Rothmann & Cie. TEP UK 3 Limited

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2017

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Directors

David Brown
GFS Corporate Director Limited

Secretary and registered office

David Brown
2 Station Court
Borough Green
Kent
TN15 8AP

Company number

06288650

Auditor

MHA MacIntyre Hudson
New Bridge Street
30-34 New Bridge Street
London
EC4V 6BJ

The Directors present their annual report and audited financial statements of Rothmann & Cie. TEP UK 3 Limited ("the Company") for the year ended 31 December 2017.

Results and dividends

The Statement of Comprehensive Income on page 7 shows a profit after tax of £13,864 (2016: £16,930).

The Directors do not recommend the payment of a dividend for the year (2016: £nil).

Principal activities

The Company's principal activity is to act as the General Partner to Rothmann & Cie. TEP UK 3 Limited Partnership.

Going concern

Rothmann & Cie. TEP UK 3 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 it will continue to have 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

A motion to reappoint MHA MacIntyre Hudson as the auditor will be proposed at the next annual general meeting.

By order of the Board

David Brown
Secretary

29 March 2018

Statement of Directors' responsibilities in respect of the financial statements

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) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 at the year end and of the results of the Company for that period. In preparing those 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 United Kingdom 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 Members of Rothmann & Cie TEP UK 3 Limited

Opinion

We have audited the financial statements of Rothmann & Cie TEP UK 3 Limited ("the Company") for the year ended 31 December 2017, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice)

In our opinion the financial statements:

- give a true and fair view of the state of the the Company's affairs as at 31 December 2017 and of the 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.*

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact

We have nothing to report in this regard.

Independent Auditor's Report to the Members of Rothmann & Cie TEP UK 3 Limited (continued)

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of the Directors

As explained more fully in the Directors' responsibilities statement as 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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Deborah Weston

Deborah Weston (Senior Statutory Auditor)
For and on behalf of MHA MacIntyre Hudson, Statutory Auditor
New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ
29 March 2018

Rothmann & Cie. TEP UK 3 Limited

Statement of Comprehensive Income for the year ended 31 December 2017

	Note	2017 £	2016 £
Turnover	1	17,300	21,330
Administrative expenses		(132)	(168)
Operating profit	2	17,168	21,162
Profit on ordinary activities before taxation		17,168	21,162
Taxation	4	(3,304)	(4,232)
Profit on ordinary activities after taxation		13,864	16,930

All amounts relate to continuing activities.

The notes on pages 10 to 14 form part of these financial statements.

Rothmann & Cie. TEP UK 3 Limited

Statement of Financial Position as at 31 December 2017

	Note	Year ended 31 December 2017 £	Year ended 31 December 2017 £	Year ended 31 December 2016 £	Year ended 31 December 2016 £
Fixed assets					
Investments	5		10		10
Current assets					
Debtors	6	1,500		13,830	
Cash at bank		61,184		35,918	
Creditors: amounts falling within one year	7	(2,941)		(3,869)	
Net current assets			59,743		45,879
Net assets			59,753		45,889
Capital and reserves					
Called up share capital	8		1		1
Profit and loss account	9		59,752		45,888
Equity shareholder's funds			59,753		45,889

The financial statements have been prepared in accordance with the Financial Reporting Standard 102 ("FRS 102"), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, Section 1A small entities, and the Companies Act 2006.

The financial statements were approved by the Board on 29 March 2018

David Brown
Director

The notes on pages 10 to 14 form part of these financial statements.

Rothmann & Cie. TEP UK 3 Limited

Statement of Changes in Equity as at 31 December 2017

	Share capital	Retained earnings	Total
	£	£	£
Balance at 1 January 2017	1	45,888	45,889
Comprehensive income for the year			
Profit for the year	-	13,864	13,864
Dividends		-	-
Total comprehensive income for the year	-	13,864	13,864
At 31 December 2017	1	59,752	59,753

The notes on pages 10 to 14 form part of these financial statements.

1 Accounting policies

1.1 Company information

Rothmann & Cie. TEP UK 3 Limited is a limited liability company incorporated and domiciled in England and Wales. The business address and registered office is 2 Station Court, Borough Green, Kent, TN15 8AP.

1.2 Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the requirements for small entities of Financial Reporting Standard 102 ("FRS 102"), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, section 1A small entities and with the Companies Act 2006.

The following principal accounting policies have been applied:

1.3 Consolidated financial statements

The Company has a subsidiary, Rothmann & Cie. TEP UK 3 Limited Partnership but is exempt 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.

1.4 Turnover

Turnover represents fees receivable in respect of the Company's principal activity as General Partner to Rothmann & Cie. TEP UK 3 Limited Partnership (the "Partnership").

Turnover is recognised on an accruals basis when the services have been performed and the following conditions are satisfied:

- the amount of revenue can be reliably measured; and
- it is probable that the Company will receive the consideration due under contractual entitlement.

1.5 Taxation

Current tax is the amount of income tax payable in respect of the taxable profit for the year. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Deferred taxation is provided on all timing differences that have originated but not reversed by the balance sheet date other than those differences regarded as permanent. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Any deferred tax assets and liabilities recognised are provided at the rate of tax expected to apply when the asset and liability crystallise and are not discounted.

1.6 Going Concern

Rothmann & Cie. TEP UK 3 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.

1.7 Financial instruments

Financial assets

Financial assets are basic financial instruments and comprise investment in subsidiary, trade and other receivables and cash at bank.

Cash is represented by cash deposits with financial institutions repayable without penalty on notice of no more than 24 hours.

Trade and other receivables are measured initially at transaction price and thereafter at the amount expected to be received.

Financial assets are derecognised when contractual rights to the cash flows from the financial asset expire or are settled, or when substantially all the risks and rewards of ownership have been transferred.

Impairment

An impairment loss is measured as the difference between an asset's carrying amounts and best estimate of the amount that the Company would receive for the assets if it we to be sold at the reporting date.

Financial liabilities

Financial liabilities are basic financial instruments and comprise trade and other payables. These are measured initially at transaction price and thereafter at the amount of cash or other consideration expected to be paid.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting

Financial assets and liabilities are offset, and the net amounts presented in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis and to realise the asset and settle the liability.

2 Operating profit

The audit fees for the Company of £3,300 (2016: £3,300) have been borne by the Partnership for the year ended 31 December 2017. Tax services are provided by Duff and Phelps Ltd.

3 Directors' remuneration

No remuneration was paid to the directors for their services to the Company and its subsidiary (2016: nil).

4 Taxation on profit on ordinary activities

	2017	2016
	£	£
UK Corporation tax		
Profits for the year	3,304	4,232
	3,304	4,232
Reconciliation of current tax charge for the year:		
Profit on ordinary activities before taxation	17,168	21,162
Profit on ordinary activities at the standard rate of Corporation tax in the UK of 19% (2016: 20%)	3,262	4,232
Effects of:		
Difference in corporation tax rate	42	-
Current tax charge for the year	3,304	4,232

5 Investments

	2017	2016
	£	£
Investments in Group Undertaking	10	10

The investment represents less than 0.001% of the partners' capital in Rothmann & Cie. TEP UK 3 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 2017 of £294,957 (2016: £74,817), and the aggregate of the balances on the partners' accounts at that date were £4,264,438 (2016: £5,127,953).

6 Debtors: amounts falling due within one year

	2017	2016
	£	£
Amounts due from subsidiary undertaking	1,500	13,830

Amounts owed by the subsidiary undertaking is interest free and payable on demand.

7 Creditors: amounts falling due within one year

	2017	2016
	£	£
Other creditors	2,941	3,869
Amounts due to Partnership	-	-
	2,941	3,869

8 Share capital

	Authorised		Allotted, Called up and Fully Paid	
	2017	2016	2015	2016
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 2017	1	45,888	45,889
Profit for the year	-	13,906	13,906
Dividends paid		-	-
As at 31 December 2017	1	59,794	59,795

10 Ultimate parent company

At 31 December 2017 the Company's immediate and ultimate parent company was Rothmann Trustfonds UK 3 Verwaltung GmBH, whose registered office is, Hammerbrookstrasse 69, 20097 Hamburg, Germany.

No dividend was paid to the parent company during the year (2016: £nil).

11 Related party disclosures

In the year, the Company provided General Partner services to Rothmann & Cie. TEP UK 3 Limited Partnership, its subsidiary. The value of the services provided in the year was £17,300 (2016: £21,330).

At the year end, £1,500 (2016: £13,830) was due from Rothmann & Cie. TEP UK 3 Limited Partnership.

Anthony Norris is a Director of Gallium Fund Solutions Limited which is Manager to Rothmann & Cie. TEP UK 3 Limited Partnership. The Partnership incurred fees payable to Gallium Fund Solutions Limited in respect of manager and operator services of £49,742, including VAT (2016: £47,237).

The Directors are David Brown and GFS Corporate Director Limited. As disclosed in note 3, directors remuneration is nil. Key management personnel are David Brown and Mr Anthony Norris, a director of GFS Corporate Director Limited. Mr Anthony Norris is also a director of Gallium Fund Solutions Limited and Gallium Fund Solutions Limited is manager to Rothmann & Cie TEP UK 3 Limited Partnership. Mr Brown provides services to Gallium Fund Solutions Limited under a consultancy agreement and both gentlemen are remunerated for their services to Gallium Fund Solutions Limited and not for services to the Company or the Partnership.

Rothmann & Cie. TEP UK 3 Limited Partnership

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2017

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Rothmann & Cie. TEP UK 3 Limited, as the General Partner, presents its annual report and audited financial statements of Rothmann & Cie. TEP UK 3 Limited Partnership ("the Partnership") for the year ended 31 December 2017.

Business review and future developments

In the year ended 31 December 2017, the Partnership continued to hold UK endowment life policies for trading purposes. The results for the year are shown in the Statement of Comprehensive Income on page 6.

The Partnership made a profit for the year of £294,957 (2016: loss (£74,817)).

The Statement of Financial Position as detailed on page 8 shows a satisfactory position. Net assets amount to £4,264,438 (2016: £5,127,953).

Bank loans are currently with UniCredit AG and are renewable annually on 1 July. The Partnership is funded by capital contributions in accordance with the Limited Partnership agreement dated 9 November 2007. In addition, the Partnership is funded by way of bank loans secured on the policies.

Going concern

The Partnership's borrowings are repayable in June 2018, but subject to renewal, and it has sufficient liquid resources to meet its other liabilities. Furthermore, its current asset investment are endowment life policies included at surrender value.

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. There are no material uncertainties that may cast doubt upon the Partnership's ability to continue as a going concern. Accordingly the General Partner considers it appropriate to prepare the financial statements on a going concern basis.

Advisors

During the year ended 31 December 2017, Gallium Fund Solutions Limited continued to act as Manager to the Partnership. In addition TEPPCo continued as administrators and Lane Clark & Peacock Ireland Limited as advising actuary to the General Partner in relation 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;

General Partner's responsibilities (continued)

- 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.

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 financial statements that comply with The Partnerships (Accounts) Regulations 2008. They are 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.

Statement as to disclosure of information to auditor

The Directors of the General Partner who held office at the date of approval of this General Partner's report confirm that, as far as they are aware, there is no relevant audit information of which the auditor is unaware and that 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.

Auditor

MHA MacIntyre Hudson, has indicated a willingness to continue in office. A resolution concerning its reappointment will be proposed at a meeting of the General Partner approving these financial statements.

On behalf of Rothmann & Cie. TEP UK 3 Limited

29 March 2018

Independent Auditor's Report to the Partners of Rothmann & Cie. TEP 3 UK Limited Partnership

Opinion

We have audited the financial statements of Rothmann & Cie. TEP UK 3 UK Limited Partnership ("the Limited Partnership") for the year ended 31 December 2017, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Limited Partnership's partners, 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 Limited 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 Limitied Partnership and the Limited Partnership's partners as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements·

- give a true and fair view of the state of the the Limited Partnership's affairs as at 31 December 2017 and of the 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 provisions of the Limited Partnership Agreement.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Limited Partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the General Partner's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the General Partner has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Limited Partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our Auditor's report thereon. The General Partner is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the General Partner

As explained more fully in the General Partner's responsibilities statement as 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, and for such internal control as the General Partner determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the General Partner is responsible for assessing the Limited Partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the General Partner either intends to liquidate the Limited Partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities This description forms part of our Auditor's report.

Deborah Weston

Deborah Weston (Senior Statutory Auditor)
For and on behalf of MHA MacIntyre Hudson, Statutory Auditor
New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

29 March 2018

Rothmann & Cie. TEP UK 3 Limited Partnership

Statement of Comprehensive Income for the year ended 31 December 2017

	Note	Year ended 31 December 2017		Year ended 31 December 2016	
		£	£	£	£
Turnover	3		2,670,199		4,428,038
Cost of sales	4		(2,163,688)		(3,697,334)
			506,511		730,704
Movement in unrealised gain on endowment life policies measured at fair value through profit and loss		89,479		(438,029)	
Movement in unrealised gain on interest rate swap measured at fair value through profit and loss		-		(9,450)	
			89,479		(447,479)
Gross profit			595,990		283,225
Administrative expenses		183,405		187,872	
Interest payable		117,628		170,170	
			(301,033)		(358,042)
Profit/(loss) for the year	5		294,957		(74,817)

All amounts relate to continuing activities.

The notes on pages 11 to 19 form part of these financial statements.

Rothmann & Cie. TEP UK 3 Limited Partnership

Appropriation account for the year ended 31 December 2017

	Year ended 31 December 2017		Year ended 31 December 2016	
	Profit	Profit Share	Profit	Profit share
	%	£	%	£
Rothmann & Cie. TEP UK 3 Limited	0.00008	-	0.00008	-
Rothmann & Cie. Trustfonds UK 3 GmbH & Co KG	99.99992	294,957	99.99992	(74,817)
	100	294,957	100	(74,817)

The notes on pages 11 to 19 form part of these financial statements.

Rothmann & Cie. TEP UK 3 Limited Partnership

Statement of Financial Position for the year ended 31 December 2017
Registered number: LP012267

	Note	Year ended 31 December 2017 £	£	Year ended 31 December 2016 £	£
Current assets					
Financial assets held for trading	6	7,524,822		9,290,264	
Cash at bank		276,491		388,869	
Debtors	7	-		-	
		7,801,313		9,679,133	
Creditors due within one year	8	(3,536,875)		(4,551,180)	
Net current assets			4,264,438		5,127,953
Total assets less current liabilities			4,264,438		5,127,953
Represented by					
Partners' Accounts					
Partners' Current Accounts	9		(5,189,957)		(4,326,442)
Partners' Capital Accounts	10		9,454,395		9,454,395
			4,264,438		5,127,953

The financial statements were approved by the General Partner on 29 March 2018

David Brown
Director
Rothmann & Cie TEP UK Limited

Richard Cooney
Director
GFS Corporate Director Limited

The notes on pages 11 to 19 form part of these financial statements.

Rothmann & Cie. TEP UK 3 Limited Partnership

Statement of Cash Flows for the year ended 31 December 2017

	Year ended 31 December 2017	Year ended 31 December 2016
Cash flows from operating activities		
Profit/(loss) for the year	294,957	(74,817)
Adjustments for:		
(decrease) in trade creditors	(14,305)	12,390
decrease in trade receivables	-	-
decrease in current asset investments	1,765,442	2,527,474
Net cash generated from operating activities	**2,046,094**	**2,465,047**
Cash flow from financing activities		
Distributions	(1,158,472)	(964,942)
Bank loan	(1,000,000)	(1,500,000)
Cash flow for the year	**(112,378)**	**105**
Opening cash and cash equivalents	388,869	388,764
Closing cash and cash equivalents	**276,491**	**388,869**

Rothmann & Cie. TEP UK 3 Limited Partnership

Statement of Changes in Equity as at 31 December 2017

	Capital	Current account	Total
	£	£	£
At 1 January 2017	9,454,395	(4,326,442)	5,127,953
Profit for the year	-	294,957	294,957
Distributions	-	(1,158,472)	(1,158,472)
At 31 December 2017	9,454,395	(5,189,954)	4,264,438

The notes on pages 11 to 19 form part of these financial statements.

1. Accounting policies

1.1 General Information

Rothmann & Cie. TEP UK 3 Limited Partnership is a limited partnership registered and domiciled in England and Wales. The address of the registered office and place of business is 2 Station Court, Borough Green, Kent, TN15 8AP.

1.2 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 United Kingdom accounting standards, incorporating Financial Reporting Standard 102 ("FRS 102"), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, and with the Companies Act 2006 as applied by the Partnership (Accounts) Regulations 2008.

The following principal accounting policies have been applied:

1.3 Turnover

Turnover represents proceeds from the maturities and sales of endowment life policies.

1.4 Financial instruments

Financial assets

Financial assets are basic financial instruments and comprise cash and endowment life policies.

Cash is represented by cash on deposit with financial institutions repayable without penalty on notice of no more than 24 hours.

The Partnership's endowment life policies and interest rate swaps are initially recorded at transaction price and thereafter at fair value through profit and loss. Costs of acquisition are not included in transaction price but are charged as an expense in the Statement of Comprehensive Income.

Financial assets are derecognised when contractual rights to the cash flows from the financial asset expire or are settled, or when substantially all the risks and rewards of ownership have been transferred.

Impairment

An impairment loss is measured as the difference between an asset's carrying amount and best estimate of the amount that the Partnership would receive for the assets if it were to be sold at the reporting date.

Financial liabilities

The Partnership's financial liabilities comprise basic financial instruments and are trade creditors and accruals, bank loans and interest and balances with related parties. These are initially recognised at transaction price and thereafter at the amount of cash expected to be paid.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis and to realise the asset and settle the liability.

1.5 Interest

Interest payable at variable rates on the bank loan and amounts payable and receivable under the interest rate swap contract are reflected in the interest charge.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions about future outcomes that affect the amounts reported.

The estimates and assumptions that have a significant risk of causing material misstatement relate to the carrying values of investments in endowment life policies. These policies are held at fair value through profit and loss and measured at their surrender value at the year-end date. Management make estimates and assumptions concerning their surrender value using information provided by the underlying life offices. Note 11 contains details of the valuation risks.

3. Turnover

Turnover represents the proceeds of maturities and sales of endowment life policies. For the year ended 31 December 2017, matured and sold endowment policies totalled £2,670,199 (2016: £4,428,038).

4. Cost of sales

Cost of sales is the fair value of endowment life policies matured or sold plus premiums paid.

5 Profit for the year

	2017 £	2016 £
Profit for the year is stated after charging/(crediting):		
Auditors' remuneration - audit services	15,500	15,500
Taxation services	9,400	9,400
Foreign exchange profit/(loss)	15	15

2017 audit and tax services include fees for Rothmann & Cie. TEP UK 3 Limited which are borne by the Partnership. Taxation services were provided by Duff and Phelps Ltd.

6 Investments

	2017	2016
	£	£
Endowment life policies	7,524,822	9,274,516
Interest rate swap contracts	-	15,748
	7,524,822	9,290,264

7 Creditors due within one year

	2017	2016
	£	£
Bank loans	3,500,000	4,500,000
Due to related party	1,500	13,830
Accruals	35,375	37,350
	3,536,875	4,551,180

The Partnership has a loan facility of £3,500,000 (2016: £4,500,000) with UniCredit AG which is renewable annually on 1 July. The loans are secured on the Partnership's holding of endowment life policies.

The Partnership paid interest charges of £198,850 (2016: £136,930) on the loans during the year ended 31 December 2017. Interest payable amounted to £nil (2016: £nil) at the year end.

The Partnership had entered into an interest rate swap contract which expired on 30 June 2017.

8 Partners' current accounts

	Rothmann & Cie. TEP UK 1 Limited	Rothmann & Cie. Trustfonds UK 1 GmbH & Co KG	Total
	£	£	£
At 1 January 2017	(3)	(4,326,439)	(4,326,442)
Share of profit for the year	-	294,957	294,957
Distribution		(1,158,472)	(1,158,472)
Movements in the financial year	-	(863,515)	(863,515)
At 31 December 2017	(3)	(5,189,954)	(5,189,957)

9 Partners' capital accounts

	Rothmann & Cie. TEP UK I Limited £	Rothmann & Cie. Trustfonds UK I GmbH & Co KG £	Total £
Capital at 1 January 2017	10	9,454,385	9,454,395
Capital introduced in the year	-	-	-
At 31 December 2017	10	9,454,385	9,454,395

10 Financial risk management

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. These valuations are monitored by the General Partner in consultation with the administrator and qualified actuaries on a six monthly basis.

For financial instruments held at fair value in the Statement of Financial Position, 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 of each class of financial instrument.

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 investments in endowment life policies represent the estimated fair value based on surrender values as notified by the underlying life offices. As the value is based on inputs other than quoted prices, the endowment life policies fall within the level 2 classification. Interest rate swaps are measured at fair value based on independent third party valuation and are classified as level 2.

The following table analyses within the fair value hierarchy the Partnership's financial assets and liabilities by level.

10 Financial risk management (continued)

Financial assets
As at 31 December 2017

	Level 1	Level 2	Level 3	Total
Assets				
Endowment life policies	-	7,524,822	-	7,524,822
Interest rate swap	-	-	-	-
Cash	276,491	-	-	276,491
	276,491	**7,524,822**	**-**	**7,801,313**

As at 31 December 2016

	Level 1	Level 2	Level 3	Total
Assets				
Endowment life policies	-	9,274,516	-	9,274,516
Interest rate swap		15,748	-	15,748
Cash	388,869	-	-	388,869
	388,764	**11,817,738**	**-**	**12,206,502**

Financial liabilities
As at 31 December 2017

	Level 1	Level 2	Level 3	Total
Liabilities				
Bank loans	3,500,000	-	-	3,500,000
Accruals	36,875	-	-	36,875
	4,537,350	**-**	**-**	**4,537,350**

As at 31 December 2016

	Level 1	Level 2	Level 3	Total
Assets				
Bank loans	4,500,000	-	-	4,500,000
Accruals	38,890	-	-	38,890
	4,537,350	**-**	**-**	**4,537,350**

10 Financial risk management (continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty risk in relation to cash at bank and counterparty and issuer risk which arises from exposure to life houses as issuer of endowment policies held by the Partnership. The General Partner aims to mitigate exposure to credit risk through use of a reputable bank and purchase of policies issued by reputable life houses. This is monitored by the General Partner in consultation with the administrator and qualified actuaries, with the review performed on a six monthly basis. The maximum exposure to credit risk at the balance sheet date is equal to the amounts included in the statement of financial position.

Market price 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 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 current asset investments held by the Limited Partnership would give rise to a loss of £752,482 or 17.6% of the equity of the Partnership.

Foreign exchange risk

The Partnership is not exposed to significant 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 £3,500,000 (2016: £4,500,000) with UniCredit AG through an interest rate swap contract which expired on 30 June 2017. This risk is no longer actively managed.

Liquidity risk

The Partnership holds investments in endowment life policies, having a range of maturity dates. A risk arises that the Partnership may not be able to meet its loan repayment and other obligations from cash flows on the maturity of endowment life policies. 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. This risk is mitigated by the Partnership being closed ended, such that investors cannot require redemption, and funding arrangements secured with UniCredit AG being renewable annually. In addition, the Partnership may generate liquidity through sale of policies in advance of maturity. The General Partner would expect to be able to affect such sales at surrender value, being the basis of fair value measurement adopted in the financial statements.

10 Financial risk management (continued)

Maturity analysis of financial assets at fair value through profit and loss as at 31 December 2017

	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Endowment life policies	172,691	1,829,792	5,282,301	240,038	7,524,822
Interest rate swap	-	-	-	-	-
	172,691	1,829,792	5,282,301	240,038	7,524,822

As at 31 December 2016

	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Endowment life policies	910,935	1,056,963	5,993,679	1,312,940	9,274,516
Interest rate swap	-	15,748	-	-	15,748
	910,935	1,072,711	5,993,679	1,312,940	9,290,264

Maturity analysis of financial liabilities as at 31 December 2017

	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Bank loans	-	3,500,000	-	-	3,500,000
Accruals	36,875	-	-	-	36,875
	36,875	**3,500,000**	-	-	**3,536,875**

Maturity analysis of financial liabilities As at 31 December 2016

	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Bank loans	-	4,500,000	-	-	4,500,000
Accruals	37,350	-	-	-	37,350
	37,350	**4,500,000**	-		**4,537,350**

Overall risk policy

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

11 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 Vertwaltung GmbH, a company incorporated in Germany.

During the year ended 31 December 2017, the Partnership incurred fees payable to Rothmann & Cie. TEP UK 3 Limited of £17,307 (2106: £21,330) in respect of its services as General Partner. At 31 December 2017, the Partnership owed £1,500 (2016: £13,830) to the General Partner.

GFS Corporate Director Limited is a Director of the General Partner and of Gallium Fund Solutions Limited. The Partnership incurred fees payable to Gallium Fund Solutions Limited in respect of manager and operator services of £49,742, including VAT (2016: £47,237).

The Directors are David Brown and GFS Corporate Director Limited. As disclosed in note 3, Directors remuneration is £nil. Key management personnel are David Brown and Anthony Norris, a Director of GFS Corporate Director Limited. Anthony Norris is also a Director of Gallium Fund Solutions Limited and Gallium Fund Solutions Limited is manager to Rothmann & Cie TEP UK3 Limited Partnership. Mr Brown provides services to Gallium Fund Solutions Limited under a consultancy agreement and both gentlemen are remunerated for their services to Gallium Fund Solutions Limited and not for services to the Company or the Partnership.