

Montagu Oldco Limited

**ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 December 2013**



Montagu Oldco Limited

Annual Report and Audited Financial Statements for the year ended 31 December 2013

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Montagu Oldco Limited

Strategic Report

Business review

Montagu Oldco Limited is a corporate Member of, and is entitled to receive allocations of profit from Montagu Private Equity LLP. In 2013 Montagu Oldco Limited was allocated profits of £7,947,363 from Montagu Private Equity LLP.

This income enabled Montagu Oldco Limited to pay a dividend of £6,099,601 to its parent, Montagu Holdings Limited.

Results for the year

Montagu Oldco Limited made a profit after tax of £5,799,627 (2012 : £3,061,710). The full results of the company for the year are set out in the profit and loss account on page 7.

Risks and uncertainties

There are no known risks or uncertainties facing the company.

By order of the board.



Graham Hislop
Director

Registered Office
2 More London Riverside
London
SE1 2AP

20 March 2014

Registered No. 02781154

Montagu Oldco Limited

Directors' Report

The Directors present their Report to the members together with the audited financial statements for the year ended 31 December 2013 which were approved by them on 20 March 2014.

Principal activities and business review

The principal activity of the company is an investment holding company. The principal activity of its investment is to provide services relating to private equity fund management.

Results and dividends

The results for the year are set out in the profit and loss account on page 7. The directors have declared and paid a dividend of £6,099,601 (2012: £4,318,291).

Liability insurance

The Company has professional indemnity insurance in place in respect of the duties of the Directors.

Directors

The directors of the Company who served during the year were as follows.


C. M. Masterson
G. Hislop
C. J. Gatenby

Independent auditors

KPMG LLP have indicated willingness to continue as auditors of the company.

Disclosure of information to auditor

The directors who held office at the date of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.



Graham Hislop
Director
20 March 2014

Registered Office
2 More London Riverside
London
SE1 2AP

Registered No. 02781154

Montagu Oldco Limited

Statement of Directors' responsibilities in respect of the Strategic Report, Directors' report and the financial statements

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Montagu Oldco Limited

We have audited the financial statements of Montagu Oldco Limited for the year ended 31 December 2013 set out on pages 7 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 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
- certain disclosures of directors' remuneration specified by law are not made; or

we have not received all the information and explanations we require for our audit.



Iain Barnatyne
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
8 Salisbury Square
London, EC4Y 8BB

20 March 2014

Montagu Oldco Limited

Profit and Loss Account For the year ended 31 December 2013

	Notes	2013 £'000	2012 £'000
Turnover	2	7,947	6,165
Operating costs	3	<u>(4)</u>	<u>336</u>
Operating profit		7,943	6,501
Interest receivable and similar income		2	2
Interest payable and similar charges		<u>(53)</u>	<u>(24)</u>
Profit on ordinary activities before taxation		7,892	6,479
Tax on profit on ordinary activities	4	<u>(2,092)</u>	<u>(3,417)</u>
Profit on ordinary activities after taxation		<u>5,800</u>	<u>3,062</u>
Statement of retained profit and loss			
Retained profit brought forward		2,309	3,565
Dividend		(6,100)	(4,318)
Profit for the year		<u>5,800</u>	<u>3,062</u>
Retained profit carried forward		<u>2,009</u>	<u>2,309</u>

All results relate to continuing operations.

The Company has no recognised gains and losses other than the results as stated above and therefore no separate statement of recognised gains and losses is presented.

There is no difference between the amounts stated above and their historical cost equivalents, either in respect of profit on ordinary activities before taxation or the retained profit for the year.

The notes on pages 9 to 12 form part of these financial statements.

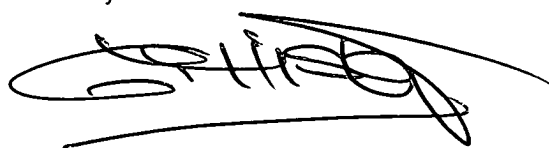
Montagu Oldco Limited

Balance Sheet at 31 December 2013

	Notes	2013 £'000	2012 £'000
Fixed assets			
Investments	5	10,970	10,970
		<u>10,970</u>	<u>10,970</u>
Current assets			
Debtors	6	7,026	8,203
Cash and short term deposits		<u>28</u>	<u>1,341</u>
		7,054	9,544
Creditors: amounts falling due within one year	7	(14,671)	(16,885)
Net current liabilities		<u>(7,617)</u>	<u>(7,341)</u>
Total assets less current liabilities		<u>3,353</u>	<u>3,629</u>
Provision for liabilities and charges	8	<u>(1,194)</u>	<u>(1,170)</u>
Net assets		<u>2,159</u>	<u>2,459</u>
Capital and reserves			
Called up share capital	9	150	150
Profit and loss account		2,009	2,309
Total shareholder's funds	10	<u>2,159</u>	<u>2,459</u>

The notes on pages 9 to 12 form part of these financial statements.

The financial statements on pages 7 to 12 were approved by the Board of Directors on 20 March 2014 and were signed on its behalf by:



G. Hislop
Director
Registered No. 02781154

Montagu Oldco Limited

Notes to the financial statements for the year ended 31 December 2013

1 Accounting Policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards in the United Kingdom.

A summary of the more important accounting policies, which have been applied consistently is set out below.

The Company is exempt under s400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The results of the Company are included in the consolidated financial statements of MPE LLP, the ultimate parent company.

The Company is exempt under FRS 1 (Revised 1996) from the requirement to prepare a cash flow statement. The cash flows of the company are included in the Consolidated Cash Flow Statement in the consolidated financial statements of MPE LLP, the ultimate parent company.

The financial statements have been prepared on the going concern basis.

(b) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax balances are not discounted.

(c) Cash

Cash comprises cash at hand, bank balances and money market deposits.

(d) Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date, and gains and losses are taken to the profit and loss account.

(f) Investments

Investments are listed in note 5. These investments are stated at cost less any impairment in value.

(g) Going Concern

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £7,617,000 which the directors believe to be appropriate for the following reason. The directors consider that for at least 12 months from the date of approval of these financial statements that the Company will continue in operational existence through the support of Montagu Private Equity LLP. As with any company placing reliance on other entities for financial support, the directors acknowledge that there can be no certainty that this position will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Based on this agreement with Montagu Private Equity LLP, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

(h) Dividend

Dividend income is recognised in the income statement on the date the entity's right to receive payments is established.

Montagu Oldco Limited

Notes to the financial statements for the year ended 31 December 2013

(i) Share of partnership profits

The Company operates as a General Partner in a number of Limited Partnerships, and is required to participate in investments in those partnerships. The Company receives fees in respect of management of the partnerships, which is accounted for on an accruals basis. The Company also receives investment income (net of tax credits but gross when no tax is deducted at source) and dividend income.

2 Turnover

Turnover represents profit shares received from Montagu Private Equity LLP, and is accounted for on an accruals basis.

3 Operating costs

	2013 £'000	2012 £'000
Auditors remuneration	4	12
Provision release	-	(348)
	<u>4</u>	<u>(336)</u>

4 Tax on profit on ordinary activities

Analysis of charge in period:

	2013 £'000	2012 £'000
<u>UK Corporation Tax</u>		
Current tax on income	2,132	2,205
Adjustments in respect of prior periods	(40)	1,212
Total current tax	<u>2,092</u>	<u>3,417</u>
Deferred tax	-	-
Tax on profit on ordinary activities	<u>2,092</u>	<u>3,417</u>

Current Tax Reconciliation

	2013 £'000	2012 £'000
Profit on ordinary activities before taxation	7,892	6,479
Current tax @ 23.25% (2012 : 24.50%)	<u>1,835</u>	<u>1,587</u>
Expenses not deductible for tax purposes	-	786
Montagu Private Equity LLP's distributions taxed in previous periods	-	(108)
Disallowables	335	-
Transfer pricing interest adjustments	<u>(38)</u>	<u>(60)</u>
Current tax on income	<u>2,132</u>	<u>2,205</u>

Based on the UK Financial Budget, tax rates will be enacted as follows:

From 1 April 2013, corporation tax rate reduced to 23% (from 24%) in Financial Budget 2012 and so the blended 2013 rate is 23.25%.

Montagu Oldco Limited

Notes to the financial statements for the year ended 31 December 2013

5 Investments

	2013 £'000	2012 £'000
Interest at cost		
Balance brought forward and carried forward	10,970	10,970

Interest of company at 31 December 2013

The investments are:

Directly held:

Montagu Private Equity LLP

19.9%

The main activity of the investments is to provide services relating to private equity fund management.

Investments are stated at cost less any impairment in value.

6 Debtors

	2013 £'000	2012 £'000
Amounts due from parent undertaking	7,026	8,203
	<u>7,026</u>	<u>8,203</u>

7 Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Amounts due to parent undertakings	11,165	14,132
Amounts due to fellow subsidiaries	1,350	-
Taxation	2,147	2,725
Accruals and deferred income	9	28
	<u>14,671</u>	<u>16,885</u>

8 Provisions for liabilities and charges

	2013 £'000	2012 £'000
Balance at 1 January	1,170	1,494
Legal fees written back	-	(348)
Charged during the year	24	24
Balance at 31 December	<u>1,194</u>	<u>1,170</u>

Provisions of £1,194,000 relate to a potential additional National Insurance liability of £1,100,000 with the balance being in respect of interest and legal costs.

Montagu Oldco Limited

Notes to the financial statements for the year ended 31 December 2013

9 Called up share capital

	2013 £'000	2012 £'000
Allotted, called up and fully paid		
Ordinary shares of £1 each	<u>150</u>	<u>150</u>

10 Reconciliation of movement in shareholder's funds

	2013 £'000	2012 £'000
Opening shareholder's funds	2,459	3,715
Profit for the financial year	5,800	3,062
Dividends paid	<u>(6,100)</u>	<u>(4,318)</u>
Closing shareholder's funds	<u>2,159</u>	<u>2,459</u>

11 Related party disclosures

The immediate parent undertaking is Montagu Holdings Limited.

As a wholly owned subsidiary, the Company has taken advantage of the exemption in Financial Reporting Standard No.8 ("FRS 8") from the requirement to disclose intra group transactions with other wholly owned subsidiaries. There are no other related party transactions other than those exempted by FRS 8 except as disclosed elsewhere in the financial statements.

12 Ultimate parent company

The ultimate parent undertaking and controlling party is Montagu Private Equity LLP. Consolidated financial statements are available from the Company Secretary at 2 More London Riverside, London SE1 2AP.

13. Emoluments of directors

There were no emoluments received by directors in either the current or the prior year, and no amounts have been accrued or paid to any money purchase schemes.