LLPs subject to the small LLPs regime within Part 15 of the Companies Act 2006 as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved and authorised for issue by the members and were signed on their behalf on 23 July 2013

  
G Downes  
Designated member

The notes on pages 7 to 12 form part of these financial statements

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2013

### 1 ACCOUNTING POLICIES

#### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008) and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships", published in March 2010

The LLP is the parent undertaking of a small group and as such is not required by the Companies Act 2006 to prepare group accounts. These financial statements therefore present information about the LLP as an individual undertaking and not about its group.

#### 1.2 Going concern

The members have prepared forecasts which take into account the expected future development and performance of the LLP. Based on these forecasts the members have a reasonable expectation that, despite reporting a loss for the financial year, the LLP has adequate financial resources to continue in operational existence for the foreseeable future. Accordingly the members continue to adopt the going concern basis in preparing the annual report and financial statements.

#### 1.3 Cash flow statement

The financial statements do not include a cash flow statement because the LLP, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective April 2008).

#### 1.4 Turnover

Turnover comprises revenue recognised by the LLP in respect of management and other fees receivable for the year exclusive of value added tax.

#### 1.5 Depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Motor vehicles	-	over 3 years on a straight line basis
Fixtures & fittings	-	over 4 years on a straight line basis
Office equipment	-	over 3 years on a straight line basis

#### 1.6 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

#### 1.7 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the entity. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2013

**1 ACCOUNTING POLICIES (continued)**

**1.8 Operating leases**

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

**1.9 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

**1.10 Members' remuneration**

A members' share in the profit or loss for the year is accounted for as an allocation of profits or losses  
Unallocated profits or losses are included within "other reserves"

**2 OPERATING PROFIT**

The operating profit is stated after charging

	2013 £	2012 £
Depreciation of tangible fixed assets		
- owned by the LLP	9,297	10,165
- held under hire purchase agreements	55,927	30,212
Auditors' remuneration	14,000	14,000
Auditors' remuneration - non-audit	9,355	-
Operating leases - land & buildings	150,552	150,552

**3 INFORMATION IN RELATION TO MEMBERS**

	2013	2012
The average number of members during the year was	12	14

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2013

**4 TANGIBLE FIXED ASSETS**

	<b>Motor vehicles</b> £	<b>Fixtures &amp; fittings</b> £	<b>Office equipment</b> £	<b>Total</b> £
<b>Cost</b>				
At 1 April 2012	133,017	119,656	88,968	341,641
Additions	-	-	1,617	1,617
At 31 March 2013	133,017	119,656	90,585	343,258
<b>Depreciation</b>				
At 1 April 2012	34,766	119,223	69,837	223,826
Charge for the year	55,927	123	9,174	65,224
At 31 March 2013	90,693	119,346	79,011	289,050
<b>Net book value</b>				
At 31 March 2013	42,324	310	11,574	54,208
At 31 March 2012	98,251	433	19,131	117,815

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

	<b>2013</b> £	<b>2012</b> £
Motor vehicles	42,324	98,251

**5 FIXED ASSET INVESTMENTS**

	<b>Subsidiary companies</b> £
<b>Cost and net book value</b>	
At 1 April 2012 and 31 March 2013	20

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2013

## 5 FIXED ASSET INVESTMENTS (continued)

Details of the LLP's principal subsidiaries are as follows

Name	Country of incorporation	Nature of business
Kelso Place General Partner Limited	England & Wales	General partner of Kelso Place Corporate Turnaround Fund LP
Kelso Place General Partner III Limited	England & Wales	General partner of Kelso Place UK Special Situations Fund A LP & Kelso Place UK Special Situations Executive Fund LP
Kelso Place General Partner IV Limited	England & Wales	General partner of Kelso Place Special Situations Fund LP
Kelso Place Asset Management (Scotland) Limited	Scotland	General partner of KPAM Carry Partnership LP
Kelso Place Asset Management (Scotland) III Limited	Scotland	General partner of KPAM Carry Partnership III LP
Kelso Place Asset Management (Scotland) IV Limited	Scotland	General partner of Kelso Place Special Situations Founder Partner LP
MDNX General Partner Limited	England & Wales	General partner of MDNX Co-investment LP

Kelso Place Asset Management LLP owns 100% of the ordinary share capital of each of the above companies

	2013 £	2012 £
<b>Aggregate capital and reserves</b>		
Kelso Place General Partner Limited	(1,099)	(1,099)
Kelso Place General Partner III Limited	(3,651,968)	(3,651,968)
Kelso Place General Partner IV Limited	(3,069,539)	(3,069,539)
Kelso Place Asset Management (Scotland) Limited	1	1
Kelso Place Asset Management (Scotland) III Limited	1	1
Kelso Place Asset Management (Scotland) IV Limited	1	1
	<hr/>	<hr/>
<b>Results for the period</b>		
Kelso Place General Partner Limited	-	-
Kelso Place General Partner III Limited	-	-
Kelso Place General Partner IV Limited	-	(508,060)
Kelso Place Asset Management (Scotland) Limited	-	-
Kelso Place Asset Management (Scotland) III Limited	-	-
Kelso Place Asset Management (Scotland) IV Limited	-	-
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**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2013

**6 DEBTORS**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Trade debtors	87,000	246,703
Prepayments & accrued income	662,241	808,028
Other debtors	147,205	118,084
	<u>896,446</u>	<u>1,172,815</u>

Prepayments & accrued income includes an amount of £190,523 (2012 £487,960) due in more than one year

**7 CREDITORS Amounts falling due within one year**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Net obligations under hire purchase contracts	44,561	27,394
Trade creditors	137,818	21,788
Social security and other taxes	2,132	31,090
Other creditors	398,449	444,362
	<u>582,960</u>	<u>524,634</u>

**8 CREDITORS Amounts falling due after more than one year**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Net obligations under hire purchase contracts	<u>20,272</u>	<u>64,833</u>

**9 RELATED PARTY TRANSACTIONS**

During the year, management fees of £73,809 (2012 £73,809) were receivable from Kelso Place General Partner Limited, a subsidiary. Included in debtors at 31 March 2013 was a balance of £159,057 (2012 £85,248) due from Kelso Place General Partner Limited.

During the year, management fees of £2,210,000 (2012 £2,210,000) were receivable from Kelso Place General Partner IV Limited, a subsidiary. Included in other creditors at 31 March 2013 was a deferred income balance of £311,822 (2012 £311,822), also relating to management fees receivable from Kelso Place General Partner IV Limited.

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2013

**10 RECONCILIATION OF MEMBERS' INTERESTS**

	<b>Members' capital (classified as equity) £</b>	<b>Other reserves (classified as equity) £</b>	<b>Loans and debts due to members less any amounts due from members in debtors £</b>	<b>Total 2013 £</b>	<b>Total 2012 £</b>
Amounts due to members b/fwd			724,304		
Amounts due from members b/fwd			-		
Members' interests balance at 1 April 2012	250,000	(17,590)	724,304	956,714	885,045
Members' remuneration charged as an expense	-	-	1,635,624	1,635,624	1,563,489
Loss for the year available for discretionary division among members	-	(280,973)	-	(280,973)	40,170
Members' interests after loss for the year	250,000	(298,563)	2,359,928	2,311,365	2,488,704
Profit allocated during the period	-	(40,170)	40,170	-	-
Amounts withdrawn by members	-	-	(1,635,624)	(1,635,624)	(1,563,489)
Other transactions with members	-	-	(13,288)	(13,288)	31,499
Conversion of member loan to capital	751,186	-	(751,186)	-	-
Members' interests at 31 March 2013	<u>1,001,186</u>	<u>(338,733)</u>	<u>-</u>	<u>662,453</u>	<u>956,714</u>

Members' other interests rank after unsecured creditors, and loans and other debts due to members rank pari passu with unsecured creditors in the event of a winding up

**11 CONTROLLING PARTY**

The LLP is controlled by its members