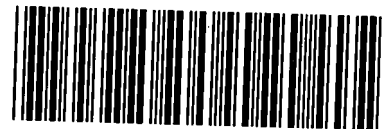


Registered number:  
OC361119

**PATRON CAPITAL ADVISERS LLP**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

FRIDAY



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28/09/2018  
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## **PATRON CAPITAL ADVISERS LLP**

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**Members Report  
For the year ended 31 December 2017****Principal activities**

The principal activity of Patron Capital Advisers LLP (the "LLP") is that of investment adviser to Patron Capital L.P. I., Patron Capital L.P. II, Patron Capital L.P. III and Patron Capital L.P. IV and Patron Capital L.P. V., third party funds organised for investment in European real estate and related opportunities. The LLP was formed on 24 January 2011 and on 1 July 2011 the business, assets, undertaking and investment in its subsidiary undertaking, Main Asset Management GmbH ("MAM") were transferred to the LLP by a predecessor entity, Patron Capital Limited. The LLP is regulated by the Financial Conduct Authority. The LLP has one wholly owned subsidiary undertaking, MAM, which is engaged in asset management. The LLP and MAM are together referred to as the "Group".

**Principal risks and uncertainties**

The management of the business and the execution of the LLP's strategy are subject to a number of risks. However, the LLP has in place a risk management programme that seeks to limit the possible adverse effects on the financial performance of the business by monitoring levels of cash and performing a thorough appraisal of any potential new projects. The business does not use derivative financial instruments, hedge accounting is not therefore applied.

Given the size of the business, the members have not delegated responsibility for monitoring financial risk management to a sub-committee of the Executive Board. The finance department implements the policies set by the members. The department has specific guidelines agreed by the members to manage interest rate risk and credit risk and circumstances where it may be appropriate to use financial instruments to manage these.

*Credit Risk*

The amount of exposure to any individual counterparty is assessed regularly by the Executive Board.

*Liquidity and cash flow risk*

The Group has limited need for either long-term and short-term finance but the members seek always to ensure the Group has sufficient available funds for operations and planned expansions. Any new debt finance would have to be approved by the members before it was taken on.

*Interest Rate Risk*

On occasion the Group has interest bearing assets. Interest bearing assets include only cash balances and deposits that earn interest based on prevailing bank rates.

*Price Risk*

All significant expenditure is pre-authorised by management in order to ensure that goods and services are not obtained at a higher price than necessary.

*Key Performance Indicators*

Given the straightforward nature of the business, the members are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

The external commercial environment is expected to remain competitive in 2018. However the members consider the results for the year and the financial position at the year end to be satisfactory.

**Results**

The consolidated profit for the year, after taxation, amounted to £4,672,655 (2016: £5,008,095).

**Members**

The members during the year were as follows:

*Designated Member:*

Keith Breslauer

*Members:*

Kevin Cooke

Stephen Green

Kendall Langford

Shane Law

Mark Parnell

Aubrey Collins

*Corporate Member:*

Patron Capital Advisers Investments Limited

**Members' capital**

The LLP maintains capital appropriate to the requirements of the business.

The LLP maintains a flexible policy for the subscription of capital. Members may be invited to subscribe from time to time such that the LLP maintains its desired level of debt to capital. Members' capital is repaid on retirement from the LLP or earlier, with the agreement of the members.

Details of changes in Members' capital in the year ended 31 December 2017 are set out in the consolidated and LLP statements of members' interest on pages 11 and 12.

**Members' drawings and allocations of profit**

Members are remunerated from the profits of the LLP and are required to make their own provision for pensions and other benefits and to provide the LLP with an indemnity in relation to personal taxation liabilities.

**MEMBERS REPORT****For the year ended 31 December 2017****Statement of members' responsibilities**

Company law as applied to LLPs requires the members to prepare group and parent LLP financial statements for each financial year. Under that law the members have elected to prepare the group and parent LLP 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 parent LLP and the Group and of the profit or loss of the Group 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the group and parent LLP financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent LLP will continue in business.

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 the group and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to LLPs. They are also responsible for safeguarding the assets of the LLP and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Auditor**

The auditor, Crowe Clark Whitehill LLP, has indicated its willingness to continue in office.



On behalf of the Executive Board

**Keith Breslauer**  
**Designated member**

25 April 2018

**Independent Auditors' Report to the Members of Patron Capital Advisers LLP****Opinion**

We have audited the financial statements of Patron Capital Advisers LLP (the "parent LLP") and its subsidiaries (the "group") for the year ended 31 December 2017 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and LLP Statements of Financial Position, the Consolidated and LLP Cash Flow Statements, the Consolidated and LLP Statement of Members' Interests and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the LLP's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to Limited Liability Partnerships (LLPs). 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.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent LLP's affairs as at 31 December 2017 and of the group's 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 LLPs.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent LLP's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The members are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to LLPs requires us to report to you if, in our opinion:

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

#### **Responsibilities of members**

As explained more fully in the members' responsibilities statement set out on page 3, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

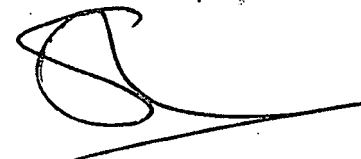
In preparing the financial statements, the members are responsible for assessing the group's and the parent LLP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the group or the parent LLP or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



Stephen Bullock  
Senior Statutory Auditor

For and on behalf of

Crowe Clark Whitehill LLP  
Statutory Auditor  
London

25 April 2018

**Consolidated Statement of Comprehensive Income  
For the Year Ended 31 December 2017**

	Notes	Year ended 31/12/2017 £	Year ended 31/12/2016 £
<b>Turnover</b>	1, 3	15,837,352	14,879,986
Staff costs	4	(9,319,415)	(7,870,215)
Depreciation and amortisation	10	(75,625)	(85,763)
Other administrative expenses		<u>(1,792,351)</u>	<u>(1,882,896)</u>
<b>Operating profit</b>	6	4,649,961	5,041,112
Interest receivable and similar income	7	15	7
Loss on sale of investment disposals		<u>(1,767)</u>	<u>(6,364)</u>
<b>Profit for the period before taxation</b>		4,648,209	5,034,755
Tax on profit on ordinary activities in corporate subsidiaries	9	<u>24,446</u>	<u>(26,660)</u>
<b>Profit for the financial period before members' remuneration and profit shares available for discretionary division among members</b>		<u>4,672,655</u>	<u>5,008,095</u>
Exchange differences on retranslation of foreign operations		29,666	101,147
<b>Total comprehensive income for the period</b>		<u>4,702,321</u>	<u>5,109,242</u>

All of the turnover relates to continuing operations. The profit for the period has been calculated on the historical cost basis.



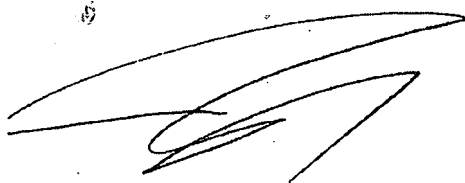
**PATRON CAPITAL ADVISERS LLP**

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**Consolidated Statement of Financial Position  
At 31 December 2017  
Registered number: OC361119**

	Notes	As at 31/12/2017 £	As at 31/12/2016 £
<b>FIXED ASSETS</b>			
Tangible assets	10	339,640	398,925
<b>CURRENT ASSETS</b>			
Debtors	12	5,861,312	5,241,312
Cash at bank and in hand		<u>2,102,800</u>	<u>1,166,636</u>
		7,964,112	6,407,948
<b>CREDITORS: amounts falling due within one year</b>	13	<u>(5,499,371)</u>	<u>(5,352,338)</u>
<b>NET CURRENT ASSETS</b>		<u>2,464,741</u>	<u>1,055,610</u>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		<u>2,804,381</u>	<u>1,454,535</u>
<b>REPRESENTED BY:</b>			
Members' regulatory capital – classified as equity		50,000	50,000
Members' other capital – classified as equity		416,151	416,151
Members' other interests		2,280,964	960,784
Other reserves		<u>57,266</u>	<u>27,600</u>
<b>TOTAL MEMBERS' INTERESTS</b>		<u>2,804,381</u>	<u>1,454,535</u>

The financial statements were approved and authorised for issue by the members on 25 April 2018 and signed on their behalf by:



**Keith Breslauer**  
Designated Member

**LLP Statement of Financial Position**  
**At 31 December 2017**  
**Registered number: OC361119**

	Notes	31/12/2017 £	31/12/2016 £
<b>FIXED ASSETS</b>			
Tangible assets	10	335,149	390,328
Investments	11	<u>22,055</u>	<u>22,055</u>
		357,204	412,383
<b>CURRENT ASSETS</b>			
Debtors	12	5,545,474	4,800,113
Cash at bank and in hand		<u>1,536,489</u>	<u>494,973</u>
		7,081,963	5,295,086
<b>CREDITORS: amounts falling due within one year</b>	13	<u>(5,420,148)</u>	<u>(5,065,668)</u>
<b>NET CURRENT ASSETS</b>		<u>1,661,815</u>	<u>229,418</u>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		<u>2,019,019</u>	<u>641,801</u>
<b>REPRESENTED BY:</b>			
Members' regulatory capital – classified as equity	14	50,000	50,000
Members' other capital – classified as equity	14	416,151	416,151
Members' other interests	14	<u>1,552,868</u>	<u>175,650</u>
<b>TOTAL MEMBERS' INTERESTS</b>	14	<u>2,019,019</u>	<u>641,801</u>

The profit for the year, after taxation, amounted to £4,729,692 (2016: £4,946,320).

The financial statements were approved and authorised for issue by the members on 25 April 2018 and signed on their behalf by:



**Keith Breslauer**  
**Designated Member**

The notes on pages 13 to 21 form part of these financial statements.

**Consolidated Statement of Cashflows  
For the Year Ended 31 December 2017**

	Year ended 31/12/2017 £	Year ended 31/12/2016 £
<b>Cash flows from operating activities</b>		
Operating profit	4,672,655	5,041,112
Depreciation	75,625	85,743
Loss on disposal of fixed assets	(1,767)	(3,343)
(Increase)/decrease in debtors	889,474	(509,283)
(Decrease)/increase in creditors	124,334	(305,341)
<b>Cash from operations</b>	<b>5,760,321</b>	<b>4,308,888</b>
Income taxes (paid)/received	4,625	(26,249)
<b>Net cash generated from operating activities before transactions with members</b>	<b>5,764,946</b>	<b>4,282,639</b>
<b>Cash flows from investing activities</b>		
Interest received	15	7
Purchase of tangible fixed assets	(19,050)	(22,143)
<b>Net cash outflow from investing activities</b>	<b>(19,035)</b>	<b>(22,136)</b>
<b>Cash flows from financing activities</b>		
Payments to members	(4,839,413)	(4,337,984)
<b>Net cash used from financing activities</b>	<b>(4,839,413)</b>	<b>(4,337,984)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>906,498</b>	<b>(77,481)</b>
Foreign exchange translation adjustment	29,666	101,147
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,166,636</b>	<b>1,142,970</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>2,102,800</b>	<b>1,166,636</b>

The notes on pages 13 to 21 form part of these financial statements.

**LLP Statement of Cash Flows**  
**For the Year Ended 31 December 2017**

	Year ended 31/12/2017 £	Year ended 31/12/2016 £
<b>Cash flows from operating activities</b>		
Operating profit	4,729,679	4,946,313
Depreciation	74,229	75,977
(Increase)/decrease in debtors	741,578	(357,746)
(Decrease)/increase in creditors	354,478	(97,548)
<b>Cash from operations</b>	<b>5,899,964</b>	<b>4,566,996</b>
<b>Net cash generated from operating activities before transactions with members</b>	<b>5,899,964</b>	<b>4,566,996</b>
<b>Cash flows from investing activities</b>		
Interest received	15	7
Purchase of tangible fixed assets	(19,050)	(22,143)
<b>Net cash outflow from investing activities</b>	<b>(19,035)</b>	<b>(22,136)</b>
<b>Cash flows from financing activities</b>		
Payments to members	(4,839,413)	(4,337,984)
<b>Net cash used from financing activities</b>	<b>(4,839,413)</b>	<b>(4,337,984)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>1,041,516</b>	<b>206,876</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>494,973</b>	<b>288,097</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>1,536,489</b>	<b>494,973</b>

The notes on pages 13 to 21 form part of these financial statements.

**Consolidated Statement of Members' Interests**  
**(incorporating the consolidated statement of changes in equity)**  
**For the Year Ended 31 December 2017**

	Members' regulatory capital £	Equity Members' other capital £	Other reserves £	Loans and other debts due to / (from) members' other interests £	Total £
At 1 January 2016	50,000	416,151	(73,547)	861,404	1,254,008
<b>Comprehensive income for the year</b>					
Profit for the year available for discretionary division among members	-	-	-	5,008,095	5,008,095
<b>Other comprehensive income for the year</b>					
Foreign exchange translation difference	-	-	101,147	-	101,147
<b>Total comprehensive income for the year</b>	-	-	101,147	5,008,095	5,109,242
Drawings	-	-	-	(4,908,715)	(4,908,715)
<b>Total contributions by and distributions to members</b>	-	-	101,147	99,390	200,527
At 1 January 2017	50,000	416,151	27,600	960,784	1,454,535
<b>Comprehensive income for the year</b>					
Profit for the year available for discretionary division among members	-	-	-	4,672,655	4,672,655
<b>Other comprehensive income for the year</b>					
Foreign exchange translation difference	-	-	29,666	-	29,666
<b>Total comprehensive income for the year</b>	-	-	29,666	4,672,655	4,702,321
Drawings	-	-	-	(3,352,475)	(3,352,475)
<b>Total contributions by and distributions to members</b>	-	-	29,666	1,320,180	1,349,846
At 31 December 2017	50,000	416,151	57,266	2,280,964	2,804,381

The notes on pages 13 to 21 form part of these financial statements.

**LLP Statement of Members' Interests**  
**(incorporating the LLP statement of changes in equity)**  
**For the Year Ended 31 December 2017**

	Equity		Loans and other debts due to / (from) members	
	Members' regulatory capital £	Members' other capital £	Members' other interests £	Total £
At 1 January 2016	50,000	416,151	138,045	604,196
<b>Comprehensive income for the year</b>				
Profit for the year available for discretionary division among members	-	-	4,946,320	4,946,320
<b>Total comprehensive income for the year</b>	-	-	4,946,320	4,946,320
Drawings	-	-	(4,908,715)	(4,908,715)
<b>Total contributions by and distributions to members</b>	-	-	37,605	37,605
At 1 January 2017	50,000	416,151	175,650	641,801
<b>Comprehensive income for the year</b>				
Profit for the year available for discretionary division among members	-	-	4,729,693	4,729,693
<b>Total comprehensive income for the year</b>	-	-	-	-
Drawings	-	-	(3,352,475)	(3,352,475)
<b>Total contributions by and distributions to members</b>	-	-	1,377,218	1,377,218
At 31 December 2017	50,000	416,151	1,552,868	2,019,019

The notes on pages 13 to 21 form part of these financial statements.

**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

**1. Accounting policies**

**(a) Basis of accounting**

Patron Capital Advisers LLP ("Patron") is a limited liability partnership incorporated and domiciled in the UK. The financial statements have been prepared under the historical cost convention in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the revised Statement of Recommended Practice "Accounting by Limited Liability Partnerships" (the LLP SORP), issued in July 2014.

The firm is financed primarily through capital injected by the members and by retaining profits within the business.

The firm produces annual budgets and forecasts, which take account of expected changes in the firm's trading performance and these demonstrate that the firm is well placed to manage its business risks successfully, despite the current uncertain economic outlook. On this basis, the Members have a reasonable expectation that the firm has adequate resources to operate for the foreseeable future and consider it appropriate to prepare the financial statements on a going concern basis.

Patron's registered office is at One Vine Street, London, W1J 0AH and the registration number is OC361119.

**(b) Basis of consolidation**

The financial statements consolidate the financial statements of Patron Capital Advisers LLP and its subsidiary undertaking (together "the Group") using the acquisition method of accounting. As permitted by section 408 of the Companies Act 2006, (as applied to LLPs) the Statement of Comprehensive Income of the LLP is not presented as part of these financial statements. Of the consolidated profit for the year before members' remuneration, a profit of £4,772,655 has been included in the financial statements of the LLP.

**(c) Revenue recognition**

Turnover represents the fair value of services provided during the period on client assignments. Turnover is recognised as contract activity progresses and the right to consideration is earned. Fair value reflects the amount expected to be recoverable from clients and is based on the time spent, skills and expertise provided and expenses incurred. Turnover excludes Value Added Tax.

Turnover in respect of contingent fee assignments (over and above any agreed minimum fee which is recognised as above) is recognised in the period when the contingent event occurs and collectability of the fee is assured.

Unbilled turnover on individual client assignments is included as accrued income within debtors. Where individual on-account billings exceed revenue recognised on client assignments, the excess is classified as deferred income within creditors.

**(d) Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:

Land and buildings leasehold	Over the period of the lease
Plant and machinery	Over 3 years reducing balance
Fixtures and fittings	Over 4 years reducing balance

**1. Accounting policies (continued)**

**(e) Investments**

Fixed asset investments are stated at cost, less any provision for diminution in value.

**(f) Leases**

Assets held under finance leases or hire purchase agreements and the related obligations are recorded in the balance sheet at the fair value of the assets at the inception of the agreements. The excess of the payments over the recorded obligations are treated as finance charges which are amortised over the term of each agreement to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis of the period until the date the rent is expected to be adjusted to the prevailing market rate.

**(g) Pensions**

Contributions payable by the Group to staff personal pension plans are charged to the profit and loss account in the period to which they relate.

**(h) Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rates ruling at the date of the transactions. All differences are taken to the profit and loss account.

The financial statements of the foreign subsidiary company are translated into sterling at the closing rate of exchange for the balance sheet and the average rate for the profit and loss account. Exchange differences arising on the retranslation of these financial statements at the beginning of the year are dealt with as a movement in reserves.

Other exchange gains and losses are recognised in the profit and loss account.

**(i) Taxation**

Taxation on the LLP's profits is solely the personal liability of individual members. The tax charge in the profit and loss account represents corporation tax payable by the subsidiary undertaking.

**(j) Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**(k) Interest income**

Interest income is recognised in the profit or loss using the effective interest method.



**(l) Financial instruments**

The LLP only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the LLP would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**(m) Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2. Significant judgements and estimates**

The members do not consider there to be any key sources of estimation and uncertainty when applying the accounting policies.

**3. Turnover**

The total turnover of the Group for the year has been derived from its principal activity undertaken in the European Union.

**4. Staff costs**

Staff costs were as follows:

	Year ended 31/12/2017 £	Year ended 31/12/2016 £
Wages and salaries	7,949,048	6,762,341
Social security costs	1,313,293	1,043,900
Pension costs	57,073	63,974
	<u>9,319,414</u>	<u>7,870,215</u>

The average monthly number of employees of the Group during the year was as follows:

	Year ended 31/12/2017 No.	Year ended 31/12/2016 No.
Management and administration	<u>65</u>	<u>66</u>

**5. Information in relation to members**

The average number of members during the year was seven (2016: seven) individuals and one corporate member. The estimated profit entitlement of the member with the largest entitlement was £3,198,192 (2016: £3,831,766).

**6. Profit for the year before taxation**

The profit for the year before taxation is stated after charging/ (crediting)

	Year ended 31/12/2017 £	Year ended 31/12/2016 £
Operating profit is stated after charging/(crediting):		
Depreciation on fixed assets owned by the Group	76,625	85,763
Loss on disposal of fixed assets owned by the Group	1,767	3,343
Operating lease rentals – other operating leases	686,266	695,871
Foreign exchange difference	(1,960)	(332)

**7. Interest receivable and similar income**

	Year ended 31/12/2017 £	Year ended 31/12/2016 £
Group and LLP		
Interest receivable	<u>15</u>	<u>7</u>
	<u>15</u>	<u>7</u>

**8. Auditor's remuneration**

	Year ended 31/12/2017 £	Year ended 31/12/2016 £
<b>Audit services:</b>		
- Fees payable to the LLP's auditors for the audit of the LLP's annual accounts	17,500	15,000
- Fees payable to the LLP's auditor and its associates for:		
Other services	-	7,700
Tax compliance services	15,000	15,000

**9. Taxation**

	Year ended 31/12/2017 £	Year ended 31/12/2016 £
Taxation in the year relates to corporate taxation payable by Main Asset Management GmbH as follows:		
Current tax charge/(recovery)	(24,446)	26,660
Profit (loss) before tax in corporate subsidiary	(81,485)	88,434
Corporation tax on profits at 30%	(24,446)	26,530
Add: Undeducted differences	-	130
	<u>(24,446)</u>	<u>26,660</u>

**10. Tangible fixed assets**

Group	Leasehold land and buildings £	Plant and machinery £	Furniture, fittings and equipment £	Total £
<b>Cost</b>				
At 1 January 2017	508,874	260,801	430,488	1,200,163
Additions	-	11,786	7,264	19,050
Disposals	-	-	(173,414)	(173,414)
At 31 December 2017	<u>508,874</u>	<u>272,587</u>	<u>264,338</u>	<u>1,045,799</u>
<b>Depreciation</b>				
At 1 January 2017	190,251	224,338	386,649	801,238
Charge for the year	50,887	13,472	11,266	75,625
Disposals	-	-	(170,704)	(170,704)
At 31 December 2017	<u>241,138</u>	<u>237,810</u>	<u>227,211</u>	<u>706,159</u>
<b>Net book value</b>				
At 31 December 2017	<u>267,736</u>	<u>34,777</u>	<u>37,127</u>	<u>339,640</u>
At 31 December 2016	<u>318,623</u>	<u>36,463</u>	<u>43,839</u>	<u>398,925</u>

LLP	Leasehold land and buildings £	Plant and machinery £	Furniture, fittings and equipment £	Total £
<b>Cost</b>				
At 1 January 2017	508,873	260,801	252,584	1,022,258
Additions	-	11,786	7,264	19,050
At 31 December 2017	508,873	272,587	259,848	1,041,308
<b>Depreciation</b>				
At 1 January 2017	190,250	224,338	217,342	631,930
Charge for the year	50,889	13,472	9,868	74,229
At 31 December 2017	241,139	237,810	227,210	706,159
<b>Net book value</b>				
At 31 December 2017	267,734	34,777	32,638	335,149
At 31 December 2016	318,623	36,463	35,242	390,328

#### 11. Investments in subsidiary undertakings

LLP	Year ended 31/12/2017 £	Year ended 31/12/2016 £
Shares in subsidiary undertakings at cost	22,055	22,055

The principal subsidiary undertakings throughout the year were:

Name	Country of Incorporation	Registered Office	Class of Shares	Holding	Principal activity
Main Asset Management GmbH	Germany	Hanauer Landstraße 423A, 60314 Frankfurt am Main, Germany	Ordinary	100%	Asset manager

As at 31 December 2017 the net assets of Main Asset Management GmbH were £784,883 with a profit of £79,573 recognised for the year.

#### 12. Debtors

Group	Year ended 31/12/2017 £	Year ended 31/12/2016 £
Trade debtors	595,934	3,593,973
Other debtors	203,599	184,121
Amounts due from members of the LLP	1,871,300	384,461
Prepayments and accrued income	3,190,479	1,078,757
	<b>5,861,312</b>	<b>5,241,312</b>

LLP	Year ended 31/12/2017 £	Year ended 31/12/2016 £
Trade debtors	349,105	3,194,671
Other debtors	141,882	153,270
Amounts due from members	1,871,300	384,461
Prepayments and accrued income	3,183,187	1,067,711
	<u>5,545,474</u>	<u>4,800,113</u>

**13. Creditors: Amounts falling due within one year**

Group	Year ended 31/12/17 £	Year ended 31/12/2016 £
Trade creditors	145,841	149,309
Corporation tax	-	2,713
Other taxation and social security costs	274,676	673,294
Other creditors	439,700	824,877
Accruals and deferred income	4,639,154	3,702,145
	<u>5,499,371</u>	<u>5,352,338</u>

LLP	Year ended 31/12/2017 £	Year ended 31/12/2016 £
Trade creditors	143,632	146,772
Other taxation and social security costs	256,906	633,967
Other creditors	511,825	582,784
Accruals and deferred income	4,507,785	3,702,145
	<u>5,420,148</u>	<u>5,065,668</u>

**14. LLP members' interests**

LLP	Year ended 31/12/2017 £	Year ended 31/12/2016 £
Members' regulatory capital – classified as equity	50,000	50,000
Members' other capital – classified as equity	416,151	416,151
Amounts due to members	1,552,868	175,650
Amounts due from members (included in debtors)	(1,871,300)	(384,361)
	<u>147,719</u>	<u>257,440</u>

In the event of a winding up of Patron Capital Advisers LLP, the other amounts of loans and other debts due to members rank equally with unsecured creditors; members' capital and other reserves rank after unsecured creditors and no additional protection is afforded to creditors.

**15. Operating lease commitments**

At 31 December 2017 the Group had future minimum operating lease payments under non-cancellable operating leases as follows:

	Year ended 31/12/2017 £	Year ended 31/12/2016 £
Not later than 1 year	689,322	718,641
Later than 1 year and not later than 5 years	2,718,198	2,727,971
Later than 5 years	622,920	1,302,470
	<u>3,030,440</u>	<u>4,749,082</u>

**16. Financial instruments**

<b>Group</b>	<b>Year ended 31/12/2017 £</b>	<b>Year ended 31/12/2016 £</b>
<b>Financial assets:</b>		
Financial assets that are debt instruments measured at amortised cost	2,902,333	3,986,805
	<u>2,902,333</u>	<u>3,986,805</u>
<b>Financial liabilities:</b>		
Financial liabilities measured at amortised cost	585,541	4,676,332
	<u>585,541</u>	<u>4,676,332</u>
<b>LLP</b>		
	<b>Year ended 31/12/2017 £</b>	<b>Year ended 31/12/2016 £</b>
<b>Financial assets:</b>		
Financial assets that are debt instruments measured at amortised cost	2,027,476	3,556,562
	<u>2,027,476</u>	<u>3,556,562</u>
<b>Financial liabilities:</b>		
Financial liabilities measured at amortised cost	655,457	4,431,701
	<u>655,457</u>	<u>4,431,701</u>

Financial assets measured at amortised cost comprise of cash, trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise of trade creditors and other creditors.

**17. Related party disclosures**

The LLP has relied upon the exemption given in FRS102 not to disclose transactions between itself and its subsidiary undertakings.

There are no other related party transactions requiring disclosure in the financial statements for the year ended 31 December 2017.