

Partnership Registration Number: OC307088

Avenue Europe Management, LLP

Group Financial Statements

For the year ended

31 December 2013

THURSDAY



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Avenue Europe Management, LLP

Annual report and financial statements for the year ended 31 December 2013

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Avenue Europe Management, LLP

Members' report for the year ended 31 December 2013

The members present their annual report and the audited Group financial statements of Avenue Europe Management, LLP (the "LLP" or the "Partnership") and its subsidiaries, Avenue England, Ltd and Avenue Germany Management, GmbH (collectively, the "Group") for the year ended 31 December 2013.

Principal activities and review of the business

The principal activity of the LLP is to act as a sub-investment manager to the Delaware based investment manager (Avenue Europe International Management, L.P. (the "Parent")), a U.S. Securities and Exchange Commission registered investment advisor for several private investment funds (collectively, the "Avenue European Funds").

Turnover for the Group was £12,007,429 for the year ended 31 December 2013 (2012: £14,034,011).

Results for the year and allocation to members

The results for the year before members' remuneration and profit shares were £6,034,916 (2012: £4,512,646).

Designated members

The following designated members have held office since incorporation:

Avenue Europe International Management, L.P.
Avenue Europe Investments Management, LLC

Statement of members' responsibilities in respect of the financial statements

The members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations") requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the Group and the Partnership financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law as applied to limited liability partnerships the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the LLP and of the profit or loss of the Group for that period. In preparing these financial statements, the members are required to:

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

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to limited liability partnerships by the Regulations.

Avenue Europe Management, LLP

Members' report for the year ended 31 December 2013 (continued)

They are also responsible for safeguarding the assets of the LLP and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Pillar 3 disclosures

In accordance with the rules of the Financial Conduct Authority, it is the intention of the LLP to update its Pillar 3 disclosure on an annual basis, shortly after completion of the annual audit. This information will be available at www.avenuecapital.com/FSAdisclosures.aspx

Policy with respect to members' drawings and the subscription and repayment of members' capital

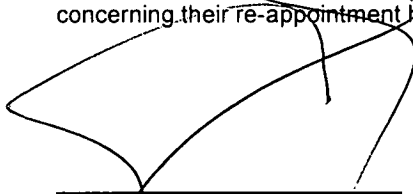
Members contribute capital upon joining the LLP. Drawings are made after allowing for sufficient reserves for working capital. Profit allocations are made at the discretion of the designated members.

Disclosure of Information to auditors

So far as the designated members are aware, there is no relevant audit information of which the LLP auditors are unaware. The designated members have taken all steps that they ought to have taken as designated members in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of this information.

Independent auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their re-appointment has been passed.



Sonia E. Gardner

On behalf of Avenue Europe International Management GenPar, LLC,
the general partner of Avenue Europe International Management, L.P., and
Avenue Europe Investments Management, LLC,
the designated members of Avenue Europe Management, LLP.

22 April 2014

Avenue Europe Management, LLP

Independent auditors' report to the members of Avenue Europe Management LLP

REPORT ON THE FINANCIAL STATEMENTS

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Group's and Partnership's affairs as at 31 December 2013 and of the Group's profit and cash flows 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 to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Avenue Europe Management, LLP, comprise:

- the Group profit and loss account;
- the Group and Partnership balance sheet as at 31 December 2013;
- the Group cash flow statement for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the members have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 designated members; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual 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.

Avenue Europe Management, LLP

Independent auditors' report to the members of Avenue Europe Management LLP (continued)

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 as applicable to limited liability partnerships we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the members

As explained more fully in the Statement of members' responsibilities, the members 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the members of the partnership as a body in accordance with the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Natasha McMillan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

22 April 2014

Avenue Europe Management, LLP

Group Profit and Loss account Year Ended 31 December 2013

	Note	2013 £	2012 £
Turnover		12,007,429	14,034,011
Administrative expenses		<u>(5,965,362)</u>	<u>(9,553,106)</u>
Operating profit	2	6,042,067	4,480,905
Foreign exchange gain		22,815	67,670
Interest and other similar income		<u>5,353</u>	<u>3,274</u>
Profit on ordinary activities before tax		6,070,235	4,551,849
Tax on profit on ordinary activities	5	<u>(35,319)</u>	<u>(39,203)</u>
Profit after tax before members' remuneration and profit shares		6,034,916	4,512,646
Members' remuneration charged as an expense		<u>(5,981,165)</u>	<u>(4,439,814)</u>
Profit available for discretionary division among the members (including £53,751 (2012: £72,832) profits in subsidiary undertakings).		<u>53,751</u>	<u>72,832</u>

All of the activities of the LLP are classed as continuing.

The LLP has no recognised gains or losses other than the results for the year as set out above and therefore no separate statement of recognised gains and losses has been presented.

There is no difference between the profit available for discretionary division amongst the members and its historical cost equivalent.

The notes on pages 9 to 18 form part of these Group financial statements.

Avenue Europe Management, LLP

Group Balance Sheet 31 December 2013

	Note	2013 £	2012 £
Fixed Assets			
Tangible assets	4	17,301	30,699
Current Assets			
Debtors			
- amounts falling due in less than one year	7	2,189,378	2,013,383
- amounts falling due in more than one year	8	96,938	96,938
Cash at bank		3,468,233	3,529,352
		5,754,549	5,639,673
Creditors: Amounts falling due within one year	9	(1,010,806)	(2,425,144)
Net current assets		4,743,743	3,214,529
Net assets attributable to members		4,761,044	3,245,228
Represented by:			
Loans and other debts due to/(from) members within one year	11	687,575	(66,081)
Members' other interests			
Members' capital classified as equity	11	3,678,529	2,970,120
Other reserves	11	394,940	341,189
		4,761,044	3,245,228
Total members' interests			
Loans and other debts due to/(from) members	11	687,575	(66,081)
Members' other interests	11	4,073,469	3,311,309
		4,761,044	3,245,228

The financial statements on pages 5 to 18 were approved by the designated members on 22 April 2014 and are signed on their behalf by:


Sonia E. Gardner

On behalf of Avenue Europe International Management GenPar, LLC,
the general partner of Avenue Europe International Management, L.P., and
Avenue Europe Investments Management, LLC,
the designated members of Avenue Europe Management, LLP.
Partnership Registration Number OC307088

The notes on pages 9 to 18 form part of these Group financial statements.

Avenue Europe Management, LLP

LLP Balance Sheet 31 December 2013

	Note	2013 £	2012 £
Fixed Assets			
Tangible assets	4	14,140	25,803
Investments	6	18,488	18,488
		<u>32,628</u>	<u>44,291</u>
Current Assets			
Debtors			
- amounts falling due in less than one year	7	2,159,775	2,012,442
- amounts falling due in more than one year	8	96,938	96,938
Cash at bank		<u>3,276,728</u>	<u>3,482,769</u>
		5,533,441	5,592,149
Creditors: Amounts falling due within one year	9	<u>(1,199,965)</u>	<u>(2,732,401)</u>
Net current assets		4,333,476	2,859,748
Net assets attributable to members		<u>4,366,104</u>	<u>2,904,039</u>
Represented by:			
Loans and other debts due to/(from) members within one year	11	687,575	(66,081)
Members' other interests			
Members' capital classified as equity	11	3,678,529	2,970,120
	11	<u>4,366,104</u>	<u>2,904,039</u>
Total members' interests			
Loans and other debts due to/(from) members		687,575	(66,081)
Members' other interests	11	3,678,529	2,970,120
		<u>4,366,104</u>	<u>2,904,039</u>

The financial statements on pages 5 to 18 were approved by the designated members on 22 April 2014 and are signed on their behalf by:


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Partnership Registration Number OC307088

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Avenue Europe Management, LLP

Group Cash Flow Statement Year Ended 31 December 2013

	Note	2013 £	2012 £
Net cash inflow from operating activities	A	4,448,854	3,171,223
Returns on investment and servicing of finance			
Interest received		5,353	3,274
Taxation		(19,041)	(15,627)
Purchase of fixed assets		-	(5,040)
		<hr/>	<hr/>
Net cash inflow before financing activities		4,435,166	3,153,830
Financing			
Capital introduced		708,409	100,000
Transactions with members			
Net payments to members	B	(5,227,509)	(4,824,625)
		<hr/>	<hr/>
(Decrease) in cash	C	(83,934)	(1,570,795)

Avenue Europe Management, LLP

Notes to Group Cash Flow Statement Year Ended 31 December 2013

Notes to Cash Flow Statement

A. Reconciliation of operating profit/(loss) to net cash inflow from operating activities:

	2013 £	2012 £
Operating profit/(loss)	6,042,067	4,480,905
Add back non cash items - depreciation	13,556	40,407
Foreign exchange movements on fixed assets	(158)	531
Increase in debtors	(175,995)	(1,588,351)
(Decrease)/increase in creditors	(1,430,448)	237,189
Foreign exchange movements on foreign tax	(168)	542
	<u>4,448,854</u>	<u>3,171,223</u>

B. Analysis of transactions with members

	2013 £	2012 £
Drawings	(5,981,165)	(4,511,610)
Other movements	753,656	(313,015)
	<u>(5,227,509)</u>	<u>(4,824,625)</u>

C. Analysis of changes in net funds:

	2013 £	2012 £
Cash at bank at end of year	3,468,233	3,529,352
Cash at bank at beginning of year	3,529,352	5,032,477
Change in net funds	<u>(61,119)</u>	<u>(1,503,125)</u>

Reconciliation of net cash flow to movement in net funds:

	2013 £	2012 £
Change in net funds	(61,119)	(1,503,125)
Foreign exchange rate movements	(22,815)	(67,670)
(Decrease)/increase in cash	<u>(83,934)</u>	<u>(1,570,795)</u>

1. Accounting policies

Basis of accounting

The Group financial statements are prepared in accordance with the Companies Act as applied to Limited Liability Partnerships, on the going concern basis, under the historical cost convention and comply with the Statement of Recommended Practice on Accounting by Limited Liability Partnerships issued in March 2010. The principal accounting policies are set out below:

Basis of consolidation

The Group financial statements include the results of operations, assets, liabilities and cash flows of Avenue Europe Management, LLP (the "LLP") and its subsidiary undertakings Avenue England Ltd. and Avenue Germany Management GmbH. Group transactions are eliminated on consolidation. No separate Profit and Loss account is presented for the LLP as permitted under Section 408 of The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Turnover

The turnover shown in the Group Profit and Loss account represents amounts due for sub-investment management and sub-investment advisory services recognised on an accrual basis during the year, exclusive of Value Added Tax. Turnover represents services provided to Avenue Europe International Management, L.P.

Investments

Investments are shown at cost less provision for any impairment which the members consider to be permanent.

Taxation

In accordance with the Statement of Recommended Practice on Accounting by Limited Liability Partnerships, no taxation is required to be recorded regarding profits of the LLP as the tax is borne by the individual members on their attributable profit shares and not by the LLP. Any profits of Avenue Germany Management, GmbH are taxed at the applicable tax rate in Germany.

Foreign currencies

Assets, including fixed assets, and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit or loss.

Tangible fixed assets and depreciation

Tangible fixed assets are shown at cost less accumulated depreciation. Depreciation is calculated on the cost, less estimated residual values, of all tangible fixed assets over their expected useful lives, as follows:

Office improvements	-	straight line over 5 years
Computer equipment	-	straight line over 3 years
Fixtures and fittings	-	straight line over 3 years

Allocations of profit

Where a member has a preferential right to receive allocations of profit from the Partnership such allocations are treated as Members' remuneration charged as an expense, with a corresponding liability recognised as an amount due to that Member.

Avenue Europe Management, LLP

Notes to Group financial statements for the year ended 31 December 2013 (continued)

2. Group operating profit

Operating profit is arrived at after charging:

	2013 £	2012 £
Fees payable to the LLP's auditor for the audit of the LLP's annual financial statements:	33,094	37,130
Fees payable to the LLP's auditor and its associates for other services:		
The audit of the LLP's subsidiaries pursuant to legislation	15,999	17,385
Other services pursuant to legislation	2,000	2,833
Tax services	111,939	87,570
Total	163,032	144,918
Operating lease costs – land and buildings	209,553	209,084
Depreciation of tangible assets	13,556	40,407

3. Employees and remuneration - Group

The average monthly number of staff employed by the Group during the financial year amounted to:

	2013	2012
Number of full time staff	10	8

Five of these staff (2012: three) are investment professionals and the remaining staff provide support services.

The aggregate payroll costs of staff were:

	2013 £	2012 £
Wages and salaries	4,068,798	7,032,757
Social security costs	492,000	868,214
	4,560,798	7,900,971

Included in wages & salaries is a pro-rata portion of incentive compensation due to members that relates to a period when these members were employees of the LLP. Pro-rata amounts due for the period they have been members of the LLP have been included within members' remuneration charged as an expense.

Avenue Europe Management, LLP

Notes to Group financial statements for the year ended 31 December 2013 (continued)

4. Tangible fixed assets

Group	Office improvements £	Computer equipment £	Total £
Cost:			
At 1 January 2013	660,572	134,521	795,093
Additions for the year	-	-	-
Disposals for the year	-	(63,006)	(63,006)
Foreign exchange translation	2,400	725	3,125
At 31 December 2013	662,972	72,240	735,212
Accumulated Depreciation:			
At 1 January 2013	640,790	123,604	764,394
Charge for the year	6,199	7,357	13,556
Disposals for the year	-	(63,006)	(63,006)
Foreign exchange translation	2,396	571	2,967
At 31 December 2013	649,385	68,526	717,911
Net Book Value:			
At 31 December 2013	13,587	3,714	17,301
At 31 December 2012	19,782	10,917	30,699
LLP			
Cost:			
At 1 January 2013	561,879	104,685	666,564
Additions for the year	-	-	-
Disposals for the year	-	(42,874)	(42,874)
At 31 December 2013	561,879	61,811	623,690
Accumulated Depreciation:			
At 1 January 2013	542,232	98,529	640,761
Charge for the year	6,060	5,603	11,663
Disposals for the year	-	(42,874)	(42,874)
At 31 December 2013	548,292	61,258	609,550
Net Book Value:			
At 31 December 2013	13,587	553	14,140
At 31 December 2012	19,647	6,156	25,803

Avenue Europe Management, LLP

Notes to Group financial statements for the year ended 31 December 2013 (continued)

5. Tax on profit on ordinary activities

Tax on profit on ordinary activities:

	2013	2012
	£	£
UK corporation tax	-	-
Foreign corporation tax	35,319	39,203
	<u>35,319</u>	<u>39,203</u>

The UK average rate of corporation tax, for the 2013 financial year is 23.25% (2012: 24.5%). The actual tax charge for the current year is less than the UK standard rate for the reasons set out in the following reconciliation:

	Group 2013	Group 2012
	£	£
Profit on ordinary activities before tax	<u>6,070,235</u>	<u>4,551,849</u>
Tax on profit on ordinary activities at 23.25% (2012: 24.5%)	1,411,330	1,115,204
Factors affecting the tax charge for the period:		
Less: profits of the LLP not chargeable to corporation tax	1,390,621	1,087,755
Add: adjustment in respect of foreign tax rates	14,610	11,754
Total current tax	<u>35,319</u>	<u>39,203</u>

Avenue Europe Management, LLP is not subject to taxation.

The standard rate of corporation tax in the UK changed to 23% with effect from 1 April 2013. Further reductions to the UK corporation tax rate to 21% with effect from 1 April 2014 and to 20% with effect from 1 April 2015 have been enacted. It is not anticipated that these changes will affect the effective rate of tax for the Partnership as the tax incurred relates to a foreign subsidiary.

6. Investments

The LLP owns 100% of the ordinary share capital of Avenue England Ltd. Avenue England Ltd. is an intermediate holding company and owns 100% of the share capital of Avenue Germany Management, GmbH, a company registered in Germany, which provides advisory services to the LLP.

Avenue Europe Management, LLP

Notes to Group financial statements for the year ended 31 December 2013 (continued)

7. Debtors : amounts falling due in less than one year

	Group 2013 £	Group 2012 £	LLP 2013 £	LLP 2012 £
Due from related parties	12,064	15,168	12,037	15,168
Revenue receivable from Parent	1,979,763	1,771,486	1,970,988	1,786,704
Prepayments	118,685	149,299	118,685	149,299
Other debtors	66,381	65,242	58,065	61,271
Rent deposit	12,485	12,188	-	-
	<u>2,189,378</u>	<u>2,013,383</u>	<u>2,159,775</u>	<u>2,012,442</u>

8. Debtors : amounts falling due in more than one year

	Group 2013 £	Group 2012 £	LLP 2013 £	LLP 2012 £
Rent deposit	96,938	96,938	96,938	96,938
	<u>96,938</u>	<u>96,938</u>	<u>96,938</u>	<u>96,938</u>

Amounts due from related parties are interest free, unsecured and repayable on demand

9. Creditors: Amounts falling due within one year

	Group 2013 £	Group 2012 £	LLP 2013 £	LLP 2012 £
Due to Group companies and related parties	8,198	2,529	493,187	675,636
Tax and social security	115,324	279,289	115,324	279,289
Corporate tax	22,356	6,246	-	-
Other creditors	864,928	2,137,080	591,454	1,777,476
	<u>1,010,806</u>	<u>2,425,144</u>	<u>1,199,965</u>	<u>2,732,401</u>

Amounts due to Group companies and related parties are interest free, unsecured and repayable on demand

Avenue Europe Management, LLP

Notes to Group financial statements for the year ended 31 December 2013 (continued)

10. Information in relation to members

	2013	2012
The average number of members during the year was	12	10
	2013 £	2012 £
Profit for the year before Members' remuneration and profit share (excluding profits from subsidiary)	5,981,165	4,439,814
Members' remuneration charged as an expense	(5,981,165)	(4,439,814)
Profit for the year before profit share	-	-

Of the profits allocated in the year the member with the largest allocation received £1,485,860 (year ended 31 December 2012: £1,099,174)

Avenue Europe Management, LLP

Notes to Group financial statements for the year ended 31 December 2013 (continued)

11. Reconciliation of movement in members' interests

Group	Members' Capital (Classified as equity) £	Other reserves £	Total £	Loans & other debts due (from)/to members £	Total 2013 £	Total 2012 £
Members' interests at 1 January	2,970,120	341,189	3,311,309	(66,081)	3,245,228	3,457,207
Members' remuneration charged as an expense	-	-	-	5,981,165	5,981,165	4,439,814
LLP's Profit/(loss) for the year available for allocation among members	-	-	-	-	-	-
Members' interests after Profit/(loss) for the year	2,970,120	341,189	3,311,309	5,915,084	9,226,393	7,897,021
Capital contribution	708,409	-	708,409	-	708,409	100,000
Drawings	-	-	-	(5,981,165)	(5,981,165)	(4,511,610)
Profit from subsidiary not allocable to LLP	-	53,751	53,751	-	53,751	72,832
Other movements	-	-	-	753,656	753,656	(313,015)
Members' interests at 31 December	3,678,529	394,940	4,073,469	687,575	4,761,044	3,245,228

Other reserves as at 31 December 2013 represent the retained profit in the LLP's subsidiary undertakings.

The loans and other debts due (from)/to members rank equally with other creditors.

Avenue Europe Management, LLP

Notes to Group financial statements for the year ended 31 December 2013 (continued)

11. Reconciliation of movement in members' interests (cont'd)

LLP	Members' Capital (Classified as equity) £	Other reserves £	Total £	Loans & other debts due (from)/to members £	Total 2013 £	Total 2012 £
Members' interests at 1 January	2,970,120	-	2,970,120	(66,081)	2,904,039	3,188,850
Members' remuneration charged as an expense	-	-	-	5,981,165	5,981,165	4,439,814
Profit/(loss) for the year available for allocation among members	-	-	-	-	-	-
Members' interests after profit for the year	2,970,120	-	2,970,120	5,915,084	8,885,204	7,628,664
Capital contribution	708,409	-	708,409	-	708,409	100,000
Drawings	-	-	-	(5,981,165)	(5,981,165)	(4,511,610)
Other movements	-	-	-	753,656	753,656	(313,015)
Members' interests at 31 December	3,678,529	-	3,678,529	687,575	4,366,104	2,904,039

The loans and other debts due (from)/to members rank equally with other creditors.

12. Other financial commitments and contingencies

As at 31 December 2013, the LLP had annual commitments under operating leases for land and buildings as follows:

	2013 £	2012 £
For leases expiring:		
Less than one year	-	-
Between one to five years	165,000	165,000

There is a lease agreement on the premises currently occupied by the LLP, expiring on 25 December 2015. The current annual commitment under this lease is £165,000.

Avenue Germany Management, GmbH had a lease agreement for an office in Germany which expired on 31 July 2012. This is continuing on a month to month basis.

Avenue Europe Management, LLP

Notes to Group financial statements for the year ended 31 December 2013 (continued)

13. Accounting treatment of deferred compensation

The LLP is obligated to pay to certain members and employees their share of incentive allocations, if any, earned by the General Partners of the Avenue European Funds. There is no obligation for the LLP to make payments to these members and employees under the incentive allocation arrangements until the incentive allocations have been remitted from the Avenue European Funds to their General Partners. Hence in accordance with FRS 12 a provision for expenses is only recognised in these financial statements once this condition has been met.

14. Related party transactions

The LLP, as a parent, has taken advantage of the exemption available in FRS8 from disclosure in its consolidated financial statements of intra-group transactions and balances that are eliminated on consolidation.

During the year, the Group recognized revenue of £12,007,429 (2012: £14,034,011) arising from rendering advisory services to its parent company, Avenue Europe International Management, L.P.

At year end, there was an outstanding balance of £1,879,435 (2012: £1,670,482) due from Avenue Europe International Management, L.P.

At year end, there was an outstanding balance of £nil due from Avenue Europe Investments Management, LLC (2012: Due from LLC: £907).

Additionally, during the year ended 31 December 2013 expenses amounting to £69,236 (2012: £15,168) were paid by the LLP on behalf of certain affiliated Avenue European Funds.

At year end, there was an outstanding balance of £nil (2012: £15,168) due from certain affiliated Avenue European Funds.

At the year end, there was an outstanding balance of £8,198 (2012: £2,529) due to an affiliated management company.

15. Controlling party

The immediate parent undertaking of the LLP is Avenue Europe International Management, L.P., a Delaware limited partnership, which is ultimately jointly controlled by Marc Lasry and Sonia E. Gardner.