

Registered number: OC334333

Langholm Capital 2008 LLP

**Report and consolidated financial statements
For the year ended 30 June 2016**



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DESIGNATED MEMBERS AND ADVISERS

Designated Members

A.E.B. Wiegman
N.J. Evans

Members

A.C. Sills

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Registered number

OC334333

MEMBERS' REPORT

The members present their report and the audited financial statements for the year ended 30 June 2016 for Langholm Capital 2008 LLP ("the LLP").

Activities

The principal activity of the LLP during the year was the management of Langholm Capital II LP, a private equity fund ("the Fund"). The principal activities of the LLP's subsidiaries were respectively to act as General Partner to the Fund and its associated partnership. The members anticipate that these will continue to be the principal activities for the foreseeable future.

Business Review

During the year, the LLP continued to assist in the development of existing investments. The Fund was 75% invested at the year end.

Principal subsidiaries

The LLP's principal subsidiaries are shown in Note 9 to the accounts.

Adoption of FRS 102

In the preparation of these financial statements the members have adopted Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. There has been no restatement of balances required in the accounts on adoption of FRS102.

Results for the year and allocation to members

The LLP's consolidated profit for the year was £484,393 (2015: £391,957) and details of the results for the year are set out on page 9.

Post balance sheet events

On 2 August 2016, all rights and obligations in respect of the office lease were assigned from Langholm Capital LLP to Langholm Capital 2008 LLP.

Going Concern

After making enquiries, the members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

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

Members are permitted to make drawings ("guaranteed drawings") in anticipation of future profits that will be allocated to them. The Limited Liability Partnership Agreement (the "LLPA") determines the amount of such drawings.

Profits (up to the aggregate of members' guaranteed drawings) are allocated and paid to the Members entitled to guaranteed drawings pro rata to those drawings.

There follows a discretionary allocation of profit to the Members.

The nature of any remaining profits determines whether they are allocated between Members pro rata to their Income Profit or Capital Profit Sharing Percentages.

Losses for any financial year are allocated between the members at the discretion of the Management Committee, but with the presumption that they will be allocated between members pro rata to their Income Profit or Capital Profit Sharing Percentages, as appropriate.

In preparing the annual accounts, the LLP shall reserve out of profits before distribution, such amounts as the Management Committee shall determine in order to provide further working capital for the business. These amounts may subsequently be distributed as the LLP's working capital needs change.

Auditor

KPMG LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the members and signed on their behalf



A.E.B Wiegman
Designated Member

29 September 2016

STATEMENT OF MEMBERS' RESPONSIBILITIES IN RESPECT OF THE MEMBERS' REPORT AND THE FINANCIAL STATEMENTS

The members are responsible for preparing the group and LLP financial statements in accordance with applicable law and regulations and have elected to prepare a Member's report.

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare group and LLP financial statements for each financial year. Under that law the members have elected to prepare both the group and LLP 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 the group and the LLP and of the profit or loss of the group for that period. In preparing each of the group and LLP 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the LLP will continue in business.

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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LANGHOLM CAPITAL 2008 LLP

We have audited the group and LLP financial statements ("the financial statements") of Langholm Capital 2008 LLP for the year ended 30 June 2016 set out on pages 9 to 28. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the members of the limited liability partnership (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.

Respective responsibilities of members and auditor

As explained more fully in the Members' Responsibilities Statement set out on page 6, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, of the state of affairs of the LLP as at 30 June 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK 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.

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 financial statements in accordance with the small limited liability partnerships' regime.



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

29 September 2016

CONSOLIDATED INCOME STATEMENT

	Notes	Year ended 30 June 2016 £	Year ended 30 June 2015 £
Turnover	3	2,999,132	2,508,359
		<u>2,999,132</u>	<u>2,508,359</u>
Staff costs		(496,565)	(371,187)
Depreciation		(55,656)	(55,116)
Other operating expenses		(1,216,484)	(1,089,419)
Operating profit		<u>1,230,427</u>	<u>992,637</u>
Interest receivable and similar income		<u>682</u>	<u>326</u>
Profit on ordinary activities before taxation	4	1,231,109	992,963
Taxation relief / (expense)	5	<u>5,284</u>	<u>(706)</u>
Profit for the financial year before members' remuneration and profit shares		1,236,393	992,257
Members' remuneration charged as an expense		<u>(752,000)</u>	<u>(600,300)</u>
Profit for the financial year available for discretionary division among members		484,393	391,957
Minority interests	6	(66,346)	(141,193)
Profit for the financial year		<u>418,047</u>	<u>250,764</u>

All of the above results derive from continuing operations.

The notes on pages 17 to 28 are an integral part of these accounts.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 30 June 2016 £	Year ended 30 June 2015 £
Profit for the financial year available for discretionary division among members	484,393	391,957
Currency translation differences on foreign net investment and other differences	(343,644)	468,059
Total comprehensive income for the year	140,749	860,016

The notes on pages 17 to 28 are an integral part of these accounts.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2016 £	At 30 June 2015 £
Fixed assets			
Tangible fixed assets	8	101,693	151,615
Investments	9	77	36
		<u>101,770</u>	<u>151,651</u>
Current assets			
Debtors: amounts falling due in less than one year	10	214,652	924,385
Debtors: amounts due from members		-	131,960
Cash at bank and in hand		469,059	224,517
		<u>683,711</u>	<u>1,280,862</u>
Current liabilities			
Creditors: amounts falling due in less than one year	11	(475,341)	(654,701)
Net current assets		<u>208,370</u>	<u>626,161</u>
Total assets less current liabilities		310,140	777,812
Provisions for liabilities and charges	12	(67,505)	(63,722)
Net assets attributable to members		<u>242,635</u>	<u>714,090</u>
Represented by:			
Members' other interests			
Members' capital - classified as equity	13	150,000	150,000
Other amounts - classified as debts		92,635	564,090
		<u>242,635</u>	<u>714,090</u>
Total Members' interests			
Amounts due from members		-	(131,960)
Members' other interests		242,635	714,090
		<u>242,635</u>	<u>582,130</u>

The notes on pages 17 to 28 are an integral part of these accounts. The accounts were approved by the members of the LLP on 29 September 2016 and were signed on its behalf by:



A.E.B Wiegman
Designated Member

RECONCILIATION OF CONSOLIDATED MEMBERS' INTERESTS

	Equity		Debt		
	Members' capital (classified as Equity)	Other reserves	Members' capital (classified as debt)	Other amounts	Total
	£	£		£	£
Amounts due to members	150,000	291,505	16,850	-	458,355
Amounts due from members	-	-	-	-	-
Balance at 30 June 2014	150,000	291,505	16,850	-	458,355
Members' remuneration charged as an expense	-	-	-	600,300	600,300
Profit for the financial year available for discretionary division among members	-	391,957	-	-	391,957
Allocated during the year	-	(1,151,521)	(16,850)	1,168,371	-
Drawings	-	-	-	(1,204,581)	(1,204,581)
Other movements	-	468,059	-	-	468,059
Amounts due to members	150,000	-	-	564,090	714,090
Amounts due from members	-	-	-	(131,960)	(131,960)
Balance at 30 June 2015	150,000	-	-	432,130	582,130
Members' remuneration charged as an expense	-	-	-	752,000	752,000
Profit for the financial year available for discretionary division among members	-	484,393	-	-	484,393
Allocated during the year	-	(140,749)	-	140,749	-
Drawings	-	-	-	(1,364,204)	(1,364,204)
Other movements	-	(343,644)	-	-	(343,644)
Amounts due to members	150,000	-	-	92,635	242,635
Amounts due from members	-	-	-	-	-
Balance at 30 June 2016	150,000	-	-	92,635	242,635

The notes on pages 17 to 28 are an integral part of these accounts.

LLP STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2016 £	At 30 June 2015 £
Fixed assets			
Tangible fixed assets	8	101,693	151,615
Investments		<u>5</u>	<u>5</u>
		101,698	151,620
Current assets			
Debtors: amounts falling due in less than one year	10	214,652	918,713
Debtors: amounts due from members		-	131,960
Cash at bank and in hand		<u>438,216</u>	<u>209,087</u>
		652,868	1,259,760
Current liabilities			
Creditors: amounts falling due in less than one year	11	<u>(475,274)</u>	<u>(656,299)</u>
Net current assets		177,594	603,461
Total assets less current liabilities		279,292	755,081
Provisions for liabilities and charges	12	<u>(67,505)</u>	<u>(59,224)</u>
Net assets attributable to members		211,787	695,857
Represented by:			
Members' other interests			
Members' capital - classified as equity	13	150,000	150,000
Other amounts - classified as debts		<u>61,787</u>	<u>545,857</u>
		211,787	695,857
Total Members' interests			
Amounts due from members		-	(131,960)
Members' other interests		<u>211,787</u>	<u>695,857</u>
		211,787	563,897

The notes on pages 17 to 28 are an integral part of these accounts. The accounts were approved by the members of the LLP on 29 September 2016 and were signed on its behalf by:



A.E.B. Wiegman
Designated Member

LLP RECONCILIATION OF MEMBERS' INTERESTS

	Equity		Debt	
	Members' capital (classified as Equity) £	Other reserves £	Other amounts £	Total £
Amounts due to members	150,000	-	290,868	440,868
Amounts due from members	-	-	-	-
Balance at 30 June 2014	150,000	-	290,868	440,868
Members' remuneration charged as an expense	-	-	600,300	600,300
Profit for the financial year available for discretionary division among members	-	718,077	-	718,077
Drawings	-	-	(1,063,388)	(1,063,388)
Allocated during the year	-	(718,077)	718,077	-
Amounts due to members	150,000	-	545,857	695,857
Amounts due from members	-	-	(131,960)	(131,960)
Balance at 30 June 2015	150,000	-	413,897	563,897
Members' remuneration charged as an expense	-	-	752,000	752,000
Profit for the financial year available for discretionary division among members	-	61,787	-	61,787
Drawings	-	-	(1,297,857)	(1,297,857)
Allocated during the year	-	(61,787)	61,787	-
Amounts due to members	150,000	-	61,787	211,787
Amounts due from members	-	-	-	-
Balance at 30 June 2016	150,000	-	61,787	211,787

The notes on pages 17 to 28 are an integral part of these accounts.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 30 June 2016 £	Year ended 30 June 2015 £
Net cash inflow from operating activities	<i>a</i>	1,499,196	1,174,360
Returns on investments and servicing of finance			
Interest received		682	326
Net cash inflow from returns on investments and servicing of finance		682	326
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(5,734)	(1,500)
Payments to acquire investments		(36)	-
Net cash outflow from capital expenditure and financial investment		(5,770)	(1,500)
Transactions with members			
Payments to members		(1,364,204)	(1,204,581)
Loans and other debts due from members		131,960	(130,279)
Net cash outflow from transactions with members		(1,232,244)	(1,334,860)
Cash inflow / (outflow) before management of financing		261,864	(161,674)
Amounts paid to Langholm Capital Fund II		(17,322)	(8,861)
Net cash outflow from financing		(17,322)	(8,861)
Increase / (decrease) in cash in the year	<i>b/c</i>	244,542	(170,535)

The notes on pages 17 to 28 are an integral part of these accounts.

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 30 June 2016 £	Year ended 30 June 2015 £	
a. Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit	1,230,427	992,637	
Depreciation	55,656	55,116	
Decrease / (increase) in debtors	727,053	(753,043)	
Increase / (decrease) in creditors	(170,291)	411,588	
Other differences on consolidation	(343,649)	468,062	
Net cash inflow from operating activities	<u>1,499,196</u>	<u>1,174,360</u>	
b. Reconciliation of net cash flow to movement in net funds			
Increase / (decrease) in cash in the year	<u>244,542</u>	<u>(170,535)</u>	
Change in net funds resulting from cash flows	244,542	(170,535)	
Opening net funds	224,517	395,052	
Movement in net funds in the year	<u>244,542</u>	<u>(170,535)</u>	
Closing net funds	<u>469,059</u>	<u>224,517</u>	
c. Analysis of net funds	As at 30 June 2015 £	Cash Flow £	As at 30 June 2016 £
Cash in hand, at bank	224,517	244,542	469,059

The notes on pages 17 to 28 are an integral part of these accounts.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2016

1. Accounting policies

These Group and parent entity financial statements were prepared in accordance with Financial Reporting Standard 102, *the Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014 and the requirements of the Statement of Recommended Practice, Accounting by Limited Liability Partnerships. The presentation currency of these financial statements is sterling.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. There has been no restatement of balances required in the accounts on adoption of FRS102.

Basis of consolidation

The consolidated financial statements include the financial statements of the LLP and its subsidiary undertakings made up to 30 June 2016. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated income statement from the date that control commences until the date that control ceases. Control is established when the parent has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

Under the terms of the Companies Act 2006, Limited Liability Partnerships Act these LLPs, together with certain of their portfolio company investments are subsidiary undertakings of the LLP by virtue of the control exercised through the general partners and should be consolidated in full. However, the members consider this accounting treatment would not give a true and fair view if the assets and income as a whole were to be consolidated since the Group's interest in these assets is, except to the extent that they are proportionally consolidated, merely that of investment manager.

The approximate effect of this departure is to increase profit before tax and the minority interest in the profit for the year by £15.0m (2015: increase profit by £8.1m); to reduce investments by £71.8m (2015: £65.8m); to increase other net assets by £0.1m (2015: £1.7m), and to reduce the minority interest in the balance sheet by £71.9m (2015: £67.4m).

Measurement convention

The financial statements are prepared on the historical cost basis, with the exception of derivative financial instruments which are recorded at fair value through the profit or loss.

1. Accounting policies (continued)

Going concern

After making enquiries, the members have a reasonable expectation that the group and LLP have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

Assets and liabilities of Group entities denominated in foreign currencies are translated at the rate of exchange prevailing at the balance sheet date. The trading results of Group entities are also translated at the rate of exchange prevailing at the balance sheet date. Any differences arising on the consolidation of the Group's results is dealt with as an adjustment to reserves.

Fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated to write-off the cost, less estimated residual value, of assets on a straight line basis over their expected useful lives at the following annual rates:

Leasehold improvements – over the life of the lease – 10%
Software and computer and communications equipment – 33.3%
Furniture and office equipment - 20%

Fixed Asset Investments

These are separate financial statements of the LLP. Investments in subsidiaries are included at cost less provision for any impairment.

Turnover

Turnover is derived from ordinary activities, and is stated net of VAT, and net of any rebates repayable to investors in Langholm Capital II L.P. Management fees and monitoring fees are accounted for on an accruals basis. Transaction fees may be earned and are then invoiced when a deal is completed.

Expenses

Expenses are accounted for on an accruals basis.

1. Accounting policies (continued)

Pension costs

Contributions to defined contribution schemes on behalf of employees are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Members' remuneration

The LLP agreement provides that fixed amounts be paid to members, irrespective of the profits of the LLP. These amounts are included within 'Members' remuneration charged as an expense.

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

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

Taxation

Income tax, being the individual liability of each member, is not provided for in the accounts of the LLP.

Corporation tax payable by companies within the group is accounted for on an accruals basis.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1. Accounting policies (continued)

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in the income statement over the term of the lease as an integral part of the total lease expense.

2. Employee information

The average number of persons employed by the Group at year end was:

	Year ended 30 June 2016	Year ended 30 June 2015
Investment professionals	3	4
Administration	2	3
	<u>5</u>	<u>7</u>
	<u><u>5</u></u>	<u><u>7</u></u>
	Year Ended 30 June 2016	Year Ended 30 June 2015
Staff costs for the above persons were:	£	£
Wages and salaries	452,290	311,361
Social security costs	30,359	40,645
Pension costs	13,916	19,181
	<u>496,565</u>	<u>371,187</u>
	<u><u>496,565</u></u>	<u><u>371,187</u></u>

‘Wages and salaries’ include the costs to employ Langholm Capital employees. However in addition to these costs, Langholm met recharges of £195,942 including VAT (2015: Nil) in respect of Fund investor employees seconded to Langholm Capital. Also refer to Related Party transactions in Note 15.

The LLP operates a defined contribution pension scheme on behalf of certain of its employees (at 30 June 2016: 3 employees; at 30 June 2015: 4 employees). No contributions were outstanding as at 30 June 2016 (2015: £Nil).

3. Turnover

The Group's consolidated turnover includes the following amounts:

	Year ended 30 June 2016 £	Year ended 30 June 2015 £
Management fee due from group companies	2,881,225	1,916,928
Transaction fees	117,907	591,431
	<u>2,999,132</u>	<u>2,508,359</u>

4. Profit on ordinary activities before taxation

	Year ended 30 June 2016 £	Year ended 30 June 2015 £
Stated after charging:		
Depreciation	55,656	55,116
Auditor's remuneration	52,098	50,506
Hire of office equipment - operating leases	10,202	14,421
Other - operating leases	458,037	452,331

'Other – operating leases' includes £458,037 paid by the LLP for the rent of its offices (2015: £452,331). The rental agreement expiring in April 2018 is held by Langholm Capital LLP and rental costs are recharged to the LLP on an annual basis. Also see subsequent events in Note 17.

An additional amount of £33,173 (2015: £21,179), translated at year end rates, was provided in the accounts of Langholm Capital II LP in respect of the Auditor's remuneration.

5. Tax on profit on ordinary activities

Taxation for the partnership, being the individual liability of each member, is not provided for in the accounts. Total tax relief due to the Group for the year is £5,284 (2015: Tax charge of £706).

Factors affecting the tax relief / (charge) for the current year:

	Year ended 30 June 2016 £	Year ended 30 June 2015 £
Deferred tax		
Origination and reversal of temporary differences in current year	5,284	(706)
Tax relief / (expense) on profit on ordinary activities	<u>5,284</u>	<u>(706)</u>

6. Reconciliation of Minority Interests

	Year ended 30 June 2016 £	Year ended 30 June 2015 £
At beginning of year	-	-
Share of profit for the year	66,346	141,193
Distributions of minority interests	(66,346)	(141,193)
At end of the year	<u>-</u>	<u>-</u>

The minority interest distributions were made to current members of the LLP.

7. Profit of the LLP

As permitted by s.408 Companies Act 2006 (as modified for application to LLPs), the LLP is exempt from presenting its own profit and loss account. The profit of the LLP for the financial year before members' remuneration amounted to £813,787 (2015: £1,318,337).

8. Tangible fixed assets – Group and LLP

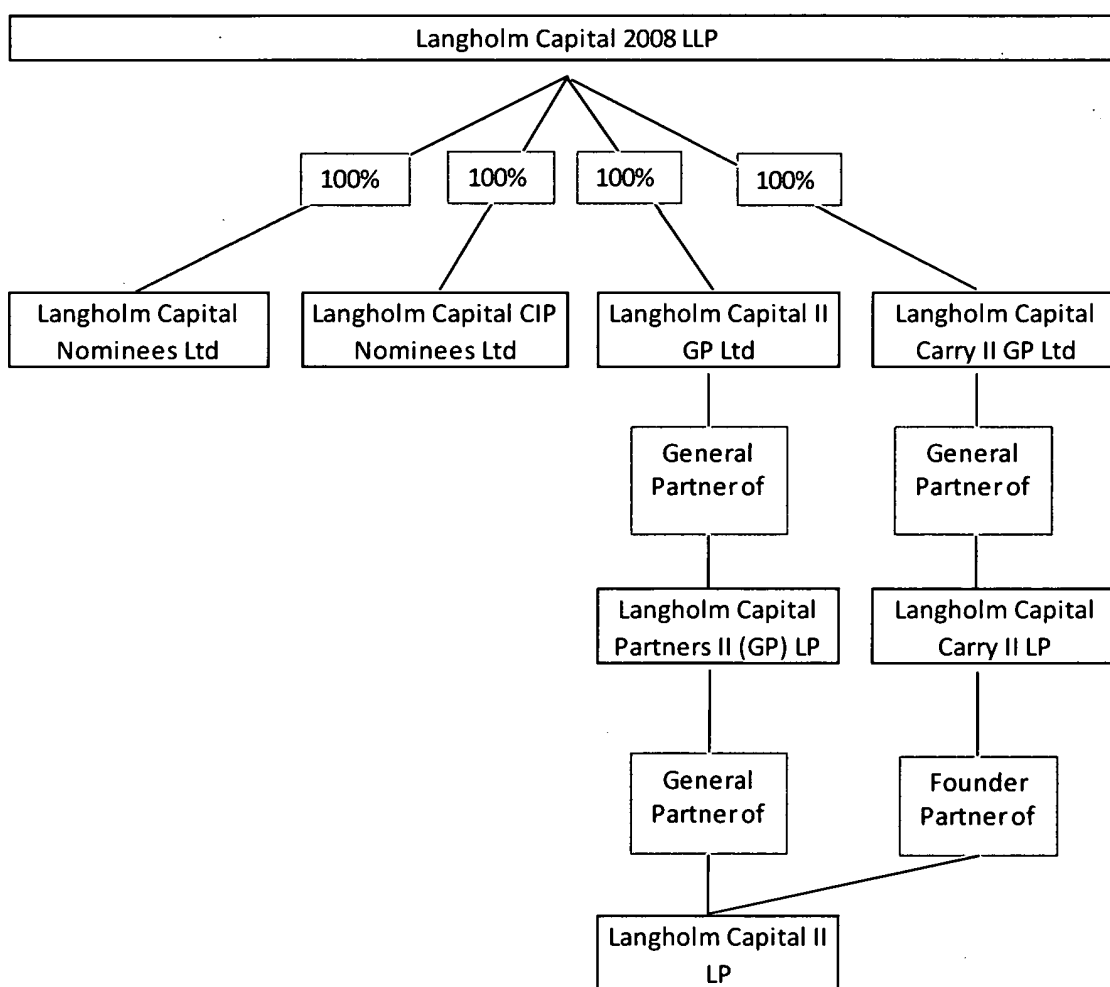
Group, LLP

	Leasehold Improvements	Software and Computer and Communications Equipment	Furniture and Office Equipment	Total
	£	£	£	£
Cost or valuation				
At 1 July 2015	457,815	358,489	118,218	934,522
Additions	-	5,734	-	5,734
At 30 June 2016	457,815	364,223	118,218	940,256
Depreciation				
At 1 July 2015	319,876	345,038	117,993	782,907
Charge for the year	45,781	9,649	225	55,656
At 30 June 2016	365,657	354,687	118,218	838,563
Net book value				
At 30 June 2016	92,158	9,536	-	101,693
At 30 June 2015	137,939	13,451	225	151,615

9. Investments – Group

	Investment in subsidiary undertakings £
At 1 July 2015	36
Investment in subsidiaries	36
Revaluation due to change in foreign exchange rate	5
At 30 June 2016	<u>77</u>

Langholm Capital 2008 LLP Group Structure



9. Investments – Group (continued)

The LLP has the following investments in subsidiary undertakings:

	Country of registration	Portion of ordinary shares held
Langholm Capital II (GP) Ltd.	Scotland	100%
Langholm Capital Carry II GP Ltd.	Scotland	100%
Langholm Capital Nominees Ltd.	England	100%
Langholm Capital CIP Nominees Ltd.	England	100%

The nature of the business of Langholm Capital II (GP) Limited and Langholm Capital II Carry GP Limited is to act as General Partner to limited partnerships. Langholm Capital Nominees Limited and Langholm Capital CIP Nominees Limited act to provide nominee shareholding services.

Langholm Capital II LP (“LC II LP”) is a private equity fund. Langholm Capital Partners II (GP) LP, as General Partner of LC II LP, is entitled to receive a priority profit share from LC II LP.

The General Partner has delegated management responsibility for LC II LP to the LLP, which receives a management fee from the General Partner in respect of this service.

Langholm Capital Carry II LP is the Founder Partner of LC II LP, and holds as nominee its members’ rights to carried interests under the relevant provisions of the limited partnership agreement of the Fund.

10. Debtors

	Group At 30 June 2016 £	LLP At 30 June 2016 £	Group At 30 June 2015 £	LLP At 30 June 2015 £
Amounts owed by subsidiary undertaking	-	31,100	-	22,944
Other debtors	128,089	96,989	846,139	817,523
Prepayments	86,563	86,563	78,246	78,246
	<u>214,652</u>	<u>214,652</u>	<u>924,385</u>	<u>918,713</u>

Other debtors include various expenses borne by the LLP on behalf of the Fund and on behalf of its investee companies, and subsequently recharged to them.

11. Creditors: amounts falling due in less than one year

	Group	LLP	Group	LLP
	At 30 June	At 30 June	At 30 June	At 30 June
	2016	2016	2015	2015
	£	£	£	£
Trade creditors	42,516	42,516	7,928	7,928
Other creditors, including taxation; social security and derivative liability	167,556	167,489	157,022	158,620
Accruals and deferred income	265,269	265,269	489,751	489,751
	<u>475,341</u>	<u>475,274</u>	<u>654,701</u>	<u>656,299</u>

Deferred income comprises PPS received in advance from the Fund.

12. Provisions for liabilities and charges

	Group	LLP
	At 30 June	At 30 June
	2016	2016
	£	£
At 1 July 2015	63,722	59,224
Charged during the year	8,281	8,281
Released during the year	(4,498)	-
At 30 June 2016	<u>67,505</u>	<u>67,505</u>

The provision at 30 June 2016 relates to the expected liability for dilapidations on expiry of the lease of the property occupied by the LLP.

13. Members' interests

Capital and loans contributed to the Partnership by members bear no interest. Loans and other debts due to members rank equally with debts due to ordinary creditors in a winding up.

14. Operating lease commitments

At 30 June 2016 the LLP had annual commitments under operating leases as follows:

	At 30 June 2016	At 30 June 2015
	£	£
Obligations under operating leases		
Other assets		
Expiring in 2 to 5 years	10,202	14,421
	<u>10,202</u>	<u>14,421</u>
	<u><u>10,202</u></u>	<u><u>14,421</u></u>

Also see subsequent events as detailed in Note 17.

15. Related party disclosures

The Partnership has taken advantage of the exemption in FRS 102 relating to transactions between wholly owned subsidiaries of the group.

The management fees receivable by the Group are all due from investors as limited partners of the limited partnership comprising the underlying private equity fund.

The Group controls Langholm Capital Carry II LP, which holds as nominee the rights to carried interests of the Members of the LLP under the limited partnership agreement. No gains were allocated during the year under the terms of the carried interest provisions within the limited partnership agreement.

Under the terms of the partnership agreement (the "Agreement") for the Fund, the members of the LLP have an obligation to co-invest in each of the Fund's investee companies an amount up to 1 per cent of the aggregate investment in that company. Co-investments totalling £58,927 (2015: £232,600) converted at year end exchange rates, were made through these arrangements during the year. Similarly, the Agreement provides for a recharge of Investor secondee costs to Langholm Capital, amounting to £195,942 including VAT for the year to 30 June 2016 (2015: Nil).

The designated members, A.E.B Wiegman and N.J Evans are considered to be the controlling parties of the LLP.

16. Financial Instruments

The LLP uses forward foreign exchange contracts to manage its exposure to exchange rate movements. The Designated Members regularly review the LLP's exposures and forward cover. At the year end, the LLP had outstanding forward transactions to hedge foreign currency receipts as follows:

	In currency	Sterling equivalents	In currency	Sterling equivalents
	2016	2016	2015	2015
	€	£	€	£
Quarterly foreign exchange forward contracts				
Maturing within 1 year	2,750,000	2,127,350	-	-
Maturing in 2 to 5 years	-	-	-	-
	<u>2,750,000</u>	<u>2,127,350</u>	<u>-</u>	<u>-</u>

17. Subsequent events

On 2 August 2016, all rights and obligations in respect of the office lease were assigned from Langholm Capital LLP to Langholm Capital 2008 LLP. As at 30 June 2016 the remaining obligation in respect of the lease is £882,825.