

Rothmann & Cie. TEP UK I Limited

Annual Report and Audited Financial Statements

Year ended 31 December 2014

22/3/15 022

THURSDAY



A49T3SWJ

A17

18/06/2015

#155

COMPANIES HOUSE

Rothmann & Cie. TEP UK I Limited

Report and financial statements for the year ended 31 December 2014

Contents

	Page
Company information	2
Report of the Directors	3
Statement of Directors' responsibilities	4
Report of the Independent Auditor	5 – 6
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9 - 12

Rothmann & Cie. TEP UK I Limited

Company information

Directors

David Brown
GFS Corporate Director Limited

Secretary and registered office

David Brown
2 Station Court
Borough Green
Kent
TN15 8AP

Company number

04985759

Auditor

KP Audit LLP (formerly Kinetic Partners Audit LLP)
26 Finsbury Square
London
EC2A 1DS

Rothmann & Cie. TEP UK I Limited

Report of the Directors for the year ended 31 December 2014

The Directors present their report and financial statements of Rothmann & Cie. TEP UK I Limited ("the Company") for the year ended 31 December 2014

Results and dividends

The profit and loss account on page 7 shows a profit after tax of £13,689 (2013 £11,377).

The Directors recommended the payment of a dividend for the year of £22,079 (2013 £3,400)

Principal activities

The Company's principal activity is to act as the General Partner to Rothmann & Cie TEP UK I Limited Partnership.

Rothmann & Cie TEP UK I Limited Partnership has on-going business activities involving the holding of endowment life policies for trading purposes and the Company's role as its General Partner is expected to continue. In addition, the Company has sufficient liquid resources and the Directors have a reasonable expectation that the Company has adequate resources to meet its liabilities as they fall due for the foreseeable future. Therefore, these financial statements have been prepared on a going concern basis.

Directors

The directors of the Company during the year were

David Brown
GFS Corporate Director Limited

Auditors

The auditor, KP Audit LLP (formerly Kinetic Partners Audit LLP), has indicated its willingness to continue in office and a resolution concerning its reappointment will be proposed at the next annual general meeting.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

By order of the Board



David Brown
Secretary

Date 3 June 2015

Statement of Directors' responsibilities

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 law). 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 year. In preparing these 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 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 confirm that they have complied with the above requirements in preparing the financial statements

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 to 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.

Independent auditor's report to the shareholder of Rothmann & Cie. TEP UK I Limited

We have audited the financial statements of Rothmann and Cie TEP UK I Limited ("the Company") 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 the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the Company's shareholder, 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 shareholder 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 shareholder 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 Statement of Directors' responsibilities set out on page 4, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent auditor's report to the shareholder of Rothmann and Cie. TEP UK I Limited (continued)

Opinion on the financial statements

In our opinion the financial statements.

- give a true and fair view 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 applicable to smaller entities, 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 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 as applied 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, or
- the Directors were not entitled to prepare financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the Directors' report.

KP Audit LLP

Deborah Weston (Senior statutory auditor)

For and on behalf of KP Audit LLP (formerly Kinetic Partners Audit LLP), Statutory Auditor

26 Finsbury Square

London

EC2A 1DS

3 June 2015



Rothmann & Cie. TEP UK I Limited

Profit and loss account for the year ended 31 December 2014

		2014	2013
	Note	£	£
Turnover	1	44,550	41,334
Administrative expenses		<u>(27,113)</u>	<u>(26,512)</u>
Operating profit	2	<u>17,437</u>	<u>14,822</u>
Profit on ordinary activities before taxation		17,437	14,822
Taxation	4	<u>(3,748)</u>	<u>(3,445)</u>
Profit on ordinary activities after taxation		<u>13,689</u>	<u>11,377</u>

All amounts relate to continuing activities

All recognised gains and losses in the current and prior year are included in the profit and loss account

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

Rothmann & Cie. TEP UK I Limited


Balance sheet as at 31 December 2014

		Year ended 31 December 2014		Year ended 31 December 2013	
	Note	£	£	£	£
Fixed assets					
Investments	5		10		10
Current assets					
Debtors	6	1,550		-	
Cash at bank		3,244		12,881	
Creditors: amounts falling within one year	7	(3,748)		(3,445)	
Net current assets			1,046		9,436
Net assets			1,056		9,446
Capital and reserves					
Called up share capital	8		1		1
Profit and loss account	9		1,055		9,445
Equity shareholder's funds			1,056		9,446

The financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved by the Board on

3 June 2015


David Brown
Director

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

I Accounting policies

1.1 Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008). The following principal accounting policies have been applied:

1.2 Consolidated financial statements

The Company has a subsidiary, Rothmann & Cie TEP UK I Limited Partnership but is exempt under section 383 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as the group it heads qualifies as a small Group. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

1.3 Turnover

Turnover represents fees receivable in respect of the Company's principal activity as General Partner to Rothmann & Cie TEP UK I Limited Partnership.

Fees receivable are recognised in accordance with the Company's contractual entitlement to income over time.

1.4 Investments

Investments in subsidiary undertakings are stated at cost less any provision for impairment.

1.5 Going Concern

Rothmann & Cie TEP UK I Limited Partnership has on-going business activities involving the holding of endowment life policies for trading purposes and the Company's role as its General Partner is expected to continue. In addition, the Company has sufficient liquid resources and the Directors have a reasonable expectation that the company has adequate resources to meet its liabilities for the foreseeable future. Therefore these financial statements have been prepared on a going concern basis.

2 Operating profit

Audit services are provided by KP Audit LLP (formerly Kinetic Partners Audit LLP) and non-audit services by Kinetic Partners LLP, a related party of KP Audit LLP, during the year. The audit and tax fees for the Company have been borne by the Partnership for the year ended 31 December 2014.

3 Directors' remuneration

No remuneration was paid to the directors for their services to the Company (2013: nil).

4 Taxation on profit on ordinary activities

	2014	2013
	£	£
UK Corporation tax		
Profits for the year	3,748	3,445
	<u>3,748</u>	<u>3,445</u>
Reconciliation of current tax charge for the year		
Profit on ordinary activities before taxation	17,437	14,822
	<u>17,437</u>	<u>14,822</u>
Profit on ordinary activities at the standard rate of Corporation tax in the UK of 21% (2013 23%)	3,662	3,409
Effects of:		
Difference in corporation tax rate	86	36
	<u>86</u>	<u>36</u>
Current tax charge for the year	3,748	3,445
	<u>3,748</u>	<u>3,445</u>

5 Investments

	2014	2013
	£	£
Investments in Group Undertaking	10	10
	<u>10</u>	<u>10</u>

The investment represents less than 0.001% of the partners' capital in Rothmann & Cie TEP UK I Limited Partnership, whose principal place of business is 2, Station Court, Borough Green, Kent TN15 8AP. As its General Partner, the Company controls the Partnership and it is a subsidiary. The Partnership reported a profit for the financial year ended 31 December 2014 of £136,174 (2013 £173,609), and the balances on the partners' accounts at that date were £5,064,463 (2013 £5,465,917).

6 Debtors: amounts falling due within one year

	2014 £	2013 £
Amounts due from parent undertaking	1,550	-

7 Creditors: amounts falling due within one year

	2014 £	2013 £
Other creditors	3,748	3,445
	3,748	3,445

8 Share capital

	Authorised		Allotted, Called up and Fully Paid	
	2014	2013	2014	2013
Ordinary shares of £1 each	100,000	100,000	1	1

9 Reconciliation of shareholder's funds and movement on reserves

	Share Capital £	Profit & Loss £	Total £
As at the 1 January 2014	1	9,445	9,446
Profit for the year	-	13,689	13,689
Dividends paid (note 10)		(22,079)	(22,079)
As at 31 December 2014	1	1,055	1,056

10 Ultimate parent company

At 31 December 2014 the Company's immediate and ultimate parent company was Rothmann Trustfonds UK I Verwaltung GmbH, whose registered office is Gorch-Fock-Wall 3, 20354 Hamburg, Germany

A dividend of £22,079 was paid to the parent company during the year (2013 £3,400)

11 Related party disclosures

In the year, the Company provided General Partner services to Rothmann & Cie TEP UK I Limited Partnership, a Partnership in which the Company has a controlling interest. The value of the services provided in the year was £44,550 (2013 £41,334). The Company also reimbursed third party service provider fees incurred by Rothmann & Cie TEP UK I Limited Partnership of £27,113 (2013 £26,512).

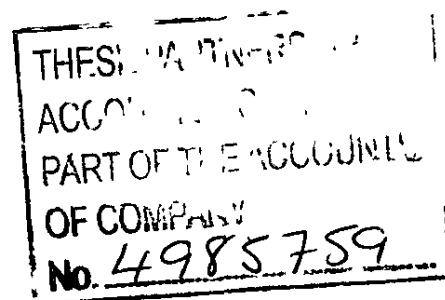
At the year end, £1,550 (2013 £nil) was due from Rothmann & Cie TEP UK I Limited Partnership.

Mr Anthony Norris is also a director of Gallium Fund Solutions Limited. Gallium Fund Solutions Limited is Manager to Rothmann & Cie TEP UK I Limited Partnership.

Rothmann & Cie. TEP UK I Limited Partnership

Annual Report and Audited Financial Statements

Year ended 31 December 2014



COMPANIES HOUSE

Contents

	Page
General Partner's report	2 - 3
Report of the Independent Auditor	4 - 5
Profit and loss account	6
Appropriation account	7
Balance sheet	8
Cash flow statement	9
Notes to the financial statements	10 - 17

Rothmann & Cie. TEP UK I Limited Partnership

General Partner's report

Rothmann & Cie TEP UK I Limited, as the General Partner, presents its report and financial statements of Rothmann & Cie TEP UK I Limited Partnership ("the Partnership") for the year ended 31 December 2014

Business review and future developments

In the year ended 31 December 2014, the Partnership continued the holding of UK endowment life policies for trading purposes. The results for the year are shown in the profit and loss account on page 6

The Partnership made a profit for the year of £136,174 (2013 £173,609)

The balance sheet as detailed on page 8 shows a satisfactory position. Net assets amount to £5,064,463 (2013 £5,465,917)

The Partnership funds the acquisition of UK endowment life policies held for trading by way of bank loans and overdrafts which are secured on the policies. Funding arrangements are currently with UniCredit AG, with secured credit facilities until 30 June 2015. Following this a contract, which is renewable annually, has been agreed with UniCredit AG which will become effective from 1st July 2015.

In addition, the Partnership is funded by capital contributions in accordance with the Limited Partnership agreement dated 14 September 2004.

The Partnership has sufficient liquid resources and current asset investments which are endowment life policies included at surrender value. The Partnership's borrowings are repayable in June 2015.

It is expected that the Partnership will continue its trading activities and be able to meet its liabilities as they fall due for the foreseeable future. Accordingly the General Partner considers it appropriate to prepare the financial statements on a going concern basis.

Advisors

During the year ended 31 December 2014, Gallium Fund Solutions Limited continued to act as Manager to the Partnership.

General Partner's responsibilities

The General Partner is responsible for ensuring that an annual report and financial statements are prepared in accordance with the Limited Partnership Agreement and The Partnerships (Accounts) Regulations 2008 and United Kingdom Generally Accepted Accounting Practice.

In accordance with the above requirements the General Partner will prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that year. In preparing those financial statements, the General Partner is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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 Partnership will continue in business.

Rothmann & Cie. TEP UK I Limited Partnership

General Partner's Report (continued)

The Directors of the General Partner confirm that they have complied with the above requirements during the year

The Directors of the General Partner acknowledge responsibility for keeping proper accounting records which reflect the financial position of the Partnership and enable it to produce the financial statements complying with The Partnerships (Accounts) Regulations 2008. It is also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The Directors of the General Partner who held office at the date of approval of this General Partner's report and confirm that, as far as they are aware, there is no relevant audit information of which the auditors are unaware, and each Director has taken all the 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 it has been communicated to the auditor

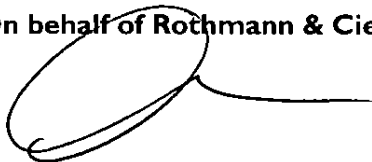
This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and with the applicable United Kingdom Generally Accepted Accounting Practice and by the Partnerships (Accounts) Regulations 2008

Auditor

The auditor, KP Audit LLP (formerly Kinetic Partners Audit LLP), has been appointed as auditor by the Directors of the General Partner. A motion to reappoint KP Audit LLP as the auditor will be proposed at a meeting of the General Partner

David Brown
Director

On behalf of Rothmann & Cie. TEP UK I Limited



Date: 3rd June 2015

Independent auditor's report to the members of Rothmann & Cie. TEP UK I Limited Partnership

We have audited the financial statements of Rothmann & Cie TEP UK I Limited Partnership ("the Partnership") for the year ended 31 December 2014, which comprise the profit and loss account, the appropriation account, the balance sheet, the cash flow statement 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 Partnership's members in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as applied by the Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the Partnership's partners 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 Partnership and the Partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of General Partner and auditor

As explained more fully in the General Partner's report set out on page 2, the General Partner is 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Partnership's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the members, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the General Partner's report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent auditor's report to the Partners of Rothmann & Cie. TEP UK I Limited Partnership (continued)

Opinion on financial statements

In our opinion the financial statements.

- give a true and fair view of the state of the Partnership'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 as applied by the Partnerships (Accounts) Regulations 2008

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 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
- certain disclosures of members' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

KP Audit LLP

Deborah Weston (Senior statutory auditor)

For and on behalf of KP Audit LLP (formerly Kinetic Partners Audit LLP), Statutory Auditor

26 Finsbury Square

London

EC2A 1DS

3 June 2015



Rothmann & Cie. TEP UK I Limited Partnership**Profit and loss account for the year ended 31 December 2014**

		Year ended 31 December 2014		Year ended 31 December 2013	
	Note	£	£	£	£
Turnover	1		2,445,213		4,059,033
Cost of policies matured or sold		(1,922,744)		(3,305,064)	
Movement in unrealised profit/(loss) on policies held at fair value		42,833		(176,118)	
			<u>(1,879,911)</u>		<u>(3,481,182)</u>
Gross profit			<u>565,302</u>		<u>577,851</u>
Less expenses					
General administrative expenses		208,365		206,487	
Legal and professional costs		2,497		5,682	
Interest		218,254		192,068	
Other finance charges		12		5	
			<u>(429,128)</u>		<u>(404,242)</u>
Net profit for the year	2		<u>136,174</u>		<u>173,609</u>

All recognised gains and losses in the current and prior year are included in the profit and loss account

All amounts relate to continuing activities

The notes on pages 10 to 17 form part of these financial statements

Rothmann & Cie. TEP UK I Limited Partnership

Appropriation account for the year ended 31 December 2014

	Year ended 31 December 2014		Year ended 31 December 2013	
	Profit	Profit Share	Profit	Profit share
	%	£	%	£
Rothmann & Cie TEP UK I Limited	0.00008	-	0.00008	-
Rothmann & Cie Trustfonds UK I GmbH & Co KG	99.99992	136,174	99.99992	173,609
	100	136,174	100	173,609

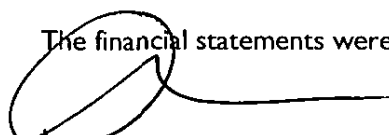
The notes on pages 10 to 17 form part of these financial statements

Rothmann & Cie. TEP UK I Limited Partnership

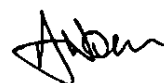
Balance sheet as at 31 December 2014

		Year ended 31 December 2014		Year ended 31 December 2013	
	Note	£	£	£	£
Current assets					
Financial assets held for trading	1	11,140,750		10,333,501	
Cash at bank		472,717		1,168,641	
		<u>11,613,467</u>		<u>11,502,142</u>	
Creditors due within one year	3	<u>(6,549,004)</u>		<u>(6,036,225)</u>	
Net current assets			<u>5,064,463</u>		<u>5,465,917</u>
Total assets less current liabilities			<u>5,064,463</u>		<u>5,465,917</u>
Represented by					
Partners' Accounts					
Partners' Current Accounts	4	(6,868,825)		(6,467,371)	
Partners' Capital Accounts	5	11,933,288		11,933,288	
			<u>5,064,463</u>		<u>5,465,917</u>

The financial statements were approved by the General Partner on 3rd June 2015



David Brown
Director
Rothmann & Cie TEP UK Limited



Anthony Norris
Director
GFS Corporate Director Limited

The notes on pages 10 to 17 form part of these financial statements.

Rothmann & Cie. TEP UK I Limited Partnership**Cash flow statement as at 31 December 2014**

		Year ended 31 December 2014	Year ended 31 December 2013
	<i>Notes</i>	£	£
Net cash (outflow) from operating activities	9 (a)	(658,296)	(187,703)
Transactions with partners	9 (b)	(537,628)	(440,443)
(Decrease) in net cash	9 (c)	<u>(1,195,924)</u>	<u>(628,146)</u>

Reconciliation of net cash flow to movement in net debt

	Year ended 31 December 2014	Year ended 31 December 2013
	£	£
(Decrease) in net cash	<u>(1,195,924)</u>	<u>(628,146)</u>
Change in net debt resulting from cash flows	(1,195,924)	(628,146)
Net debt brought forward	(4,831,359)	(4,203,213)
Net debt carried forward	<u>(6,027,283)</u>	<u>(4,831,359)</u>

I Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006 as applied by the Partnership (Accounts) Regulations 2008 and applicable United Kingdom Generally Accepted Accounting Practice

1.2 Going concern

The General Partner considers that the Partnership will continue its trading activities for the foreseeable future and that it is appropriate to prepare the financial statements on a going concern basis

1.3 Financial assets held for trading

The Partnership's financial assets held for trading represent endowment life policies. These policies are held at fair value through profit or loss. The policies are valued at their surrender value at the year-end date. The surrender value of the policies is based on valuations provided by the underlying life offices.

1.4 Turnover

Turnover represents maturities and sales to outside customers of endowment policies

2 Net profit for the year

	2014	2013
	£	£

The net profit for the year is stated after charging:

Auditor's remuneration

Audit services	15,500	14,300
Non-audit services-tax compliance	9,400	7,600
	<u> </u>	<u> </u>

2014 audit and non-audit services include audit and tax fees for Rothmann & Cie TEP UK I Limited as they are being borne by the Partnership for the year ended 31 December 2014. Audit services were provided by KP Audit LLP (formerly Kinetic Partners Audit LLP) and non-audit services were provided by Kinetic Partners LLP, a related party of KP Audit LLP in the year.

3 Creditors due within one year

	2014 £	2013 £
Bank loans	6,500,000	6,000,000
Intercompany	1,550	-
Accruals and deferred income	47,454	36,225
	<u>6,549,004</u>	<u>6,036,225</u>

Funding arrangements are secured with UniCredit AG and the bank loan facility of £7,500,000, which is £6,500,000 drawn down (2013 £6,000,000) will be in operation until 30 June 2015. Following this a contract, which is renewable annually, has been agreed with UniCredit AG which will become effective from 1st July 2015. The Partnership paid interest charges of £218,254 (2013 £192,068) on the loans during the year ended 31 December 2014. Interest payable amounted to £0 (2013 £549) at the year end.

The Partnership has entered into an interest rate swap contract to effect a fixed rate of interest over the term of the loan. See note 8 for disclosure of interest rate swap contracts.

4 Partners' current accounts

	Rothmann & Cie. TEP UK I Limited £	Rothmann & Cie. Trustfonds UK I GmbH & Co KG £	Total £
Share of loss at 1 January 2014	(1)	(6,467,370)	(6,467,371)
Share of profit for the year	-	136,174	136,174
Drawings	-	(537,628)	(537,628)
Movements in the financial year	-	(401,454)	(401,454)
At 31 December 2014	(1)	(6,868,824)	(6,868,825)

5 Partners' capital accounts

	Rothmann & Cie. TEP UK I Limited £	Rothmann & Cie. Trustfonds UK I GmbH & Co KG £	Total £
Capital at 1 January 2014	10	11,933,278	11,933,288
Capital introduced in the year	-	-	-
At 31 December 2014	<u>10</u>	<u>11,933,278</u>	<u>11,933,288</u>

6 Related party disclosures

The Partnership is controlled by its General Partner, Rothmann & Cie TEP UK I Limited, and the Partnership's ultimate parent company is Rothmann Trustfonds UK I Verwaltung GmbH, a company incorporated in Germany

During the year ended 31 December 2014, the Partnership incurred fees payable to Rothmann & Cie TEP UK I Limited of £44,550 (2013 £41,334) in respect of its services as General Partner, and also received a contribution to administrative expenses of £26,998 (2013 £26,163) from the General Partner. At 31 December 2014, the General Partner owed £NIL (2013 £NIL) to the Partnership.

Mr David Brown and GFS Corporate Director Limited are Directors of the General Partner and GFS Corporate Director is a Director of Gallium Fund Solutions Limited. The Partnership incurred fees payable to Gallium Fund Solutions Limited in respect of manager and operator services of £45,271 (2013 £43,867), being £37,726 (2013 £36,556) plus VAT.

7 Financial risk management

Trading Stocks

The investments held in traded endowment life policies represent the estimated fair value of endowment life policies, being the surrender value as notified by the underlying life offices. The risks that attach to these trading stocks include market risk, credit risk and liquidity risk. As the value is based on inputs other than quoted prices, the traded endowment policies fall within the level 2 classification under FRS 26.

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The fair value of endowment life policies held by the Partnership is stated at the surrender value of these policies as at the year end. The surrender values are sourced from the respective life houses. These valuations are monitored by the General Partner in consultation with the administrator and qualified actuaries on a six monthly basis.

7. Financial risk management (continued)

The Partnership measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as active market data) or indirectly (that is, derived from active market data) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The determination of what constitutes 'observable' and assessing the significance of a particular input to the fair value measurement in its entirety requires significant judgement by the General Partner considering factors specific to the asset or liability. The Partnership considers observable to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The following table analyses within the fair value hierarchy the Partnership's financial assets and liabilities (by level) measured at fair value:

Financial assets

As at 31 December 2014

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets held for trading:				
Endowment life policies	-	11,140,750	-	11,140,750
Cash	472,717	-	-	472,717
	472,717	11,140,750	-	11,613,467

As at 31 December 2013

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets held for trading:				
Endowment life policies	-	10,333,501	-	10,333,501
Cash	1,168,641	-	-	1,168,641
	1,168,641	10,333,501	-	11,502,142

7. Financial risk management (continued)

Financial liabilities

As at 31 December 2014

	Level 1	Level 2	Level 3	Total
Liabilities				
Bank loans	6,500,000	-	-	6,500,000
Intercompany	1,550	-	-	1,550
Accruals	47,454	-	-	47,454
	6,549,004	-	-	6,549,004

As at 31 December 2013

	Level 1	Level 2	Level 3	Total
Assets				
Bank loans	6,000,000	-	-	6,036,225
Accruals	36,225	-	-	36,225
	6,036,225			6,036,225

Credit risk

Credit risk is the risk that one party to a financial asset will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty and issuer risk which arises from each life house as issuer of each endowment policy held by the Partnership. This is monitored by the General Partner in consultation with the administrator to the Partnership and qualified actuaries, with the review performed on a six monthly basis.

Market risk

The surrender values of the underlying endowment policies are sourced from the issuing life houses and the Partnership is exposed to price risk. These valuations are in part dependent on to the market performance and credit ratings of each associated life house. This is monitored by the General Partner in consultation with the administrator to the Partnership and qualified actuaries, with the review performed on a six monthly basis.

A 10% decline in the valuation of trading stocks held by the Limited Partnership would give rise to a loss of £1,114,075 or 22% of the equity of the Partnership.

The Partnership is not exposed to foreign exchange risk

Interest rate risk

The Partnership is exposed to interest rate risk as a result of its bank borrowings at variable rate. The Partnership manages its exposure to interest rate risk on its bank loan of £6,500,000 (2013: £6,000,000) with UniCredit AG through an interest rate swap contract which has fixed the interest rate payable at 0.93% per annum for the term of the loan which is repayable on 30 June 2015. The value of the swap contract at 31 December 2014 was £8,432 (2013: £13,884)

7. Financial risk management (continued)

Liquidity risk

The Partnership holds investments in endowment life policies, each having a range of maturity dates. A risk arises that the Partnership may not be able to meet its loan repayments depending on the cash flow on the sale and maturity on underlying endowment policy investments. This is monitored by the General Partner in consultation with the administrator to the Partnership and qualified actuaries, with the review performed on a six monthly basis. Funding arrangements are secured with UniCredit AG and the bank loan facility will be in operation until 30 June 2015. Following this a contract, which is renewable annually, has been agreed with UniCredit AG which will become effective from 1st July 2015. The maximum loan facility available to the Partnership under this agreement is £7,500,000.

Maturity analysis of financial assets held for trading based on policy maturity profile As at 31 December 2014

	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Financial assets at fair value through profit or loss:					
Financial assets held for trading	413,081	1,665,043	6,103,977	2,958,649	11,140,750

As at 31 December 2013

	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Financial assets at fair value through profit or loss:					
Financial assets held for trading	468,725	1,822,397	5,472,389	2,569,990	10,331,501

Maturity analysis of financial liabilities As at 31 December 2014

	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Bank loans		6,500,000			6,500,000
Intercompany	1,550				1,550
Accruals		47,454			47,454
	1,550	6,547,454			6,549,004

7. Financial risk management (continued)

**Maturity analysis of financial liabilities
As at 31 December 2013**

	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Bank loans			6,000,000		6,000,000
Accruals		36,225			36,225
		<u>36,225</u>	<u>6,000,000</u>		<u>6,036,225</u>

Overall risk

The General Partner's review of the market, credit and liquidity risks on a six monthly basis aims to ensure the Partnership's sustainability.

8 Derivatives

The Partnership manages its exposure to interest rate risk on its bank loan (see note 3) through an interest rate swap. The value of the swap contract at 31 December 2014 was £8,432 (2013: £13,884).

9 Notes to the cash flow statement

(a) Reconciliation of operating profit to net cash inflow from operating activities

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Operating profit	136,174	173,609
Increase/(decrease) in creditors	12,779	(14,764)
(Increase)/decrease in financial assets held for trading	<u>(807,249)</u>	<u>(346,548)</u>
Net cash (outflow)/inflow from operating activities	<u>(658,296)</u>	<u>(187,703)</u>

8 Notes to the cash flow statement (continued)

(b) Analysis of cash flows for headings netted in the cash flow statement

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Transactions with Partners:		
Drawings taken by Partners	<u>(537,628)</u>	<u>(440,443)</u>
Total	<u>(537,628)</u>	<u>(440,443)</u>

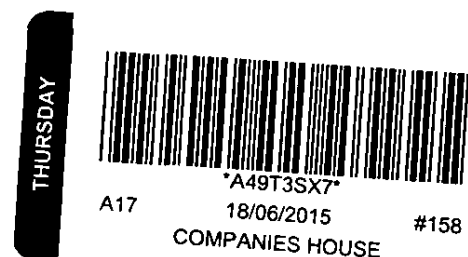
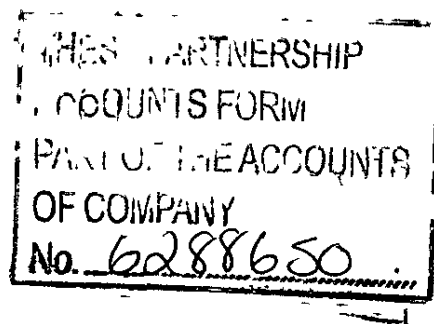
(c) Analysis of changes in net funds

	At 1 January 2014 £	Cash flows £	At 31 December 2014 £
Cash in hand	1,168,641	(695,924)	472,717
Loan	<u>(6,000,000)</u>	<u>(500,000)</u>	<u>(6,500,000)</u>
Total	<u>(4,831,359)</u>	<u>(1,195,924)</u>	<u>(6,027,283)</u>

Rothmann & Cie. TEP UK 3 Limited Partnership

Annual Report and Audited Financial Statements

Year ended 31 December 2014



Rothmann & Cie. TEP UK 3 Limited Partnership

Report and financial statements for the year ended 31 December 2014

Contents

	Page
General Partner's report	2 - 3
Report of the Independent Auditor	4 - 5
Profit and loss account	6
Appropriation account	7
Balance sheet	8
Cash flow statement	9
Notes to the financial statements	10 - 18

Rothmann & Cie. TEP UK 3 Limited Partnership

General Partner's report

Rothmann & Cie TEP UK 3 Limited, as the General Partner, presents its report and financial statements of Rothmann & Cie TEP UK 3 Limited Partnership ("the Partnership") for the year ended 31 December 2014

Business review and future developments

In the year ended 31 December 2014 the Partnership continued the holding of UK endowment life policies for trading purposes. The results for the year are shown in the profit and loss account on page 7

The Partnership made a profit for the year of £330,886 (2013 £643,583)

The balance sheet as detailed on page 8 shows a satisfactory position. Net assets amount to £6,139,349 (2013 £6,118,441)

The Partnership funds the acquisition of UK endowment life policies held for trading by way of bank loans and overdrafts which are secured on the policies. Funding arrangements are with UniCredit AG, with secured credit facilities until 30 June 2015. Following this, a contract, which is renewable annually, has been agreed with UniCredit AG which will become effective from 1 July 2015.

In addition, the Partnership is funded by capital contributions in accordance with the Limited Partnership agreement dated 9 November 2007.

The Partnership has sufficient liquid resources and current asset investments which are endowment life policies included at surrender value. The Partnership's borrowings are repayable in June 2015.

It is expected that the Partnership will continue its trading activities and be able to meet its liabilities as they fall due for the foreseeable future. Accordingly, the General Partner considers it appropriate to prepare the financial statements on a going concern basis.

Advisors

During the year ended 31 December 2014, Gallium Fund Solutions Limited continued to act as Manager to the Partnership.

General Partner's responsibilities

The General Partner is responsible for ensuring that an annual report and financial statements are prepared in accordance with the Limited Partnership Agreement and The Partnerships (Accounts) Regulations 2008 and United Kingdom Generally Accepted Accounting Practice.

In accordance with the above requirements the General Partner will prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that year. In preparing those financial statements, the General Partner is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 Partnership will continue in business.

Rothmann & Cie. TEP UK 3 Limited Partnership

General Partner's report (continued)

The Directors of the General Partner confirm that they have complied with the above requirements during the year

The General Partner acknowledges responsibility for keeping proper accounting records which reflect the financial position of the Partnership and enable it to produce the financial statements complying with The Partnerships (Accounts) Regulations 2008. It is also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The Directors of the General Partner who held office at the date of approval of this General Partner's report and confirm that, as far as they are aware, there is no relevant audit information of which the auditors are unaware, and each Director has taken all the 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 it has been communicated to the auditor

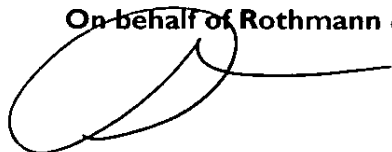
This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008) as applied by the Partnerships (Accounts) Regulations 2008

Auditor

The auditor, KP Audit LLP (formerly Kinetic Partners Audit LLP), has been appointed as auditor by the Directors of the General Partner. A motion to reappoint KP Audit LLP as the auditor will be proposed at a meeting of the General Partner

David Brown
Director

On behalf of Rothmann & Cie. TEP UK 3 Limited



Date 3rd June 2015

Independent auditor's report to the members of Rothmann & Cie. TEP UK 3 Limited Partnership

We have audited the financial statements of Rothmann & Cie TEP UK 3 Limited Partnership ("the Partnership") for the year ended 31 December 2014, which comprise the profit and loss account, the appropriation account, the balance sheet, the cash flow statement 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 Partnership's members in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as applied by the Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the Partnership's partners 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 Partnership and the Partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of General Partner and auditor

As explained more fully in the General Partner's report set out on page 2, the General Partner is 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Partnership's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the members, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the General Partner's report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent auditor's report to the Partners of Rothmann & Cie. TEP UK 3 Limited Partnership (continued)

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Partnership'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 as applied by the Partnerships (Accounts) Regulations 2008

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 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
- certain disclosures of members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

KP Audit LLP

Deborah Weston (Senior statutory auditor)

For and on behalf of KP Audit LLP (formerly Kinetic Partners Audit LLP), Statutory Auditor

26 Finsbury Square

London

EC2A 1DS

3 June 2015



Rothmann & Cie. TEP UK 3 Limited Partnership**Profit and loss account for the year ended 31 December 2014**

		Year ended 31 December 2014		Year ended 31 December 2013	
	Note	£	£	£	£
Turnover	1		2,726,285		1,942,115
Cost of policies matured or sold		(2,390,222)		(1,751,312)	
Movement in unrealised gain on policies held at fair value		439,541		905,925	
			(1,950,681)		(845,387)
Gross profit			<u>775,604</u>		<u>1,096,728</u>
Less expenses					
General administrative expenses		209,552		213,848	
Legal and professional costs		3,166		5,416	
Interest		231,980		233,914	
Other finance charges		20		(33)	
			(444,718)		(453,145)
Net profit for the year	2		<u>330,886</u>		<u>643,583</u>

All recognised gains and losses in the current and prior years are included in the profit and loss account

All amounts relate to continuing activities

The notes on pages 10 to 17 form part of these financial statements

Rothmann & Cie. TEP UK 3 Limited Partnership

Appropriation account for the year ended 31 December 2014

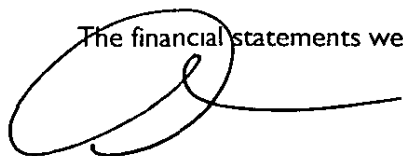
	Year ended 31 December 2014		Year ended 31 December 2013	
	Profit	Profit Share	Profit	Profit share
	%	£	%	£
Rothmann & Cie TEP UK 3 Limited	0 0001	-	0 0001	2
Rothmann & Cie Trustfonds UK 3 GmbH & Co KG	99 9999	330,886	99 9999	643,581
	100	330,886	100	643,583

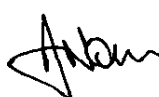
The notes on pages 10 to 17 form part of these financial statements

Rothmann & Cie. TEP UK 3 Limited Partnership**Balance sheet as at 31 December 2014**

		Year ended 31 December 2014		Year ended 31 December 2013	
	Note	£	£	£	£
Current assets					
Financial assets held for trading	1	11,904,827		12,735,690	
Cash at bank		276,447		423,353	
Debtors	3	3,500		-	
		<u>12,184,774</u>		<u>13,159,043</u>	
Creditors due within one year	4	<u>(6,045,425)</u>		<u>(7,040,602)</u>	
Net current assets			<u>6,139,349</u>		<u>6,118,441</u>
Total assets less current liabilities			<u>6,139,349</u>		<u>6,118,441</u>
Represented by					
Partners' Accounts					
Partners' Current Accounts	5	(3,315,046)		(3,335,954)	
Partners' Capital Accounts	6	9,454,395		9,454,395	
			<u>6,139,349</u>		<u>6,118,441</u>

The financial statements were approved by the General Partner on 3rd June 2015


David Brown
Director
Rothmann & Cie TEP UK 3 Limited


Anthony Norris
Director
GFS Corporate Director Limited

The notes on pages 10 to 17 form part of these financial statements

Rothmann & Cie. TEP UK 3 Limited Partnership**Cash flow statement as at 31 December 2014**

		Year ended 31 December 2014	Year ended 31 December 2013
	Notes	£	£
Net cash inflow from operating activities	9 (a)	1,163,072	164,261
Transactions with Partners	9 (b)	<u>(309,978)</u>	<u>(356,234)</u>
Increase/(decrease) in net cash	9 (c)	<u>853,094</u>	<u>(191,973)</u>

Reconciliation of net cash flow to movement in net debt

	Year ended 31 December 2014	Year ended 31 December 2013
	£	£
Increase/(decrease) in net cash	<u>853,094</u>	<u>(191,973)</u>
Change in net debt resulting from cash flows	853,094	(191,973)
Net debt brought forward	<u>(6,576,647)</u>	<u>(6,384,674)</u>
Net debt carried forward	<u>(5,723,553)</u>	<u>(6,576,647)</u>

I Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006 as applied by the Partnership (Accounts) Regulations 2008 and applicable United Kingdom Generally Accepted Accounting Practice

1.2 Going concern

The General Partners considers that the Partnership will continue its trading activities for the foreseeable future and that it is appropriate to prepare the financial statements on a going concern basis

1.3 Financial assets held for trading

The Partnership's financial assets held for trading represent endowment life policies. These policies are held at fair value through profit or loss. The policies are valued at their surrender value at the year-end date. The surrender value of the policies is based on valuations provided by the underlying life offices.

1.4 Turnover

Turnover represents maturities and sales to outside customers of endowment policies

2 Net profit for the year

	2014	2013
	£	£

The net profit for the year is stated after charging

Auditor's remuneration

Audit services	15,500	14,300
Non-audit services-tax compliance	9,400	7,600

2014 audit and non-audit services include audit and tax fees for Rothmann & Cie TEP UK 3 Limited as they are being borne by the Partnership for the year ended 31 December 2014. Audit services were provided by KP Audit LLP (formerly Kinetic Partners Audit LLP) and non-audit services were provided by Kinetic Partners LLP, a related party of KP Audit LLP in the year.

3 Debtors due within one year

	2014 £	2013 £
Intercompany	3,500	-
Total	<u>3,500</u>	<u>-</u>

4. Creditors due within one year

	2014 £	2013 £
Bank loans	6,000,000	7,000,000
Intercompany	-	2,792
Accruals and deferred income	45,425	37,810
Total	<u>6,045,425</u>	<u>7,040,602</u>

Funding arrangements are secured with UniCredit AG and the bank loan facility of £7,000,000, which is £6,000,000 drawn down (2013 £7,000,000), will be in operation until 30 June 2015. Following this a contract, which is renewable annually, has been agreed with UniCredit AG which will become effective from 1st July 2015. The Partnership paid interest charges of £231,980 (2013 £233,914) on the loans during the year ended 31 December 2014. Interest payable amounted to £640 (2013 £640) at year end.

The loans are secured on the Partnership's holding of life endowment policies.

The Partnership has entered into an interest rate swap contract to effect a fixed rate of interest over the term of the loan. See note 8 for disclosure of interest rate swap contracts.

Rothmann & Cie. TEP UK 3 Limited Partnership

Notes to the financial statements for the year ended 31 December 2014 (continued)

5 Partners' current accounts

	Rothmann & Cie. TEP UK 3 Limited £	Rothmann & Cie. Trustfonds UK 3 GmbH & Co KG £	Total £
Share of loss at 1 January 2014	(3)	(3,335,951)	(3,335,954)
Share of profit for the year	-	330,886	330,886
Drawings	-	(309,978)	(309,978)
Movements in the financial year	-	20,908	20,908
At 31 December 2014	(3)	(3,315,043)	(3,315,046)

6 Partners' capital accounts

	Rothmann & Cie. TEP UK 3 Limited £	Rothmann & Cie. Trustfonds UK 3 GmbH & Co KG £	Total £
Capital at 1 January 2014	10	9,454,385	9,454,395
Capital introduced in the year	-	-	-
At 31 December 2014	10	9,454,385	9,454,395

7 Related party disclosures

The Partnership is controlled by its General Partner, Rothmann & Cie TEP UK 3 Limited, and the Partnership's ultimate parent company is Rothmann Trustfonds UK 3 Verwaltung GmbH, a company incorporated in Germany

During the year ended 31 December 2014, the Partnership incurred fees payable to Rothmann & Cie TEP UK 3 Limited of £27,385 (2013 £29,292) in respect of its services as General Partner. At 31 December 2014 the General Partner owed £3,500 (2013 £2,792) the Limited Partnership owed to the General Partner) to the Limited Partnership

Mr David Brown and GFS Corporate Director Limited are Directors of the General Partner and GFS Corporate Director is a Director of Gallium Fund Solutions Limited. The Partnership incurred fees payable to Gallium Fund Solutions Limited in respect of manager and operator services of £45,271, including VAT (2013 £43,867)

8 Financial risk management

Trading Stocks

The investments held in traded endowment life policies represent the estimated fair value of endowment life policies, being the surrender value as notified by the underlying life offices. The risks that attach to these trading stocks include market risk, credit risk and liquidity risk. As the value is based on inputs other than quoted prices, the traded endowment policies fall within the level 2 classification under FRS 26.

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The fair value of endowment life policies held by the Partnership is stated at the surrender value of these policies as at the year end. The surrender values are sourced from the respective life houses. These valuations are monitored by the General Partner in consultation with the administrator and qualified actuaries on a six monthly basis.

The Partnership measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as active market data) or indirectly (that is, derived from active market data) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The determination of what constitutes 'observable' and assessing the significance of a particular input to the fair value measurement in its entirety requires significant judgement by the General Partner considering factors specific to the asset or liability. The Partnership considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The following table analyses within the fair value hierarchy the Partnership's financial assets and liabilities (by level) measured at fair value:

8 Financial Risk Management (continued)

Financial assets

As at 31 December 2014

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets held for trading				
Endowment life policies	-	11,904,827	-	11,904,827
Cash	276,447	-	-	276,447
Total	276,447	11,904,827	-	12,181,274

As at 31 December 2013

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets held for trading				
Endowment life policies	-	12,735,690	-	12,735,690
Cash	423,353			423,353
Total	423,353	12,735,690	-	13,159,043

8 Financial Risk Management (continued)

**Financial Liabilities
As at 31 December 2014**

	Level 1	Level 2	Level 3	Total
Liabilities				
Bank loans	6,000,000	-	-	6,000,000
Accruals	45,425	-	-	45,425
Total	6,045,425	-	-	6,045,425

As at 31 December 2013

	Level 1	Level 2	Level 3	Total
Liabilities				
Bank loans	7,000,000	-	-	7,000,000
Intercompany	2,792	-	-	2,792
Accruals	37,810	-	-	37,810
Total	7,040,602	-	-	7,040,602

Credit risk

Credit risk is the risk that one party to a financial asset will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty and issuer risk which arises from each life house as issuer of each endowment policy held by the Partnership. This is monitored by the General Partner in consultation with the administrator to the Partnership and qualified actuaries, with the review performed on a six monthly basis.

Market risk

The surrender values of the underlying endowment policies are sourced from the issuing life houses and the Partnership is exposed to price risk. These valuations are in part dependent on to the market performance and credit ratings of each associated life house. This is monitored by the General Partner in consultation with the administrator to the Partnership and qualified actuaries, with the review performed on a six monthly basis.

A 10% decline in the valuation of trading stocks held by the Limited Partnership would give rise to a loss of £0 or 19.4% of the equity of the Partnership.

The Partnership is not exposed to foreign exchange risk.

8 Financial Risk Management (continued)

Liquidity risk

The Partnership holds investments in endowment life policies, each having a range of maturity dates. A risk arises that the Partnership may not be able to meet its loan repayments depending on the cash flow on the sale and maturity on underlying endowment policy investments. This is monitored by the General Partner in consultation with the administrator to the Partnership and qualified actuaries, with the review performed on a six monthly basis. The Partnership has a loan agreement in place with UniCredit AG as at the year-end which secures credit facilities until 30 June 2015. Following this a contract, which is renewable annually, has been agreed with UniCredit AG which will become effective from 1st July 2015. The maximum loan facility available to the Partnership under this agreement is £7,000,000.

Interest rate risk

The Partnership is exposed to interest rate risk as a result of its bank borrowings at variable rate. The Partnership manages its exposure to interest rate risk on its bank loan of £6,000,000 (2013 £7,000,000) with UniCredit AG through an interest rate swap contract which has fixed the interest rate payable at 0.93% per annum for the term of the loan which is repayable on 30 June 2015. The value of the swap contract at 31 December 2014 was £10,289 (2013 £16,777).

Maturity analysis of financial assets held for trading based on policy maturity profile

Financial assets

As at 31 December 2014

	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Financial assets at fair value through profit or loss:					
Financial assets held for trading	515,634	2,849,782	7,708,824	830,587	11,904,827

As at 31 December 2013

	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Financial assets at fair value through profit or loss:					
Financial assets held for trading	462,443	1,831,179	8,868,373	1,573,695	12,735,690

8 Financial Risk Management (continued)

Maturity analysis of financial liabilities

As at 31 December 2014

	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Financial liabilities					
Bank loans		6,000,000			6,000,000
Accruals	45,425				45,425
	45,425	6,000,000			6,045,425

As at 31 December 2013

	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Financial liabilities					
Bank loans			7,000,000		7,000,000
Intercompany		2,792			2,792
Accruals		37,810			37,810
		40,602	7,000,000		7,040,602

Overall risk

The General Partner's review of the market, credit and liquidity risks on a six monthly basis aims to ensure the Partnership's sustainability

9 Notes to the cash flow statement

(a) Reconciliation of operating profit to net cash inflow from operating activities

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Operating profit	330,886	646,375
Increase/(decrease) in creditors	4,823	(19,550)
Decrease/(increase) in financial assets held for trading	830,863	(462,564)
(Increase) in debtors	(3,500)	-
Net cash inflow from operating activities	<u>1,163,072</u>	<u>164,261</u>

(b) Analysis of cash flows for headings netted in the cash flow statement

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Transactions with Partners:		
Drawings taken by Partners	<u>(309,978)</u>	<u>(356,234)</u>
Total	<u>(309,978)</u>	<u>(356,234)</u>

(c) Analysis of changes in net funds

	At 1 January 2014 £	Cash flows £	At 31 December 2014 £
Cash in hand	423,353	(146,906)	276,447
Loan	<u>(7,000,000)</u>	<u>1,000,000</u>	<u>(6,000,000)</u>
Total	<u>(6,576,647)</u>	<u>853,094</u>	<u>(5,723,553)</u>