COMPANY NO: 4380759

ALCENTRA ASSET MANAGEMENT LIMITED

DIRECTORS' REPORT, STRATEGIC REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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ALCENTRA ASSET MANAGEMENT LIMITED

DIRECTORS' REPORT, STRATEGIC REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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ALCENTRA ASSET MANAGEMENT LIMITED

DIRECTORS AND ADVISORS

Directors

R Bennett
D Forbes-Nixon

Company Secretaries

R Bennett
BNY Secretaries (UK) Limited

Registered Office

10 Gresham Street
London
EC2V 7JD

Auditor

KPMG Audit Plc
15 Canada Square
London
E14 5GL

Solicitors

MacFarlanes
20 Cursitor Street
London
EC4A 1LT

Bankers

Lloyds Banking Group
25 Gresham St
London
EC2V 7HN

ALCENTRA ASSET MANAGEMENT LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their report and the audited financial statements for the year ended 31 December 2013

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The Company is an investment holding company The results for the group are set out on page 10 of the financial statements A review of the business and its performance can be found in the Strategic Report

DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The directors of the Company during the year were

D Forbes-Nixon
R Bennett

None of the above directors held any interest in the share capital of the Company

DIVIDENDS

An interim dividend of €7 6M settled by in cash was made on 1 March 2013

The directors do not recommend the payment of a final dividend (2012 Nil)

CHARITABLE AND POLITICAL DONATIONS

During the year ended 31 December 2013 the Group made €19,126 charitable donations (2012 €2,460) and no political donations (2012 Nil) The charitable donations made are shown below

Charity	*Amount*
Myeloma UK	2,354
Philippines Disaster Appeal	11,770
Operation Smile	2,354
Anchor House	2,648
	€19,126

ULTIMATE HOLDING COMPANY

The Directors' regard The Bank of New York Mellon Corporation which is incorporated in the United States of America under the laws of the State of New York as the ultimate holding company

AUDITOR

Our auditor, KPMG Audit Plc has instigated an orderly wind down of business The Board has decided to put KPMG LLP forward to be appointed as auditor. A resolution concerning their appointment will be put to the forthcoming board meeting of the Company

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor are unaware, and each director has taken steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor are aware of that information

ALCENTRA ASSET MANAGEMENT

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

STRATEGIC REPORT

The objectives of the Group are to allow institutional investors to invest across the complete spectrum of sub-investment grade corporate debt, helping them match their priorities in terms of risk and return To accomplish these aims we manage across five broad areas

- Secured Loans
- High Yield Bonds
- Direct Lending & Mezzanine
- Special Situations
- Structured Credit

The Group offers Open and Closed End Funds including CLOs, Limited Partnerships, Comingled funds and managed accounts

Profit before tax was €34 7million (2012 €37 8million). The profit for financial year of €26 1million (2012 €28 6 million) has been transferred to reserves

Management fees for the year ended 31 December 2013, were €72 5million (2012 €68 0million), an increase of 7% Operating profits amounted to €34 4million (2012 €37 5million)

The Balance Sheet of the Group can be found on page 12 The Balance Sheet of the Company can be found on page 13

The Key Performance Indicators (KPIs) of the Group are determined by the directors to be as follows

	2013	2012	Percentage change
Assets Under Management	€8 9bn	€8 2bn	+9%
Management fees	€72 5m	€68.0m	+7%
Number of new funds launched during the year	7	4	+75%
Net Assets	€202m	€186m	+9%

FUTURE DEVELOPMENTS

The strategic focus of the Company and Group is to develop the business to maximise shareholders' value This will initially be done through the pursuit of organic growth of operations. In the forthcoming year, the directors expect to increase management fees by launching new funds

PRINCIPAL BUSINESS RISKS AND UNCERTAINTIES

The Alcentra Asset Management Group and its subsidiaries manage a variety of risks through various control mechanisms and its approach to risk management and control is to evolve best practice, informed by new external thinking and development Overall responsibility for risk management rests with the Board Day to day responsibility is delegated to the Management Committee whose remit covers the entire Alcentra Group The continued appropriateness of risk policies and adherence of practice to policies is also reviewed by the internal auditor of the ultimate parent undertaking, Bank of New York Mellon Corporation

PRINCIPAL BUSINESS RISKS AND UNCERTAINTIES (*Continued*)

Credit risk - Credit risk is the risk that a counterparty of the Group will be unable or unwilling to meet a financial commitment that it has entered into with the Group

Market risk - Market risk is the risk that the Group's earnings on capital, or its ability to meet business objectives, will be adversely affected by changes in the level or volatility of markets in which the Group operates.

Operational risk - Operational risk is the risk of loss arising through failures associated with personnel, processes or systems, or from external events It is inherent in every business organisation and covers a wide spectrum of issues

Liquidity risk - Liquidity risk is the risk that a firm, although balance sheet solvent, cannot maintain or generate sufficient cash resources to meet its payment obligations in full as they fall due, or can only do so at materially disadvantageous terms

Business risk - Business risk includes risk to a firm arising from changes in its business, including the risk that the firm may not be able to carry out its business plan and its desired strategy

Compliance and legal risk - Compliance or regulatory risk arises from a failure or inability to comply with he laws, regulations or codes applicable specifically to the financial services industry

Approved by the Board of Directors on 31st March 2014 and signed on behalf of the Board by:

R Bennett
Secretary
Alcentra Asset Management Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT, STRATGIC REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report, Strategic 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 group and parent company 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 group and parent company and of their profit or loss for that period In preparing each of the group and parent company financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its 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 group and to prevent and detect fraud and other irregularities

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALCENTRA ASSET MANAGEMENT LIMITED

We have audited the financial statements of Alcentra Asset Management Limited for the year ended 31st December 2013 set out on pages 10 to 27 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 7, 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 group's and of the parent company's affairs as at 31st December 2013 and of the group's 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

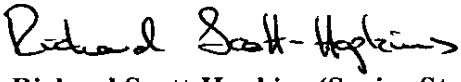
In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALCENTRA ASSET MANAGEMENT LIMITED *(continued)*

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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



Richard Scott-Hopkins (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL

31/3/14

ALCENTRA ASSET MANAGEMENT LIMITED (Company No: 4380759)

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 €	2012 €
TURNOVER			
Management fees	1	72,483,858	67,983,780
Other operating income			
Foreign exchange (loss)/gain	3	(374,565)	66,619
Administrative expenses		(37,668,566)	(30,538,488)
OPERATING PROFIT	3	34,440,727	37,511,911
Interest receivable and similar income	5	214,283	239,790
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		34,655,010	37,751,701
Tax on profit on ordinary activities	6	(8,566,863)	(9,122,478)
PROFIT FOR THE YEAR		26,088,147	28,629,223

All amounts relate to continuing activities

There is no difference between the profit on ordinary activities before taxation and profit for the year (stated above) and their historical cost equivalent

Notes on pages 17 to 28 form part of these consolidated financial statements

ALCENTRA ASSET MANAGEMENT LIMITED (Company No: 4380759)

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2013

	Note	2013 €	2013 €	2012 €	2012 €
FIXED ASSETS					
Tangible assets	8		72,427		77,417
Intangible assets	9		345,083		756,817
Investments	11		36,014,828		11,840,669
			36,432,338		12,674,903
CURRENT ASSETS					
Debtors	12	127,000,569		99,999,413	
Cash at bank and in hand	20	77,014,754		105,871,793	
		204,015,323		205,871,206	
CREDITORS: Amounts falling due within one year	13	(31,367,180)		(25,739,276)	
NET CURRENT ASSETS			172,648,143		180,131,930
TOTAL ASSETS LESS CURRENT LIABILITIES			209,080,481		192,806.833
CREDITORS Amounts falling due after more than one year	14		(7,030,073)		(7,050,262)
NET ASSETS			**202,050,408**		**185,756,571**
CAPITAL AND RESERVES					
Called up share capital	15		278,428		278,428
Profit and loss account	16		201,771,980		185,478,143
Equity shareholders' funds			**202,050,408**		**185,756,571**

The notes on pages 17 to 28 form part of these financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 31st March 2014 and signed on behalf of the Board by

D Forbes-Nixon
Director

ALCENTRA ASSET MANAGEMENT LIMITED (Company No: 4380759)

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2013

	Notes	2013 €	2013 €	2012 €	2012 €
FIXED ASSETS					
Investments	10		2,712,072		2,662,070
CURRENT ASSETS					
Debtors	12	75,678,935		75,454,487	
CREDITORS: Amounts falling due within one year	13	(11,951,585)		(11,054,930)	
NET CURRENT ASSETS			63,727,350		64,399,557
TOTAL ASSETS LESS CURRENT LIABILITIES			66,439,422		67,061,627
CREDITORS: Amounts falling due after more than one year			-		-
NET ASSETS			**66,439,422**		**67,061,627**
CAPITAL AND RESERVES					
Called up share capital	15		278,428		278,428
Profit and loss account	16		66,160,994		66,783,199
Equity shareholders' funds			**66,439,422**		**67,061,627**

The notes on pages 17 to 28 form part of these financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 31st March 2014 and signed on behalf of the Board by

D Forbes-Nixon
Director

ALCENTRA ASSET MANAGEMENT LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 €	2013 €	2012 €	2012 €
CASH INFLOW FROM OPERATING ACTIVITIES	18		12,335,438		68,968,746
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received	5	214,283		239,790	
Dividend paid		(7,642,605)		-	
			(7,428,322)		239,790
TAXATION					
UK corporation tax paid		(9,304,886)		(11,649,703)	
			(9,304,886)		(11,649,703)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Purchase of fixed assets		(35,182)		(50,062)	
Purchase of intangible asset		-		-	
Purchase of investments		(24,424,087)		(15,599,539)	
			(24,459,269)		(15,649,601)
NET CASH INFLOW BEFORE FINANCING			(28,857,039)		41,909,232
Repayment of financing			-		-
(DECREASE)/INCREASE IN CASH	20		(28,857,039)		41,909,232

The notes on pages 17 to 28 form part of these financial statements

ALCENTRA ASSET MANAGEMENT LIMITED

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 €	2012 €
Profit for the financial year	26,088,147	28,629,223
Dividend paid	(7,642,605)	(40,642,134)
Exchange (loss)/gain arising on consolidation of overseas subsidiaries	(2,151,705)	3,150,628
Total recognised gains and losses in the financial year	16,293,837	(8,862,283)

The notes on pages 17 to 28 form part of these financial statements

ALCENTRA ASSET MANAGEMENT LIMITED

RECONCILATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 €	2012 €
Balance at 1 January	185,756,571	197,741,854
Profit for the year	26,088,147	28,629,223
Dividend paid	(7,642,605)	(40,642,134)
Share based payments reserve	-	(3,123,000)
Exchange gain arising on consolidation of overseas subsidiaries	(2,151,705)	3,150,628
Balance at 31 December	202,050,408	185,756,571

The notes on pages 17 to 28 form part of these financial statements

ALCENTRA ASSET MANAGEMENT LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

1 ACCOUNTING POLICIES

1.1 Basis of preparation

The financial statements have been prepared in accordance with UK applicable accounting standards and under the historical cost accounting convention. The particular accounting policies adopted by the directors are described below

1.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2013 The acquisition method of accounting has been adopted Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

1.3 Pension

Staff are members of a defined contribution pension plan Contributions by the Company are expensed as incurred

1.4 Investment in subsidiaries

Investment in subsidiary companies is carried in the Company balance sheet at cost less any provision for permanent diminution in value

1.5 Interest

Interest receivable and payable is recorded on an accruals basis

1.6 Depreciation

Depreciation is provided at the following rates per annum, which are considered adequate to write off the cost of the assets, less their estimated residual value, over their estimated useful lives

Fixtures and fittings	-	33% straight line
Computer equipment	-	33% straight line

1.7 Management fees

The Company and its subsidiary undertakings receives senior and subordinated fees from the CLOs that it manages, as well as management fees from other funds ("Management fees") Management fee income is accounted for on an accruals basis when it is virtually certain that a fee will be received at balance sheet date Incentive fee income is recognised only when crystallised All turnover derives from operations in Europe

1.8 Operating Leases

Rentals under operating leases are charged on a straight-line basis over the life of the lease even if the payments are not made on such a basis Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term

1 ACCOUNTING POLICIES - *continued*

1.09 Foreign Exchange

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of determination of the transaction Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account Non-monetary assets denominated in foreign currencies are translated at the relevant historic exchange rates

The assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rates Profit and loss accounts of such undertakings are translated at the average rate of exchange during the year The exchange rates used for the financial statements are

	Balance Sheet rate	Profit & Loss rate
£ to €	1 20045	1.177
$ to €	0 7260	0 753

1.10 Deferred Tax

The charge for taxation is based on the results for the year and includes deferred taxation Deferred tax assets are recognised to the extent that they can be expected to be recovered against profits in the future

1.11 Presentational Currency

The presentational currency is determined to be the EURO on the basis that the main functional currency is EURO, due to the origination of revenue

1.12 Fixed Asset Investments

Fixed asset Investments comprise the Company's holding in Alcentra managed funds as part of Long Term Incentive Plan for staff together with risk retention investments as required to satisfy certain regulatory requirements They are stated at cost less provision for any permanent impairment in value

1.13 Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on pages 4 to 6 In addition the Directors' Report includes the company's objectives, policies and processes for managing its capital, its financial risk management objectives, and its exposures to credit risk and liquidity risk

The company has considerable financial resources together with long term contracts to manage its portfolio of funds, providing consistent turnover. As a consequence, the directors believe that the company is well placed to manage its business risks successfully

The directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

1 ACCOUNTING POLICIES - continued

1.14 Intangible Assets

Fixed asset Intangible Assets comprise the Company's purchase of the management contract for Silver Birch CLO I from WestLB AG. They are stated at amortised cost less provision for any permanent impairment in value Amortisation is calculated on a pro rata basis of the estimated future cashflows.

2 SEGMENTAL INFORMATION

All operations are based from Europe All operations are also from the same category of business activity, asset management

3 OPERATING PROFIT

This is stated after charging / (crediting)

		2013 €	2012 €
Amounts receivable by Auditor in respect of.	- audit of financial statements *	104,861	109,583
	- taxation services*	8,710	9,102
	- other services*	-	40,590
Depreciation & amortisation		428,201	474,188
Operating lease payments	- land & buildings	430,826	437,688
	- other	7,472	7,808
Foreign exchange loss/(gains)		374,565	(66,619)

* All relates to subsidiary companies

4 EMPLOYEE INFORMATION

4.1 Employees

Including directors:

	2013 €	2012 €
Wages and salaries	27,742,394	22,979,696
Social security costs	4,365,729	2,419,672
Pension	580,573	461,773
	32,688,696	25,861,141

The average number of employees, including the directors, employed during the year was 49 (2012 42) As at the end of 2013 there were 55 employees (2012 46), of which 26 (2012 21) were employed in the back office, operations and finance teams, 5 (2012 5) in the marketing and investor relations department, and 24 (2012 20) in front office roles including credit analysts

4.2 Directors' Remuneration

Directors' remuneration was as follows

	2013 €	2012 €
Emoluments	3,866,935	3,019,650
Pension	20,843	21,525
Benefits in kind	7,194	7,446
Total remuneration	3,894,972	3,048,621

Remuneration, excluding pension contributions, of the highest paid director was.

	2013 €	2012 €
Highest paid director	2,952,308	2,214,000

Directors' remuneration was borne by another group company The remuneration in respect of services to the Company was £Nil (2012 Nil) Pension contributions paid on behalf of the highest paid director were Nil (2012 Nil).

5 INTEREST

	2013 €	2012 €
Interest receivable and similar income:		
Bank interest receivable	133,539	17,647
Fellow subsidiary undertakings	80,744	222,143
	214,283	239,790

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

The taxation for the year is assessed as being higher (2012 lower) than the standard rate of corporation tax in the UK. The differences are explained below.

	2013 €	2012 €
Profit on ordinary activities before tax	34,655,010	37,751,701
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23 25% (2012. 24 5%)	8,057,290	9,249,167
Expenses not deductible for tax purposes	816	1,696,050
Over provision from prior year	(143,077)	225,500
Overseas tax rates different than standard rate	66,511	10,340
Share based payments & other deferred compensation	974,982	(937,930)
Corporation tax charge [1]	8,956,522	10,243,127
Deferred tax [2]	(389,659)	(1,120,649)
	8,566,863	9,122,478

(1) the current tax charge relates solely to the current tax on income for the period
(2) the deferred tax charge relates solely to the origination/reversal of timing differences

7 PROFIT FOR THE FINANCIAL YEAR

The parent undertaking has taken advantage of section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements The group result for the period includes

	2013	2012
	€	€
(Loss)/Profit after tax	(622,205)	436,499
Dividend received	7,642,605	40,642,134
Dividend paid	(7,642,605)	(40,642,134)
	(622,205)	436,499

On 1 March 2013 an interim dividend was received from Alcentra Limited and paid to BNY Alcentra Group Holdings Inc The dividend received and paid were both settled in cash

8 TANGIBLE FIXED ASSETS – Group

	Computer Equipment €	Fixtures & Fittings €	Total €
COST			
At 1 January 2013	178,131	64,073	242,204
Additions	19,295	15,887	35,182
At 31 December 2013	197,426	79,960	277,386
DEPRECIATION			
At January 2013	125,156	39,631	164,787
Charge for the year	31,320	8,852	40,172
At 31 December 2013	156,476	48,483	204,959
NET BOOK VALUE			
At 31 December 2013	**40,950**	**31,477**	**72,427**
At 31 December 2012	52,975	24,442	77,417

9 INTANGIBLE FIXED ASSETS

	Group	Company
	€	€
At 1 January 2013	756,817	-
Additions	-	-
Foreign exchange movement	(23,705)	-
Amortisation	(388,029)	-
At 31 December 2013	345,083	-

The intangible asset relates to the purchase in 2010 of the management contract for Silver Birch CLO I from WestLB AG

10 INVESTMENTS - Company

Investment in subsidiaries	€
Cost at 1 January 2013	2,662,070
Established in year	50,002
Cost at 31 December 2013	2,712,072

The principal subsidiary undertakings which have been consolidated within these group financial statements are

	Country of incorporation	Class of shares held	Proportion held Co.	Proportion held Group	Nature of business
Alcentra Limited	UK	Ordinary	100%	-	Fund Management
Alcentra Jersey (GP) Ltd	Jersey	Ordinary	100%	-	Fund Management
Alcentra Mezzanine Nominees Limited	UK	Ordinary	100%	-	Fund Management
Alcentra MF II GP Limited	Jersey	Ordinary	100%	-	Fund Management
Alcentra UK DLF GP Ltd	UK	Ordinary	100%	-	Fund Management
Alcentra European DLF GP Ltd	Jersey	Ordinary	100%	-	Fund Management

11 INVESTMENTS – Group

	Retention	LTIP	Total
	€	€	€
At 1 January 2013	-	11,840,669	11,840,669
Additions	19,345,485	5,078,602	24,424,087
Foreign exchange movement	-	(249,928)	(249,928)
At 31 December 2013	19,345,485	16,669,343	36,014,828
Listed at 31 December 2013	-	4,801,800	4,801,800
Unlisted at 31 December 2013	19,345,485	11,867,543	31,213,028
Listed at 31 December 2012	-	4,905,340	4,905,340
Unlisted at 31 December 2012	-	6,935,329	6,935,329

Retention relates to a 5% vertical strip in the rated & unrated debt notes issued by some Alcentra managed CLOs and required to be held as a retention piece for the life of the deal Over 75% of the investment relates to AAA/AA/A rated notes

LTIP relates to investments in Alcentra managed funds – any gain or loss on these funds will be added to the value of Long Term Incentive Plan deferred compensation awards to staff

The Directors consider the market value of these investment securities to be at least equal to their balance sheet carrying value

12 DEBTORS

	Group 2013 €	Company 2013 €	Group 2012 €	Company 2012 €
Accrued management fees	24,073,541	-	20,465,259	-
Amount due from group undertakings	99,648,360	75,475,898	76,629,749	75,454,487
Corporation tax	-	203,037	-	-
Deferred Tax asset	2,848,117	-	2,503,538	-
Prepayments and accrued income	430,551	-	400,867	-
	127,000,569	75,678,935	99,999,413	75,454,487

ALCENTRA ASSET MANAGEMENT LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Continued

FOR THE YEAR ENDED 31 DECEMBER 2013

13 CREDITORS – Amounts falling due within one year:

	Group 2013 €	Company 2013 €	Group 2012 €	Company 2012 €
Trade creditors	-	-	-	-
Amounts owed to group undertakings	-	11,951,585	-	10,955,114
Corporation tax	5,087,193	-	5,480,637	99,816
Accrued long term incentive awards	7,392,547	-	3,128,618	-
Accruals and deferred income	18,887,440	-	17,130,021	-
	31,367,180	11,951,585	25,739,276	11,054,930

14 CREDITORS – Amounts falling due after more than one year:

	Group 2013 €	Company 2013 €	Group 2012 €	Company 2012 €
Accrued long term incentive awards	7,030,073	-	7,050,262	-

15 CALLED UP SHARE CAPITAL

	2013 €	2012 €
Allotted, called up and fully paid		
171,501 ordinary shares of £1 each	278,428	278,428
Authorised		
5,001,000 ordinary shares of £1 each		

16 PROFIT & LOSS ACCOUNT

	Group €	Company €
At 1 January 2013	185,478,143	66,061,627
Profit/(loss) for year	26,088,147	(622,205)
Dividend received	-	7,642,605
Dividend paid	(7,642,605)	(7,642,605)
Exchange rate movement	(2,151,705)	-
At 31 December 2013	201,711,980	65,439,422

17 OPERATING LEASES

Annual commitments under non-cancellable operating leases are as follows

	2013		2012	
	Land and buildings	Other	Land and Buildings	Other
	€	€	€	€
Operating leases which expire				
Between one and two years	-	-	-	-
Between two and five years	480,143	7,472	500,131	7,783
Over 5 years	-	-	-	-
	480,143	7,472	500,131	7,783

18 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2013	2012
	€	€
Operating profit	34,440,727	37,511,911
Depreciation & amortisation	428,201	474,368
(Increase)/decrease in debtors	(28,534,649)	27,053,452
Increase in creditors	6,001,159	3,929,015
	12,335,438	68,968,746

19 SIGNIFICANT NON CASHFLOW TRANSACTIONS

There have been no significant non cashflow transactions during the year

20 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 January 2013	Cash Inflow	At 31 December 2013
	€	€	€
Cash at bank and in hand	105,871,793	(28,857,039)	77,014,754

21 RELATED PARTY TRANSACTIONS

The following balances have arisen with related parties from the funding of other group Company expenses and investments

	At 31 Dec 2013	At 31 Dec 2012	Interest charged on balance
	€	€	€
Alcentra Investments Limited	75,475,898	75,454,487	23,161
Alcentra Limited	(11,951,585)	(10,955,114)	-

All the management fees in the profit and loss account and trade debtors in the balance sheet are from funds and accounts that are considered under FRS8 to be related parties

22 ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The immediate parent undertaking is BNY Alcentra Group Holdings Inc , incorporated in Delaware The ultimate parent company is The Bank of New York Mellon Corporation, incorporated in the United States of America, which is also the parent undertaking of the largest group for which group accounts are prepared Copies of the group financial statements of The Bank of New York Mellon Corporation are available from The Bank of New York Mellon Corporation, One Canada Square, London, E14 5AL

23 SHARE BASED PAYMENTS & OTHER DEFERRED COMPENSATION PLANS

The last shares were awarded to staff in 2009 Subsequently, LTIPs were in the form of deferred cash with a return linked to the BNY Alcentra Group Holdings Inc share price (2010) or the performance of various Alcentra funds (2011 & onwards)

Expenses in respect of these awards in the year were as follows

	2013 €	2012 €
2010 LTIP expense – vests 31/12/2012	346,631	1,157,512
2011 LTIP expense – vests 31/12/2013	2,548,224	2,772,761
2012 LTIP expense – vests 31/12/2014	2,669,782	2,159,782
2013 LTIP expense – vests 31/12/2015	2,156,245	N/A
	7,720,882	6,090,055

24 DIVIDEND

	2013 €	2012 €
Interim dividend	7,642,605	40,642,134
Final dividend	-	-
	7,642,605	40,642,134

On 1 March 2013 a dividend was passed up in cash from Alcentra Limited to Alcentra Asset Management Limited who in turn passed it up to BNY Alcentra Group Holdings Inc