

Limerston Capital LLP

**Annual Report and Audited Financial Statements
for the year ended 31 December 2017**



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Designated Members and Advisors

Registered Office:

Limerston Capital LLP
Warwick House
25-27 Buckingham Palace Road
London
SW1W 0PP

LLP registered number:

OC395806

Designated Members:

M A Caldeira
J V G Rosa
J H Paget

Independent Auditor:

Rees Pollock
35 New Bridge Street
London
EC4V 6BW

Legal Advisor:

Latham & Watkins LLP
99 Bishopsgate
London
EC2M 3XF

Bankers:

The Royal Bank of Scotland plc
36 St. Andrew Square
Edinburgh
EH2 2YB

Administrator:

Augentius (UK) Ltd
Two London Bridge
London
SE1 9RA

Members' Report

The Members present their Annual Report together with the Audited Financial Statements of Limerston Capital LLP (the "LLP") for the year ended 31 December 2017.

Principal activities

The principal activity of the LLP is to provide investment advice and management.

Review of the Business

The LLP has reported a profit for the year ended 31 December 2017, resulting from the completion of the fundraising of Limerston Capital Partners I, L.P., Limerston Capital Spark Co-Investment L.P. and Limerston Capital AP Co-Investment L.P. (the "Funds") and from the expected expenditures with the operations of all the LLP's subsidiaries.

Given the progress of the LLP's current business activities, the Members are confident that the business will continue to show a solid financial performance.

Designated Members

The following were Designated Members during the year:

M A Caldeira
J V G Rosa
J H Paget

Results for the year and allocation to Members

The profit for the year before Members' remuneration and profit shares was £3,138,483 (31 December 2016: loss of £41,092).

The net assets of the LLP as at 31 December 2017 were £2,435,892 (31 December 2016: £558,901).

Members' interests

Policies for Members' drawings, subscriptions and repayment of Members' capital are governed by the LLP agreement.

Members' capital and drawings are determined by the regulatory capital requirements of the FCA and any trading needs of the LLP. Members' capital is not repayable except where allowed under FCA rules.

Provision of Information to Auditors

In so far as the Members are aware:

- There is no relevant audit information of which the LLP's auditors are unaware; and
- The Members have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Independent Auditors

The independent auditors, Rees Pollock have expressed their willingness to continue in office as auditors.

Going Concern

The Members are satisfied at the time of signing the financial statements that the LLP has adequate resources and the intention to operate for the foreseeable future. For this reason, the Members continue to adopt a going concern basis in preparing the financial statements.

Pillar III disclosures

The Members have documented the disclosures required by the FCA under BIPRU 11. These are available on the LLP's website.

Members' Report (continued)

Statement of Members' Responsibilities

The Members are responsible for preparing the Annual Report and Audited Financial Statements in accordance with applicable law and regulations.

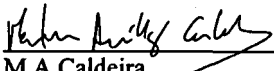
The Companies Act 2006 as applied to Limited Liability Partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 ("the Regulations") requires the Members to prepare financial statements for each financial year. The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"). Under company law as applied to limited liability partnerships, 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 Limited Liability Partnership and of the profit or loss of the Limited Liability Partnership for that period.

In preparing those financial statements, the Members are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The Members are responsible for keeping proper accounting records that are sufficient to show and explain the LLP's transactions and which disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to limited liability partnerships by the Regulations. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Members on 24 April 2018 and signed on their behalf by:


M A Caldeira
Designated Member

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIMERSTON CAPITAL LLP

Opinion

We have audited the financial statements of Limerston Capital LLP (the 'LLP') for the year ended 31 December 2017, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of cash flows, the Reconciliation of members' interests and the related notes, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the LLP's affairs as at 31 December 2017 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, as applied to limited liability partnerships by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the LLP in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 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 Auditors' 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIMERSTON CAPITAL LLP (CONTINUED)

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 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.

Responsibilities of members

As explained more fully in the Members' responsibilities statement, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 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 LLP or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 Auditors' 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. This description forms part of our Auditors' report.

Use of our report

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 by Part 12 of The Limited Liability Partnerships (Accounts and Audit) (Applications of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP's members, as a body, those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Peter Scott (Senior statutory auditor)
for and on behalf of
Rees Pollock, Statutory Auditor
24 April 2018

Statement of Comprehensive Income

	Note	Current year to 31 December 2017	Year to 31 December 2016
		£	£
Turnover	13	5,023,005	256,781
Administrative expenses		(1,875,106)	(232,172)
Operating profit		3,147,899	24,609
Interest expense		(9,416)	(65,701)
Profit / (loss) for the year before taxation and Members' remuneration and profit share		3,138,483	(41,092)
Members' remuneration charged as an expense		(1,855,211)	-
Profit / (loss) for the financial year available for division among Members		1,283,272	(41,092)
Other comprehensive income		-	-
Total comprehensive profit / (loss) for the financial year		1,283,272	(41,092)

All results shown are from continuing operations.

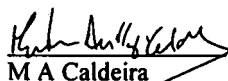
There were no items of other comprehensive income in the current and comparative year.

The notes on page 10 to page 15 form an integral part of the financial statements.

Statement of Financial Position

	Notes	As at 31 December 2017 £	As at 31 December 2016 £
Fixed assets:			
Tangible fixed assets	8	116,964	58,083
Investments	9	2	2
		116,966	58,085
Current assets:			
Debtors	10	2,957,703	1,014,548
Cash at bank		312,299	94,077
		3,270,002	1,108,625
Current liabilities:			
Creditors: Amounts falling due within one year	11	(951,076)	(607,809)
		(951,076)	(607,809)
Net current assets		2,318,926	500,816
Total assets less current liabilities		2,435,892	558,901
Represented by:			
Loans and other debts due to members within one year:			
Other amounts		593,714	-
		593,714	-
Members' other interests:			
Members' capital classified as equity		599,998	599,993
Other reserves		1,242,180	(41,092)
		1,842,178	558,901
		2,435,892	558,901
Amounts due from Members (included in debtors)	10	(20,862)	(3)
Loans and other debts due to members within one year		593,714	-
Members' other interests		1,842,178	558,901
Total Members' interests		2,415,030	558,898

The financial statements were approved by the Members of the LLP on 24 April 2018, and signed on their behalf by:


M A Caldeira
Designated Member

LLP registered number: OC395806

The notes on page 10 to page 15 form an integral part of the financial statements.

Reconciliation of Members' Interests and Statement of Changes in Equity

	EQUITY			DEBT		Total Members' interest
	Members' capital (classified as equity)	Other reserves	Members' other interests Total	Loans and other debts due to Members less any amounts due from Members in debtors Other amounts	due to Members less any amounts due from Members in debtors Total	
	£	£	£	£	£	£
Amounts due from Members				(3)	(3)	
Balance at 1 January 2016	3	-	3	(3)	(3)	-
Loss for the year available for discretionary division among Members	-	(41,092)	(41,092)	-	-	(41,092)
Members' interests after loss for the year	3	(41,092)	(41,089)	(3)	(3)	(41,092)
Amounts introduced by Members	599,990	-	599,990	-	-	599,990
Amounts due from Members				(3)	(3)	
Balance at 31 December 2016	599,993	(41,092)	558,901	(3)	(3)	558,898
Members' remuneration charged as an expense	-	-	-	1,855,211	1,855,211	1,855,211
Profit for the year available for discretionary division among Members	-	1,283,272	1,283,272	-	-	1,283,272
Members' interests after profit for the year	599,993	1,242,180	1,842,173	1,855,208	1,855,208	3,697,381
Amounts introduced by Members	5	-	5	(5)	(5)	-
Other movements	-	-	-	(8,010)	(8,010)	(8,010)
Members' drawings for the year	-	-	-	(1,274,341)	(1,274,341)	(1,274,341)
Amounts due to Members				(20,862)	(20,862)	
Amounts due from Members				593,714	593,714	593,714
Balance at 31 December 2017	599,998	1,242,180	1,842,178	572,852	572,852	2,415,030

There are no existing restrictions or limitations which impact the ability of the Members of the LLP to reduce the amount of Members' other interests, apart from FCA capital requirements.

The notes on page 10 to page 15 form an integral part of the financial statements.

Statement of Cash Flows

	Notes	Current year to 31 December 2017 £	Year to 31 December 2016 £
Cash flow from operating activities			
Net profit / (loss) for the financial year		3,138,483	(41,092)
Interest payable		9,416	65,701
Depreciation expense	8	35,185	3,363
Operating profit		3,183,084	27,972
Working capital movements:			
Increase in debtors		(1,922,296)	(1,014,545)
Increase in creditors		343,267	607,807
Net cash used in operating activities		(1,579,029)	(406,738)
Cash flow from investing activities			
Purchase of tangible fixed assets	8	(94,066)	(61,446)
Net cash used in investing activities		(94,066)	(61,446)
Cash flow from financing activities			
Interest payable		(9,416)	(65,701)
Distributions made by the Members		(1,282,351)	-
Members' capital contributions received		-	599,990
Net cash generated from financing activities		(1,291,767)	534,289
Net increase in cash and cash equivalents		218,222	94,077
Cash and cash equivalents at the beginning of the year		94,077	-
Cash and cash equivalents at the end of the year		312,299	94,077

The notes on page 10 to page 15 form an integral part of the financial statements.

Notes to the Financial Statements

1 General information

Limerston Capital LLP (the “LLP”) is a limited liability partnership registered in England and Wales, incorporated on 10 October 2014. The principal business of the LLP is that of investment advice and management.

2 Going concern

The financial statements have been prepared on a going concern basis. The Members have made an assessment of the LLP’s ability to continue as a going concern and are satisfied that the LLP has the resources to continue in business for the foreseeable future. Furthermore, the Members are not aware of any material uncertainties that may cast significant doubt upon the LLP’s ability to continue as a going concern.

3 Basis of preparation

The financial statements have been prepared in compliance with applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102, “The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” (“FRS 102”), Companies Act 2006 (“the Act”) as applied to Limited Liability Partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, the Limited Liability Partnerships Act 2000 and the Statement of Recommended Practice (SORP), Accounting by Limited Liability Partnerships, issued in January 2017.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. The directors do not consider there to be any key accounting estimates or assumptions made that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

4 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

a) Turnover

The turnover shown in the Statement of Comprehensive Income represents management fee income and is recognised over the period which services are provided.

b) Foreign currency

The LLP’s functional and presentational currency is Pounds Sterling (“GBP”, “£”). Transactions denominated in foreign currencies are translated into GBP at the exchange rate ruling when the transaction was entered. Monetary assets and liabilities denominated in foreign currencies are translated into GBP at the exchange rates ruling at the reporting date.

Foreign exchange gains or losses are included in the Statement of Comprehensive Income for the year.

c) Taxation

Taxation of the profits of the LLP is the individual liability of the Members. No taxation is therefore provided for in these financial statements.

Notes to the Financial Statements (continued)

4 Significant accounting policies (continued)

d) Tangible fixed assets

All fixed assets are initially recorded at cost. Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation

Depreciation is calculated in order to write down the cost, less its estimated residual value of an asset over the useful economic life of that asset as follows:

Fixtures, fittings, tools and equipment - 33% per annum, straight line.

A reassessment of the useful economic life of each asset will be made at each year end.

e) Investments

Investments in subsidiaries are stated at cost less impairment in value.

f) Impairment of non-financial assets

The carrying amounts of the LLP's investments in subsidiaries are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

g) Financial assets

Basic financial assets, including debtors and cash at bank balances are initially recognised at transaction price. Such assets are subsequently carried at amortised cost. At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows. The impairment loss is recognised in the Statement of Comprehensive Income.

Financial liabilities

Basic financial liabilities, including trade and other payables and loans payable, are initially recognised at transaction price and subsequently measured at amortised cost. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

h) Members' profit allocations and Members' capital

In accordance with the LLP agreement, and unless the Members otherwise determine by decision, the Members' share in the profits of the LLP or other amounts or assets of the LLP available for distribution to the Members and determined to be distributed by the Principal Member, is based on their relevant Capital Contribution proportions.

Notes to the Financial Statements (continued)

4 Significant accounting policies (continued)

i) Consolidation

The LLP has taken advantage of section 402 of the Companies Act 2006 to exclude the results of its subsidiary undertakings from consolidation on the grounds that their inclusion is not material for the purpose of giving a true and fair view.

j) Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

k) Subscription and repayment of capital

Where the LLP has a contractual obligation to deliver cash or another financial asset to the Member the capital is treated as debt. Where the LLP has an unconditional right to avoid delivering cash or other financial assets to a Member in respect of such amounts, it is treated as equity. All amounts due to Members that are classified as liabilities are presented in the Statement of Financial Position within "Amounts due from Members". Amounts due to Members that are classified as equity are shown in the Statement of Financial Position within "Members' other interests".

5 Operating profit

	Current year to 31 December 2017	Year to 31 December 2016
	£	£
Operating profit is stated after charging:		
Rent expense	173,513	28,711
Depreciation of owned fixed assets	35,185	3,363
Audit fees	10,964	7,000
Fees payable to auditor for other services	-	2,000

6 Staff costs

There are no staff costs to disclose for the year (31 December 2016: £nil).

The profit attributable to Eunoia Advisers Limited, the highest paid Member, was £593,459 (31 December 2016: £nil).

7 Information in relation to Members

The average number of Members during the year was 9 (31 December 2016: 3).

Notes to the Financial Statements (continued)

8 Tangible fixed assets

	Tangible fixed assets
	£
Cost	
At 1 January 2017	61,446
Additions	94,066
At 31 December 2017	155,512
Accumulated depreciation	
At 1 January 2017	3,363
Charged for the year	35,185
At 31 December 2017	38,548
Net book value	
At 31 December 2017	116,964
At 31 December 2016	58,083

9 Investments

	Investment in subsidiaries
	£
Cost	
At 1 January 2017	2
Additions	-
At 31 December 2017	2
Net book value	
At 31 December 2017	2
At 31 December 2016	2

Subsidiary undertakings:

As at 31 December 2017, the LLP had interests in the following subsidiaries:

	Type of shares held	Holding	Country of incorporation	Nature of business
Limerston Fulham Ltd	Ordinary	100%	UK	Holding Company
Limerston Lamont Ltd	Ordinary	100%	UK	Holding Company
Limerston Capital Partners I GP LLP	N/A	100%	UK	General Partner
Limerston ILP GP LLP	N/A	100%	UK	Carry General Partner

The Members have assessed the carrying value of the investments in subsidiary undertakings and determined that the recoverable amount exceeds the carrying value.

Notes to the Financial Statements (continued)

10 Debtors

	As at 31 December 2017	As at 31 December 2016
	£	£
<i>Amounts falling due within one year:</i>		
Prepayments and accrued income	1,228,805	176,233
Trade debtors	74,489	365,202
Due from Members	20,862	3
<i>Amounts falling due in more than one year:</i>		
Prepayments	1,344,117	308,680
Other debtors	289,430	164,430
Total	2,957,703	1,014,548

11 Creditors: Amounts falling due within one year

	As at 31 December 2017	As at 31 December 2016
	£	£
Amounts due to related parties (Note 13)	120,177	109,866
Trade creditors	112,801	36,659
Accruals	89,111	461,284
Other creditors	628,987	-
Total	951,076	607,809

12 Commitments under operating leases

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

	As at 31 December 2017	As at 31 December 2016
	£	£
Due in less than 1 year	164,430	164,430
Due in 2 to 5 years	444,577	567,900
Total	609,007	732,330

13 Related party transactions

The LLP is manager to Limerston Capital Partners I, L.P. and Limerston Capital Spark Co-Investment L.P. (the "Funds") and is entitled to receive a management fee from Limerston Capital Partners I GP, LLP (the "GP"). Management fees of £5,010,419 (2016: £256,781) are included within turnover. As at the year end, the GP owed £100,712 (2016: £10,702) to the LLP in relation to these fees.

Eunoia Advisors Limited ("Eunoia") is a related party due to common ownership. Included within Amounts due to related parties is £119,282 (2016: £109,866) due to Eunoia in respect of a loan. The loan is unsecured, bears interest at 10% and has no fixed repayment date. The interest expense recognised in the year is £9,416 (2016: £15,701). In addition, included within Accruals is £50,000 (2016: £50,000) due to Eunoia in respect of a loan arrangement fee.

Notes to the Financial Statements (continued)

13 Related party transactions (continued)

During the year, the LLP incurred professional fees of £155,748 from London Living Developments Limited, a company controlled by a close family member of the LLP. As at the year end the LLP owed £82,500 (2016: £nil) to London Living Developments Limited and is included within trade creditors.