

Registered number: OC334333

Langholm Capital 2008 LLP

**Report and consolidated financial statements
For the year ended 30 June 2017**

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DESIGNATED MEMBERS AND ADVISERS

Designated Members

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

Members

A.C. Sills
A.F. Bird (admitted 1 April 2017)

Registered office

1st Floor Charles House
5-11 Regent Street
London
SW1Y 4LR

Banker

Coutts & Co.
440 Strand
London
WC2R 0QS

Auditor

KPMG LLP
15 Canada Square
London
E14 5GL

Solicitor

Macfarlanes
20 Cursitor Street
London
EC4A 1LT

Registered number

OC334333

MEMBERS' REPORT

The members present their report and the audited financial statements for the year ended 30 June 2017 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 77.6% 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'.

Results for the year and allocation to members

The LLP's consolidated profit for the year was £378,677 (2016: £484,393) and details of the results for the year are set out on page 9.

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

28 September 2017

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

The members are responsible for preparing the Members' Report and the group and LLP financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare 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;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and the LLP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the LLP or to cease operations, or have no realistic alternative but to do so.

Under Regulation 6 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, the members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that its financial statements comply with those regulations. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



A.E.B Wiegman
Designated Member

28 September 2017

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

Opinion

We have audited the group and LLP financial statements of Langholm Capital 2008 LLP ("the LLP") for the year ended 30 June 2017 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Reconciliation of Consolidated Members' Interests, the LLP Statement of Financial Position, the LLP Reconciliation of Members' Interests, the Consolidated Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the group and of the LLP as at 30 June 2017 and of the profit of the group for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard.

We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

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

Other information

The members are responsible for the other information, which comprises the members' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Based solely on that work, we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

Under the Companies Act 2006 as applied to limited liability partnerships we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the LLP, or returns adequate for our audit have not been received from branches not visited by us; or

Matters on which we are required to report by exception (continued)

- the LLP's individual 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.

We have nothing to report in these respects.

Members' responsibilities

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

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

This report is made solely to the members of the LLP, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by Regulation 39 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's members, as a body, for our audit work, for this report, or for the opinions we have formed.



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

28 September 2017

CONSOLIDATED INCOME STATEMENT

	Notes	Year ended 30 June 2017 £	Year ended 30 June 2016 £
Turnover	3	<u>2,485,429</u>	<u>2,999,132</u>
		2,485,429	2,999,132
Staff costs		(417,064)	(496,565)
Depreciation		(53,814)	(55,656)
Other operating expenses		<u>(849,408)</u>	<u>(1,216,484)</u>
Operating profit		1,165,143	1,230,427
Interest receivable and similar income		409	682
Profit on ordinary activities before taxation	4	<u>1,165,552</u>	<u>1,231,109</u>
Taxation relief	5	<u>-</u>	<u>5,284</u>
Profit for the financial year before members' remuneration and profit shares		1,165,552	1,236,393
Members' remuneration charged as an expense		(786,875)	(752,000)
Profit for the financial year available for discretionary division among members		<u>378,677</u>	<u>484,393</u>
Minority interests	6	-	(66,346)
Profit for the financial year		<u><u>378,677</u></u>	<u><u>418,047</u></u>

All of the above results derive from continuing operations.

The notes on pages 17 to 25 are an integral part of these accounts.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 30 June 2017 £	Year ended 30 June 2016 £
Profit for the financial year available for discretionary division among members	378,677	484,393
Currency translation differences on foreign net investment and other differences	(302,475)	(343,644)
Total comprehensive income for the year	76,202	140,749

The notes on pages 17 to 25 are an integral part of these accounts.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2017 £	At 30 June 2016 £
Fixed assets			
Tangible fixed assets	8	51,801	101,693
Investments	9	81	77
		<u>51,882</u>	<u>101,770</u>
Current assets			
Debtors: amounts falling due in less than one year	10	188,401	214,652
Cash at bank and in hand		719,124	469,059
		<u>907,525</u>	<u>683,711</u>
Current liabilities			
Creditors: amounts falling due in less than one year	11	(702,358)	(475,341)
Net current assets		<u>205,167</u>	<u>208,370</u>
Total assets less current liabilities		257,049	310,140
Provisions for liabilities and charges	12	-	(67,505)
Net assets attributable to members		<u>257,049</u>	<u>242,635</u>
Represented by:			
Members' other interests			
Members' capital - classified as equity	13	150,000	150,000
Other amounts - classified as debts		107,049	92,635
		<u>257,049</u>	<u>242,635</u>
Total Members' interests			
Amounts due from members		-	-
Members' other interests		257,049	242,635
		<u>257,049</u>	<u>242,635</u>

The notes on pages 17 to 25 are an integral part of these accounts. The accounts were approved by the members of the LLP on 28 September 2017 and were signed on its behalf by:



A.E.B Wiegman
Designated Member

Registered number: OC334333

RECONCILIATION OF CONSOLIDATED MEMBERS' INTERESTS

	Equity		Debt		Total £
	Members' capital (classified as Equity) £	Other reserves £	Members' capital (classified as debt) £	Other amounts £	
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
Members' remuneration charged as an expense	-	-	-	786,875	786,875
Profit for the financial year available for discretionary division among members	-	378,677	-	-	378,677
Allocated during the year	-	(76,202)	-	76,202	-
Drawings	-	-	-	(848,662)	(848,662)
Other movements	-	(302,475)	-	-	(302,475)
Amounts due to members	150,000	-	-	107,049	257,049
Amounts due from members	-	-	-	-	-
Balance at 30 June 2017	150,000	-	-	107,049	257,049

The notes on pages 17 to 25 are an integral part of these accounts.

LLP STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2017 £	At 30 June 2016 £
Fixed assets			
Tangible fixed assets	8	51,801	101,693
Investments		5	5
		<u>51,806</u>	<u>101,698</u>
Current assets			
Debtors: amounts falling due in less than one year	10	188,401	214,652
Cash at bank and in hand		682,054	438,216
		<u>870,455</u>	<u>652,868</u>
Current liabilities			
Creditors: amounts falling due in less than one year	11	(702,286)	(475,274)
Net current assets		<u>168,169</u>	<u>177,594</u>
Total assets less current liabilities		219,975	279,292
Provisions for liabilities and charges	12	-	(67,505)
Net assets attributable to members		<u>219,975</u>	<u>211,787</u>
Represented by:			
Members' other interests			
Members' capital - classified as equity	13	150,000	150,000
Other amounts - classified as debts		69,975	61,787
		<u>219,975</u>	<u>211,787</u>
Total Members' interests			
Amounts due from members		-	-
Members' other interests		219,975	211,787
		<u>219,975</u>	<u>211,787</u>

The notes on pages 17 to 25 are an integral part of these accounts. The accounts were approved by the members of the LLP on 28 September 2017 and were signed on its behalf by:



A.E.B. Wiegman
Designated Member

Registered number: OC334333

LLP RECONCILIATION OF MEMBERS' INTERESTS

	Equity		Debt	
	Members' capital (classified as Equity) £	Other reserves £	Other amounts £	Total £
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
Members' remuneration charged as an expense	-	-	786,875	786,875
Profit for the financial year available for discretionary division among members	-	69,975	-	69,975
Drawings	-	-	(848,662)	(848,662)
Allocated during the year	-	(69,975)	69,975	-
Amounts due to members	150,000	-	69,975	219,975
Amounts due from members	-	-	-	-
Balance at 30 June 2017	150,000	-	69,975	219,975

The notes on pages 17 to 25 are an integral part of these accounts.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 30 June 2017 £	Year ended 30 June 2016 £
Net cash inflow from operating activities	<i>a</i>	1,078,238	1,499,196
Returns on investments and servicing of finance			
Interest received		409	682
Net cash inflow from returns on investments and servicing of finance		409	682
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(3,922)	(5,734)
Movement in investments		37	(36)
Net cash outflow from capital expenditure and financial investment		(3,885)	(5,770)
Transactions with members			
Payments to members		(848,662)	(1,364,204)
Loans and other debts due from members		-	131,960
Net cash outflow from transactions with members		(848,662)	(1,232,244)
Cash inflow before management of financing		226,100	261,864
Amounts received / (paid) to Langholm Capital Fund II		23,965	(17,322)
Net cashflow from financing		23,965	(17,322)
Increase in cash in the year	<i>b/c</i>	250,065	244,542

The notes on pages 17 to 25 are an integral part of these accounts.

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 30 June 2017 £	Year ended 30 June 2016 £
a. Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	1,165,143	1,230,427
Depreciation	53,814	55,656
Decrease in debtors	2,285	727,053
Increase / (decrease) in creditors	159,512	(170,291)
Other differences on consolidation	(302,516)	(343,649)
Net cash inflow from operating activities	<u>1,078,238</u>	<u>1,499,196</u>
b. Reconciliation of net cash flow to movement in net funds		
Increase in cash in the year	<u>250,065</u>	<u>244,542</u>
Change in net funds resulting from cash flows	<u>250,065</u>	<u>244,542</u>
Opening net funds	469,059	224,517
Movement in net funds in the year	<u>250,065</u>	<u>244,542</u>
Closing net funds	<u>719,124</u>	<u>469,059</u>
c. Analysis of net funds		
	As at 30 June 2016 £	Cash Flow £
Cash in hand, at bank	<u>469,059</u>	<u>250,065</u>
		As at 30 June 2017 £
		<u>719,124</u>

The notes on pages 17 to 25 are an integral part of these accounts.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2017

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.

Basis of consolidation

The consolidated financial statements include the financial statements of the LLP and its subsidiary undertakings made up to 30 June 2017. 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 £14.3m (2016: increase profit by £15.0m); to reduce investments by £64.5m (2016: £71.8m); to increase other net assets by £0.4m (2016: £0.1m), and to reduce the minority interest in the balance sheet by £65.0m (2016: £71.9m).

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.

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.

1. Accounting policies (continued)

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.

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.

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'.

1. Accounting policies (continued)

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.

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 2017	Year ended 30 June 2016
Investment professionals	3	3
Administration	3	2
	<u>6</u>	<u>5</u>

	Year Ended 30 June 2017 £	Year Ended 30 June 2016 £
Staff costs for the above persons were:		
Wages and salaries	354,795	452,290
Social security costs	36,061	30,359
Pension costs	26,208	13,916
	<u>417,064</u>	<u>496,565</u>

‘Wages and salaries’ include the costs to employ Langholm Capital employees.

The LLP operates a defined contribution pension scheme on behalf of certain of its employees (at 30 June 2017: 5 employees; at 30 June 2016: 3 employees). No contributions were outstanding as at 30 June 2017 (2016: £Nil).

3. Turnover

The Group’s consolidated turnover includes the following amounts:

	Year ended 30 June 2017 £	Year ended 30 June 2016 £
Management fee due from group companies	2,485,429	2,881,225
Transaction fees	-	117,907
	<u>2,485,429</u>	<u>2,999,132</u>

4. Profit on ordinary activities before taxation

	Year ended 30 June 2017 £	Year ended 30 June 2016 £
Stated after charging:		
Depreciation	53,814	55,656
Auditor's remuneration	52,836	52,098
Hire of office equipment - operating leases	11,658	10,202
Other - operating leases	451,838	458,037

'Other – operating leases' includes £451,838 paid by the LLP for the rent of its offices (2016: £458,037). 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.

An additional amount of £28,116 (2016: £33,173), 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 nil (2016: £5,284).

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

	Year ended 30 June 2017 £	Year ended 30 June 2016 £
Deferred tax		
Origination and reversal of temporary differences in current year	-	5,284
Tax relief / (expense) on profit on ordinary activities	-	5,284

6. Reconciliation of Minority Interests

	Year ended 30 June 2017 £	Year ended 30 June 2016 £
At beginning of year	-	-
Share of profit for the year	-	66,346
Distributions of minority interests	-	(66,346)
At end of the year	-	-

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 £856,850 (2016: £813,787).

8. Tangible fixed assets – Group and LLP

	Leasehold Improvements £	Software and Computer and Communications Equipment £	Furniture and Office Equipment £	Total £
Cost or valuation				
At 1 July 2016	457,815	364,223	118,218	940,256
Additions	-	3,922	-	3,922
At 30 June 2017	457,815	368,145	118,218	944,178
Depreciation				
At 1 July 2016	365,657	354,687	118,218	838,563
Charge for the year	45,781	8,033	-	53,814
At 30 June 2017	411,438	362,720	118,218	892,377
Net book value				
At 30 June 2017	46,377	5,425	-	51,801
At 30 June 2016	92,158	9,536	-	101,693

9. Investments – Group

	Investment in subsidiary undertakings £
At 1 July 2016	77
Investment in subsidiaries	(37)
Revaluation due to change in foreign exchange rate	41
At 30 June 2017	<u>81</u>

The LLP owns direct and indirect investments in the following subsidiaries:

Subsidiary undertakings	Country of incorporation	Proportion of Ordinary shares	Activity
Langholm Capital Nominees Limited	England	100%	Nominee Company
Langholm Capital CIP Nominees Limited	England	100%	Nominee Company
Langholm Capital II (GP) Limited	Scotland	100%	General Partner
Langholm Capital Carry II GP Limited	Scotland	100%	General Partner

Controlled undertakings	Country of incorporation	Activity
Langholm Capital Partners II (GP) LP	Scotland	General Partner
Langholm Capital Carry II LP	Scotland	General Partner
Langholm Capital II LP	England	Fund

All entities incorporated in England have a registered office at 5-11 Regent Street, London, SW1Y 4LR.

All Scottish incorporated entities are registered at 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ.

10. Debtors

	Group	LLP	Group	LLP
	At 30 June	At 30 June	At 30 June	At 30 June
	2017	2017	2016	2016
	£	£	£	£
Amounts owed by subsidiary undertaking	-	37,341	-	31,100
Other debtors	102,670	65,329	128,089	96,989
Prepayments	85,731	85,731	86,563	86,563
	<u>188,401</u>	<u>188,401</u>	<u>214,652</u>	<u>214,652</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.

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
	2017	2017	2016	2016
	£	£	£	£
Trade creditors	25,304	25,304	42,516	42,516
Other creditors, including taxation; social security and derivative liability	95,943	95,871	167,556	167,489
Accruals and deferred income	581,111	581,111	265,269	265,269
	<u>702,358</u>	<u>702,286</u>	<u>475,341</u>	<u>475,274</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
	2017	2017
	£	£
At 1 July 2016	67,505	67,505
Charged during the year	8,281	8,281
Reallocated to current liabilities	(75,786)	(75,786)
At 30 June 2017	<u>-</u>	<u>-</u>

The provision at 30 June 2017 relates to the expected liability for dilapidations on expiry of the lease of the property occupied by the LLP. This has been reallocated to current liabilities.

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 2017, the LLP had annual commitments under operating leases as follows:

	At 30 June 2017	At 30 June 2016
	£	£
Obligations under operating leases		
Other assets		
Expiring in 2 to 5 years	11,658	10,202
	<u>11,658</u>	<u>10,202</u>

15. Related party disclosures

All the members are related as a result of their membership of the LLP, with the designated members, A.E.B Wiegman and N.J Evans, considered to be the controlling parties of the LLP. Members' remuneration is disclosed in the Reconciliation of consolidated members' interests on page 12.

Certain members of the LLP are directors of companies invested in by the Fund, and managed by the LLP. These companies paid the LLP £280,589 (2016: £276,207) during the financial period for services rendered by the LLP and recharges for expenses met on their behalf. At year end, these companies owed the LLP £48,220 (2016: £49,511).

Under the terms of the Fund partnership agreement (the "Agreement"), 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 £1,688 (2016: £58,927) were made through these arrangements during the year.

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

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 foreign currency hedges:

	In currency 2017 €	Sterling equivalents 2017 £	In currency 2016 €	Sterling equivalents 2016 £
Maturing within 1 year	1,680,000	1,481,559	2,750,000	2,127,350
	<u>1,680,000</u>	<u>1,481,559</u>	<u>2,750,000</u>	<u>2,127,350</u>