

MILESTONE CAPITAL SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2014

milestone
capital



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COMPANIES HOUSE

Company Number 03034069

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REPORT OF THE DIRECTORS

The directors present their Report and Financial Statements for the year ended 31 December 2014

Principal activity, business review and results

Since 15 May 2008 the company's principal activity has been to act as a service company to other entities in the Milestone Capital group. Prior to 15 May 2008 the company acted as the investment manager to the group.

The company's overall performance is measured in profitability and the profit before tax for the year was £902,201 (2013 £23,373). Details of the results for the year are set out on page 6. An interim dividend of £630,094 was paid during the year, on 24 September (2013 £nil).

The risks and uncertainties faced by the company are those inherent within the private equity industry and are outlined further, along with the other risks and uncertainties faced by the Milestone group, in the Member's report prepared by Milestone Capital Partners LLP, the company's ultimate parent undertaking. Consolidated financial statements can be obtained from the address on page 15.

A rationalisation of the administration and finance functions was approved in October 2014. Details of the rationalisation can be found in note 13 on page 13. There have been no other significant changes in activities during the year, and the directors intend that the company will continue to act as the Milestone group's service company.

No important events affecting the company have occurred since the end of the financial year.

Directors

The directors who served the company during the year were as follows:

CW Robinson
ERM Rinner

Charitable donations

The company made no charitable donations during the year (2013 £nil). No political donations were made during the year.

Policy and practice on payment of creditors

The company's policy is to pay creditors as they fall due. For the year ended 31 December 2014, the average payment period for trade creditors was 17 days (2013 21 days).

REPORT OF THE DIRECTORS continued

Directors' Responsibilities Statement

The directors are responsible for preparing the 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). 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 and 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,
- 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that

- in so far as each of the directors are aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

By order of the Board



CW Robinson
Director

17 June 2015

Registered Office
c/o Baker Tilly Tax and Accounting Limited
Outsourcing
6th Floor
25 Farringdon Street
London
EC4A 4AB

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF MILESTONE CAPITAL SERVICES LIMITED

We have audited the financial statements of Milestone Capital Services Limited for the year ended 31 December 2014 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 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 in the Directors' Report, 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 (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm

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 2014 and of its 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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in 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



Paul Flatley
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
17 June 2015

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2014

	Notes	2014 £	2013 £
Income	2	634,793	983,000
Administrative expenses	5, 6	269,168	(959,651)
Operating profit		903,961	23,349
Interest receivable and similar income	3	1,534	251
Interest payable and similar charges	4	(3,294)	(227)
Profit on ordinary activities before taxation	5	902,201	23,373
Taxation	8	(16,029)	(17,640)
Profit on ordinary activities after taxation		886,172	5,733

The company has no recognised gains and losses other than those reported above. Therefore no separate statement of Total Recognised Gains and Losses has been presented.


The results above were all derived from continuing activities.

The notes on pages 8 to 15 form part of these financial statements.

BALANCE SHEET
As at 31 December 2014

	Notes	2014 £	2013 £
Fixed assets			
Tangible assets	9	6,436	6,002
Investments	10	1	1
		<hr/>	<hr/>
		6,437	6,003
Current assets			
Debtors	11	1,615,718	2,403,218
Cash at bank and in hand		287,945	139,888
		<hr/>	<hr/>
		1,903,663	2,543,106
Creditors amounts falling due within one year	12	(411,944)	(1,502,531)
		<hr/>	<hr/>
Net current assets		1,491,719	1,040,575
		<hr/>	<hr/>
Total assets less current liabilities		1,498,156	1,046,578
Provision for liabilities	13	(195,500)	-
		<hr/>	<hr/>
Net current assets		1,302,656	1,046,578
		<hr/>	<hr/>
Represented by			
Called-up share capital	14	1,605,000	1,605,000
Profit and loss account		(302,344)	(558,422)
		<hr/>	<hr/>
Equity shareholders' funds	15	1,302,656	1,046,578
		<hr/>	<hr/>

These financial statements were authorised and approved by the Board of Directors on *17* June 2015 and signed on its behalf by


 CW Robinson
 Director

The notes on pages 8 to 15 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

I Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom, under the historical cost convention and on a going concern basis

Income

The Company derives its principal income through a recharge of its overhead expenditure on a cost plus basis to Milestone Capital Partners LLP, on an earned basis

Pension costs

Pension costs in respect of contributions to certain employees' personal pension plans are charged against profits as incurred

Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences arising on the treatment of certain items for taxation and accounting purposes

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date. The deferred tax balance has not been discounted.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction, unless the transaction is covered by a related forward contract, in which case the contracted rate will be used. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains and losses on translation are included in the profit and loss account.

The exchange rates used for translation of Euro and Swiss Franc transactions and balances in these financial statements are as follows:

	2014 Euro Rate	2014 SFr Rate
Profit and loss account (average rate)	1.2346	1.5019
Balance sheet (year end rate)	1.2886	1.5494

NOTES TO THE FINANCIAL STATEMENTS continued

1 Accounting policies continued

Fixed assets and depreciation

Depreciation is provided to write off the cost of new tangible fixed assets, together with any related irrecoverable VAT, by equal instalments over their useful economic lives as follows

Computer equipment	- 33 3% per annum
Fixtures and fittings	- 20% per annum

Where the useful economic life is deemed to be shorter than first assessed, the cost write off is accelerated to reflect the shorter life expectancy of the fixed asset

Leases

The company has not entered into any finance leases. Rental charges arising on operating leases are charged to the profit and loss account on a straight-line basis over the life of the lease.

2 Income

	2014 £	2013 £
Other Income	634,793	983,000
	<hr/> 634,793	<hr/> 983,000

During the year the company received fees of £633,000 (2013 £983,000) under a services agreement with Milestone Capital Partners LLP

3 Interest income

	2014 £	2013 £
<i>Interest income receivable comprises</i>		
Interest earned on bank deposits and current accounts	1,506	305
Other interest receivable	28	(54)
	<hr/> 1,534	<hr/> 251

4 Interest payable

	2014 £	2013 £
<i>Interest payable comprises</i>		
Interest payable to other group companies	834	227
Other interest payable	2,460	-
	<hr/> 3,294	<hr/> 227

NOTES TO THE FINANCIAL STATEMENTS continued

5 Profit on ordinary activities before taxation

	2014 £	2013 £
<i>Profit on ordinary activities is stated after charging</i>		
Auditors' remuneration for		
- Audit of financial statements pursuant to legislation	7,000	7,000
- Other services relating to taxation	4,600	4,600
Depreciation	9,317	4,067
Operating lease rentals – buildings	71,801	77,176
Operating lease rentals – other	7,027	8,980
Foreign exchange (gain) / loss	(1,893)	(1,813)

6 Remuneration of directors

	2014 £	2013 £
Directors' remuneration	8,639	16,275
	<hr/> 8,639	<hr/> 16,275

The remuneration of the highest paid director was £4,471 (2013 £11,494) and company pension contributions of £nil (2013 £nil) were made to a money purchase scheme on his behalf

Retirement benefits are accruing to nil (2013 nil) directors under money purchase schemes

7 Staff numbers and costs

The average number of persons employed by the company (excluding executive directors) during the year was 5 (2013 7) 4 were employed in administration and 1 in the making of private equity investments

The aggregate payroll costs of these people were as follows

	2014 £	2013 £
Wages and salaries	356,859	470,861
Social security costs	45,219	60,183
Other pension costs	44,932	51,528
	<hr/> 447,010	<hr/> 582,572

NOTES TO THE FINANCIAL STATEMENTS continued

8 Taxation

<i>Analysis of charge in the year</i>	2014 £	2013 £
Current tax		
UK corporations tax on profit / loss of the year	16,029	14,937
Adjustments in respect of previous years	-	-
Group relief	-	2,703
	<hr/>	<hr/>
Total current tax	16,029	17,640
	<hr/>	<hr/>
Tax on profit / loss on ordinary activities	16,029	17,640
	<hr/>	<hr/>
<i>Factors affecting the tax charge for the current year</i>	2014 £	2013 £
Profit on ordinary activities before tax	902,201	23,373
	<hr/>	<hr/>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK 21.49% (2013 23.25%)	193,911	5,433
<i>Effects of</i>		
Difference between capital allowances and depreciation	(1,659)	(1,562)
Expenses not deductible for tax purposes	113,886	13,769
Non-taxable income	(290,109)	-
	<hr/>	<hr/>
Current tax charge for the period	16,029	17,640
	<hr/>	<hr/>
<i>Unprovided deferred tax asset</i>	2014 £	2013 £
Depreciation in excess of capital allowances	5,348	7,236
	<hr/>	<hr/>
Unprovided deferred tax asset at the end of the year	5,348	7,236
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS continued

9 Tangible fixed assets

	Computer Equipment £	Fixtures & Fittings £	Total £
<i>Cost</i>			
At 1 January 2014	264,728	136,981	401,709
Additions	9,751	-	9,751
Disposals	-	-	-
At 31 December 2014	274,479	136,981	411,460
<i>Accumulated depreciation</i>			
At 1 January 2014	262,514	133,193	395,707
Charge for the year	5,529	3,788	9,317
Disposals	-	-	-
At 31 December 2014	268,043	136,981	405,024
<i>Net book value</i>			
At 31 December 2014	6,436	-	6,436
At 31 December 2013	2,214	3,788	6,002

10 Investments

Investments represent the company's contribution to Milestone Capital Partners LLP

	2014 £	2013 £
<i>Cost</i>		
At 1 January	1	1
At 31 December	1	1

The investment is stated at cost less any provision for permanent diminution in value

NOTES TO THE FINANCIAL STATEMENTS continued

11 Debtors

	2014 £	2013 £
Amounts owed by the ultimate holding undertaking	536,885	636,648
Amounts owed by intermediate holding companies	954,027	1,091,278
Amounts owed by other group companies	-	463,708
Amounts due from limited partnerships	-	64,326
Other debtors	68,999	78,798
Prepayments and accrued income	55,807	68,460
	<hr/>	<hr/>
	1,615,718	2,403,218
	<hr/>	<hr/>

12 Creditors amounts falling due within one year

	2014 £	2013 £
Amounts owed to the ultimate holding undertaking	19,495	5,363
Amounts owed to other group companies	274,639	1,381,907
Trade creditors	12,071	18,002
Other creditors including taxation and social security	48,123	36,680
Accruals and deferred income	57,616	60,579
	<hr/>	<hr/>
	411,944	1,502,531
	<hr/>	<hr/>

13 Provision for liabilities

A rationalisation of the administration and finance functions of the company was approved in October 2014. This will involve closing the Floral Street office and outsourcing the finance function to Baker Tilly Tax and Accounting Limited commencing 1 January 2015. A provision of £195,500 has been made to cover impending redundancy costs, potential office dilapidations and costs to vacate the Floral Street office. The provision is expected to be fully utilised by 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS continued

14 Called up share capital

	2014 £	2013 £
<i>Allotted, called up and fully paid</i>		
1,605,000 Ordinary shares of £1 each	1,605,000	1,605,000
	<hr/>	<hr/>
Total allotted, called up and fully paid share capital	1,605,000	1,605,000
	<hr/>	<hr/>

15 Reconciliation of movement in equity shareholders' funds

	2014 £	2013 £
Profit for the financial year	886,172	5,733
Dividends paid	(630,094)	-
Opening shareholders funds	1,046,578	1,040,845
	<hr/>	<hr/>
Shareholders' funds at 31 December	1,302,656	1,046,578
	<hr/>	<hr/>

16 Commitments

- (i) There were no capital commitments at the end of the financial year (2013 £nil)
- (ii) Annual commitments under non-cancellable operating leases are as follows

	Land and Buildings 2014 £	Other 2014 £	Land and Buildings 2013 £	Other 2013 £
Operating leases which expire				
- Within one year	95,735	7,027	95,735	8,980

NOTES TO THE FINANCIAL STATEMENTS continued

17 Pension scheme

The company makes contributions to certain employees' personal pension plans. The pension cost for the year was £44,932 (2013 £51,528). No contributions were outstanding at the year end (2013 £nil).

18 Cash flow statement

Under FRS 1 (revised) Cash Flow Statements, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary whose results are included in the publicly available consolidated financial statements of its ultimate parent undertaking (see note 20).

19 Related party transactions

Under FRS8 Related Party Transactions, the company is exempt from disclosing transactions with wholly owned subsidiaries within the group as it is also wholly owned by the group whose consolidated annual financial statements, which include the company's results, are publicly available (see note 20).

20 Ultimate parent undertaking

The company was a wholly-owned subsidiary of EAC Group Limited, a company incorporated in Guernsey until 20 December 2013, when it was sold in its entirety to Milestone Capital Holdings Limited, a company incorporated in England and Wales. The ultimate parent undertaking which prepares group financial statements is Milestone Capital Partners LLP, an undertaking incorporated in England and Wales.

Copies of the consolidated financial statements can be obtained from Milestone Capital Partners LLP, c/o Baker Tilly Tax and Accounting Limited, Outsourcing, 6th Floor, 25 Farringdon Street, London, EC4A 4AB.