

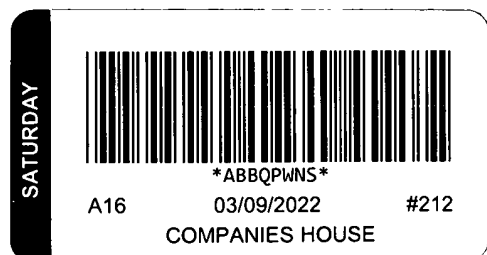
Partnership Registration Number: OC307088

Avenue Europe Management, LLP

Annual Report and Financial Statements

For the year ended

31 December 2021



Avenue Europe Management, LLP

Annual report and financial statements for the year ended 31 December 2021

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Avenue Europe Management, LLP

Members' report for the year ended 31 December 2021

The members present their annual report and financial statements of Avenue Europe Management, LLP (the "LLP" or the "Partnership") and its subsidiaries, Avenue England Ltd, Avenue Germany Management GmbH, Avenue Iberia Asesores S.L. and Avenue Italia Advisors S.r.l. (collectively, the "Group") for the year ended 31 December 2021.

Principal activities and review of the business

The principal activity of the Group 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 £12,134,001 for the year ended 31 December 2021 (2020: £12,164,488).

Key performance indicators ("KPIs")

The key financial highlights, as set out in the audited financial statements are as follows:

	31 December 2021 £	31 December 2020 £
Revenue	12,134,001	12,164,488
(Loss)/profit for the financial year available for discretionary division among the members	(148,701)	749,614
Net assets attributable to members	8,165,171	9,427,284

Given the straightforward nature of the business, the LLP's designated members are of the opinion that analysis using KPIs is not necessary for the understanding of the development, performance or position of the business.

Results for the year and allocation to members

The results for the year before members' remuneration and profit shares were £6,906,092 (2020: £5,744,979).

Designated members

The following designated members have held office since incorporation:

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

Financial Risk Management

The LLP operates systems and controls to mitigate any adverse effects across the range of risks that it faces. Specifically the LLP is exposed to the following risks:

Credit risk – This is due to the significant debtor balances on its balance sheet. These balances are monitored on a regular basis and payment sought within agreed credit terms.

Market risk - The LLP's only market risk exposure relates to exchange rate movements on fees due by the Group. The LLP has an exchange rate exposure between the date of recognition of fee income in its accounts and the receipt and conversion into sterling of those monies. The risk is mitigated by keeping both the size of our debtor balance and the trends/market expectation for sterling to US dollar or Euro exchange rate movements under regular review and arranging for timely payments of fee invoices.

Avenue Europe Management, LLP

Members' report for the year ended 31 December 2021 (continued)

Liquidity risk – The LLP's liquidity risk relates to management fees due to them not being received. To mitigate this risk the LLP has in place a Liquidity Risk Management Policy that is reviewed on an annual basis. This policy sets out the process that is undertaken in ensuring the LLP maintains sufficient liquidity to enable it to meet its ongoing financial liabilities as they fall due.

Principal risks and uncertainties

The members consider the main risk to be the continued success of the LLP and affiliated entities. The management of the business and the execution of the strategy are subject to a number of risks. The key business risks and uncertainties affecting the business are considered to relate to the performance of the underlying funds.

The members are actively monitoring the effects of the Coronavirus Disease 19 "COVID-19". The members do not believe this situation has altered the risk assessments discussed above and that the LLP continues to have sufficient resources in place to continue operating and meet regulatory capital requirements.

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 regulation.

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 prepared the group and the LLP financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, as applied to limited liability partnerships, 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 LLP and of the profit or loss of the group for that period. In preparing the financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and LLP will continue in business.

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

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

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 <https://www.avenuecapital.com/disclosures#FCA>.

Avenue Europe Management, LLP

Members' report for the year ended 31 December 2021 (continued)

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 their reappointment has been accepted by the designated members.



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.

26 April 2022

Avenue Europe Management, LLP

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

Report on the audit of the financial statements

Opinion

In our opinion, Avenue Europe Management, LLP's group financial statements and LLP financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the LLP's affairs as at 31 December 2021 and of the group's loss and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); 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.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Group and the LLP Balance sheets as at 31 December 2021; the Consolidated Statement of Comprehensive Income; the Group Statement of Changes in Members' Interests, LLP Statement of Changes in Members' Interests, and the Group Cash Flow Statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the LLP's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the LLP's ability to continue as a going concern.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report.

Avenue Europe Management, LLP

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the members for the financial statements

As explained more fully in the Statement of members' responsibilities in respect of the financial statements, the members are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The members are also responsible for such internal control as they 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 members are responsible for assessing the group's and the LLP'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 members either intend to liquidate the group or the LLP or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the breaches of the UK regulatory principles, such as those governed by the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as 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. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate journal entries to revenue. Audit procedures performed by the engagement team included:

Avenue Europe Management, LLP

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

- Enquiries with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing correspondence with the Financial Conduct Authority in relation to compliance with laws and regulations
- Reviewing relevant meeting minutes of Members
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, 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 these opinions, 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.


Other required reporting

Companies Act 2006 exception reporting

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 obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the LLP, or returns adequate for our audit have not been received from branches not visited by us; or
- the LLP financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



James Mee (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 April 2022

Avenue Europe Management, LLP

Consolidated Statement of Comprehensive Income Year Ended 31 December 2021

	Note	2021 £	2020 £
Turnover		12,134,001	12,164,488
Administrative expenses		<u>(4,475,292)</u>	<u>(6,482,982)</u>
Operating profit	2	7,658,709	5,681,506
Foreign exchange (loss)/gain		(743,449)	97,457
Interest receivable and similar income		<u>130</u>	<u>1,517</u>
Profit on ordinary activities before taxation		6,915,390	5,780,480
Tax on profit on ordinary activities	5	<u>(9,298)</u>	<u>(35,501)</u>
Profit for the financial year before members' remuneration and profit shares		6,906,092	5,744,979
Members' remuneration charged as an expense		<u>(7,054,793)</u>	<u>(4,995,365)</u>
(Loss)/profit for the financial year available for discretionary division among the members (including £36,016 loss (2020: £66,429 profits) in subsidiary undertakings)		<u><u>(148,701)</u></u>	<u><u>749,614</u></u>

There is no other items of comprehensive loss and hence total comprehensive loss is the same (2020: same) as the loss for the financial year available for discretionary division among the members, being £148,701 (2020: £749,614 profit).

The exemption under section 408 of the Companies Act 2006, as applied to limited liability partnerships, from presenting the LLP's income statement has been taken. The loss of Avenue Europe Management, LLP standalone for the financial year is £112,685 (2020: £683,185 profit).

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

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

Avenue Europe Management, LLP

Group Balance Sheet as at 31 December 2021

	Note	2021 £	2020 £
Fixed Assets			
Tangible assets	4	24,697	49,003
Current Assets			
Debtors			
- amounts falling due in less than one year	7	10,008,673	11,353,262
Cash at bank and in hand		389,106	575,828
		10,397,779	11,929,090
Creditors: Amounts falling due within one year	8	(2,257,304)	(2,550,809)
Net current assets		8,140,475	9,378,281
Net assets attributable to members		8,165,172	9,427,284
Represented by:			
Loans and other debts due to members within one year		2,550,641	3,776,737
Members' other interests			
Members' capital classified as equity		4,039,143	4,039,143
Other reserves		1,575,388	1,611,404
		8,165,172	9,427,284
Total members' interests			
Loans and other debts due to members		2,550,641	3,776,737
Members' other interests		5,614,531	5,650,547
Amounts due from members	7	(84,514)	(84,401)
		8,080,658	9,342,883

The financial statements on pages 7 to 22 were approved by the designated members on 26 April 2022 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 14 to 22 form part of these Group financial statements.

Avenue Europe Management, LLP

LLP Balance Sheet as at 31 December 2021

	Note	2021 £	2020 £
Fixed Assets			
Tangible assets	4	24,697	32,205
Investments	6	70,145	70,145
		<u>94,842</u>	<u>102,350</u>
Current Assets			
Debtors			
- amounts falling due in less than one year	7	9,475,883	11,224,584
Cash at bank and in hand		308,596	391,359
		<u>9,784,479</u>	<u>11,615,943</u>
Creditors: Amounts falling due within one year	8	<u>(3,289,537)</u>	<u>(3,902,413)</u>
Net current assets		<u>6,494,942</u>	<u>7,713,530</u>
Net assets attributable to members		<u>6,589,784</u>	<u>7,815,880</u>
Represented by:			
Loans and other debts due to members within one year		2,550,641	3,776,737
Members' other interests			
Members' capital classified as equity		4,039,143	4,039,143
		<u>6,589,784</u>	<u>7,815,880</u>
Total members' interests			
Loans and other debts due to members		2,550,641	3,776,737
Members' other interests		4,039,143	4,039,143
Amounts due from members	7	<u>(84,514)</u>	<u>(84,401)</u>
		<u>6,505,270</u>	<u>7,731,479</u>

The financial statements on pages 7 to 22 were approved by the designated members on 26 April 2022 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 14 to 22 form part of these Group financial statements.

Avenue Europe Management, LLP

Group Statement of Changes in Members' Interests for the year ended 31 December 2021

Group	Members' Capital (Classified as equity)* £	Other reserves £	Total £	Loans & other debts due to/(from) members £	Total £
Members' interests at 1 January 2020	4,039,143	1,544,975	5,584,118	2,308,601	7,892,719
Members' remuneration charged as an expense	-	-	-	4,995,365	4,995,365
LLP's Profit for the year available for allocation among members	-	-	-	683,185	683,185
Members' interests after Profit for the year	4,039,143	1,544,975	5,584,118	7,987,151	13,571,269
Drawings	-	-	-	(5,335,351)	(5,335,351)
Profit from subsidiary not allocable to LLP	-	66,429	66,429	-	66,429
Other movements	-	-	-	1,040,536	1,040,536
Members' interests at 31 December 2020	4,039,143	1,611,404	5,650,547	3,692,336	9,342,883
				Amounts due to members Amounts due from members	3,776,737 (84,401) <u>3,692,336</u>
Members' interests at 1 January 2021	4,039,143	1,611,404	5,650,547	3,692,336	9,342,883
Members' remuneration charged as an expense	-	-	-	7,054,793	7,054,793
LLP's Loss for the year available for allocation among members	-	-	-	(112,685)	(112,685)
Members' interests after Profit for the year	4,039,143	1,611,404	5,650,547	10,634,444	16,284,991
Drawings	-	-	-	(7,094,647)	(7,094,647)
Loss from subsidiary not allocable to LLP	-	(36,016)	(36,016)	-	(36,016)
Other movements	-	-	-	(1,073,670)	(1,073,670)
Members' interests at 31 December 2021	4,039,143	1,575,388	5,614,531	2,466,127	8,080,658
				Amounts due to members Amounts due from members	2,550,641 (84,514) <u>2,466,127</u>

*Included within members' capital is £80,000 (2020: £80,000) of unpaid capital.

The other reserves as at 31 December 2021 represent the retained profit within the LLP's subsidiary undertakings.

Avenue Europe Management, LLP

LLP Statement of Changes in Members' Interests for the year ended 31 December 2021

LLP	Members' Capital (Classified as equity)* £	Other reserves £	Total £	Loans & other debts due to/(from) members £	Total £
Members' interests at 1 January 2020	4,039,143	-	4,039,143	2,308,601	6,347,744
Members' remuneration charged as an expense	-	-	-	4,995,365	4,995,365
Profit for the year available for allocation among members	-	-	-	683,185	683,185
Members' interests after profit for the year	4,039,143	-	4,039,143	7,987,151	12,026,294
Drawings	-	-	-	(5,335,351)	(5,335,351)
Other movements	-	-	-	1,040,536	1,040,536
Members' interests at 31 December 2020	4,039,143	-	4,039,143	3,692,336	7,731,479
				Amounts due to members Amounts due from members	3,776,737 (84,401) <u>3,692,336</u>
Members' interests at 1 January 2021	4,039,143	-	4,039,143	3,692,336	7,731,479
Members' remuneration charged as an expense	-	-	-	7,054,793	7,054,793
Loss for the year available for allocation among members	-	-	-	(112,685)	(112,685)
Members' interests after profit for the year	4,039,143	-	4,039,143	10,634,444	14,673,587
Drawings	-	-	-	(7,094,647)	(7,094,647)
Other movements	-	-	-	(1,073,670)	(1,073,670)
Members' interests at 31 December 2021	4,039,143	-	4,039,143	2,466,127	6,505,270
				Amounts due to members Amounts due from members	2,550,641 (84,514) <u>2,466,127</u>

*Included within members' capital is £80,000 (2020: £80,000) of unpaid capital.

Avenue Europe Management, LLP

Group Cash Flow Statement Year Ended 31 December 2021

	Note	2021 £	2020 £
Net cash inflow from operating activities	A	8,739,483	4,357,804
Taxation paid		(9,044)	(57,741)
Net cash generated from operating activities		<u>8,730,439</u>	<u>4,300,063</u>
Cash flow from investing activities			
Interest received		130	1,517
Payments to acquire tangible assets		(5,525)	(33,899)
Net cash (used in)/generated from investing activities		<u>(5,395)</u>	<u>(32,382)</u>
Cash flow from financing activities			
Distributions paid to members	B	(8,168,317)	(4,294,815)
Net cash used in financing activities		<u>(8,168,317)</u>	<u>(4,294,815)</u>
Foreign exchange rate (loss)/gain		<u>(743,449)</u>	<u>97,457</u>
Net (decrease)/increase in cash and cash equivalents		<u>(186,722)</u>	<u>70,323</u>
Cash and cash equivalents at the start of the year		575,828	505,505
Cash and cash equivalents at the end of the year		<u>389,106</u>	<u>575,828</u>

Avenue Europe Management, LLP

Notes to Group Cash Flow Statement Year Ended 31 December 2021

Notes to Cash Flow Statement

A. Reconciliation of operating profit to net cash inflow from operating activities:

	2021 £	2020 £
Operating profit	7,658,709	5,681,506
Add back non-cash items - depreciation	15,573	41,663
Loss on disposal of fixed assets	13,291	174,770
Foreign exchange movements on fixed assets	967	(1,114)
Decrease/(increase) in debtors	1,340,870	(1,981,232)
(Decrease)/increase in creditors	(293,616)	444,480
Foreign exchange movements on foreign tax	3,689	(2,269)
	<u>8,739,483</u>	<u>4,357,804</u>

B. Analysis of transactions with members

	2021 £	2020 £
Members' remuneration	(7,094,647)	(5,335,351)
Other movements	(1,073,670)	1,040,536
	<u>(8,168,317)</u>	<u>(4,294,815)</u>

Avenue Europe Management, LLP

Notes to Group financial statements for the year ended 31 December 2021

1. Accounting policies

General information

Avenue Europe Management, LLP (the "LLP") is a limited liability partnership established in England and Wales, company registration number OC307088

The registered office is:

1 Knightsbridge Green
6th Floor
London
England
SW1X 7QA

Basis of preparing the financial statements

The Group and individual financial statements have been prepared in accordance with amended Financial Reporting Standard 102 applicable from 1 January 2016 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Acts 2006) Regulations 2008 and the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' issued in December 2018 (the "LLP SORP"). The financial statements have been prepared under the historical cost convention.

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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, Avenue Germany Management GmbH, Avenue Iberia Asesores S.L., and Avenue Italia Advisors S.r.l. 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.

Exemptions for qualifying entities under FRS102

The Group has taken advantage of the exemption from preparing a statement of comprehensive income and a statement of cash flows on a standalone basis, on the basis that it is a qualifying entity and the consolidated statement of comprehensive income and the statement of cash flows, included in these financial statements includes the LLP's comprehensive income and cash flows.

Turnover

The turnover shown in the Consolidated Statement of Comprehensive Income 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.

Going concern

The Group meets its day-to-day working capital requirements through its bank facilities. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the members have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

The Group therefore continues to adopt the going concern basis in preparing its financial statements.

Avenue Europe Management, LLP

Notes to Group financial statements for the year ended 31 December 2021 (continued)

1. Accounting policies (continued)

Financial reporting standard 102 - reduced disclosure exemptions

The Group has taken the exemption in section 35.10 (p) of FRS 102 with regard to lease incentives, and has continued to recognise the residual cost/benefit associated with existing lease incentives existing before the date of transition on the same basis as that applied at the date of transition to this FRS.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the Group and LLP's accounting policies

The Group and LLP make a number of assessments which require judgement in preparing the financial statements and can have a significant effect upon the financial statements. However, due to the straight forward nature of the Group and LLP's business, management does not believe that there are any judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(b) Key accounting estimates and assumptions

The Group and LLP make estimates and assumptions concerning the future. The resulting accounting estimates may by definition, differ from actual results. However, due to the straight forward nature of the Group and LLP's business, management does not believe that there are any estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Financial instruments

The Group and LLP have chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including debtors and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Avenue Europe Management, LLP

Notes to Group financial statements for the year ended 31 December 2021 (continued)

1. Accounting policies (continued)

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

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

Capital, allocation of profits and drawings

Each Member's capital account includes the capital initially contributed by the Member to the partnership and any subsequent contributions. Undistributed allocated profits are retained in Other reserves and any amounts distributed are credited to a Member's distribution account.

Avenue Europe International Management, L.P. and Avenue Europe Investments Management, LLC, in their capacity as Designated Members, are entitled to cause the partnership to establish such reserves as they deem reasonably necessary. These reserves reduce the amounts distributable to Members in the proportion that such amounts were distributable. As the partnership has the unconditional right to withhold amounts held in other reserves, the balance has been classified as equity under FRS 102.

Investments

Investments are shown at cost less provision for any impairment which the members consider to be permanent. All investments are in the Group's subsidiaries.

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, Avenue Iberia Asesores S.L. and Avenue Italia Advisors S.r.l. are taxed at the applicable tax rate in Germany, Spain, and Italy, respectively.

Foreign currencies

The Group financial statements are presented in pound Sterling. The LLP's functional and presentation currency is the pound Sterling. Assets, including fixed assets, and liabilities denominated in foreign currencies are translated into pound Sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into pound 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 the life of the lease
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 2021 (continued)

1. Accounting policies (continued)

Cash and Cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2. Operating profit

Operating profit is arrived at after charging:

	2021 £	2020 £
Fees payable to the LLP's auditors for the audit of the LLP's annual financial statements:	66,843	56,771
Other services pursuant to legislation	3,000	3,500
The audit of the LLP's subsidiaries pursuant to legislation	6,000	4,930
Fees payable to the LLP's auditors and their associates for other services:		
The audit of the LLP's subsidiaries pursuant to legislation	6,000	4,930
Other services pursuant to legislation	1,816	1,650
Tax services	44,536	83,704
Total	122,195	150,555
Operating lease costs – land and buildings	341,695	370,336
Depreciation of tangible assets	15,573	41,663

3. Employees and remuneration

Group

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

	2021	2020
Number of full time staff	11	15

Eight of these staff (2020: Eleven) are investment professionals and the remaining staff provide support services.

The aggregate payroll costs of staff were:

	2021 £	2020 £
Wages and salaries	3,381,472	4,199,071
Social security costs	36,601	526,592
Total	3,418,073	4,725,663

LLP

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

	2021	2020
Number of full time staff	10	12

Seven of these staff (2020: Eight) are investment professionals and the remaining staff provide support services.

The aggregate payroll costs of staff were:

	2021 £	2020 £
Wages and salaries	3,144,515	3,442,984
Social security costs	422,583	485,703
Total	3,567,098	3,928,687

Avenue Europe Management, LLP

Notes to Group financial statements for the year ended 31 December 2021 (continued)

4. Tangible assets

Group	Office improvements £	Computer equipment £	Furniture & Fixtures £	Total £
Cost:				
At 1 January 2021	58,808	85,647	108,672	253,127
Additions for the year	1,785	3,740	-	5,525
Disposals in the year	(29,791)	(20,380)	(28,334)	(78,505)
Foreign exchange translation	(1,928)	(1,321)	(1,833)	(5,082)
At 31 December 2021	28,874	67,686	78,505	175,065
Accumulated Depreciation:				
At 1 January 2021	16,959	85,114	102,051	204,124
Charge for the year	11,753	1,550	2,270	15,573
Disposals in the year	(16,500)	(20,380)	(28,334)	(65,214)
Foreign exchange translation	(983)	(1,299)	(1,833)	(4,115)
At 31 December 2021	11,229	64,985	74,154	150,368
Net Book Value:				
At 31 December 2021	17,645	2,701	4,351	24,697
At 31 December 2020	41,849	533	6,621	49,003
LLP				
Cost:				
At 1 January 2021	27,089	63,946	78,505	169,540
Additions for the year	1,785	3,740	-	5,525
Disposals in the year	-	-	-	-
At 31 December 2021	28,874	67,686	78,505	175,065
Accumulated Depreciation:				
At 1 January 2021	1,505	63,946	71,884	137,335
Charge for the year	9,724	1,039	2,270	13,033
Disposals in the year	-	-	-	-
At 31 December 2021	11,229	64,985	74,154	150,368
Net Book Value:				
At 31 December 2021	17,645	2,701	4,351	24,697
At 31 December 2020	25,584	-	6,621	32,205

Avenue Europe Management, LLP

Notes to Group financial statements for the year ended 31 December 2021 (continued)

5. Tax on profit on ordinary activities

	2021 £	2020 £
Current tax:		
Foreign corporation tax	(14,051)	13,433
Total tax	(14,051)	13,433
Deferred Tax:		
Origination and reversal of timing differences	23,349	22,068
Total deferred tax	23,349	22,068
Tax on profit on ordinary activities	9,298	35,501

The UK average rate of corporation tax for the 2021 financial year is 19% (2020: 19%). The actual tax charge for the current year is lower (2020: lower) than the UK standard rate for the reasons set out in the following reconciliation:

	Group 2021 £	Group 2020 £
Profit on ordinary activities before tax	6,915,390	5,780,480
Tax on profit on ordinary activities at 19% (2020: 19%)	1,313,924	1,098,291
Factors affecting the tax charge for the year:		
Less: profits of the LLP not chargeable to corporation tax	(1,319,001)	(1,078,925)
Add: adjustment in respect of foreign tax rates	(8,974)	(5,933)
Total current tax	(14,051)	13,433

Avenue Europe Management, LLP is not subject to taxation.

An increase in the UK corporation tax rate to 25% will take effect on 1 April 2023 for companies with profits over £250,000. It is not anticipated that these changes will affect the effective rate of tax for the Partnership as the tax incurred relates to foreign subsidiaries.

6. Investments

As at 31 December 2021 and 31 December 2020, the LLP owned 100% of the ordinary share capital of Avenue England Ltd, a company registered in England and Wales, whose registered office address is 1 Knightsbridge Green, 6th Floor, London, SW1X 7QA, England and of Avenue Italia Advisors S.r.l., a company registered in Italy, whose registered office address is Via Ettore de Sonnaz, 19, 10121 Torino, Italy. Avenue England Ltd is an intermediate holding company and as at 31 December 2021 and 31 December 2020 owned 100% of the share capital of Avenue Germany Management GmbH, a company registered in Germany, whose registered office address is Von-der-Tann-Str. 2, c/o Reed Smith LLP, 80539 München, Germany and of Avenue Iberia Asesores S.L., a company registered in Spain, whose registered office address is C / Principe de Vergara 112, Fourth Floor, 28002 Madrid, Spain. Avenue Italia Advisors S.r.l., Avenue Germany

Avenue Europe Management, LLP

Notes to Group financial statements for the year ended 31 December 2021 (continued)

6. Investments (continued)

Management GmbH and Avenue Iberia Asesores S.L. all provide advisory services to the LLP.

All of the above subsidiaries are included within the consolidated financial statements.

Avenue Germany Management GmbH was placed in liquidation on 30 June 2017 and Avenue Italia Advisors S.r.l. was placed in liquidation on 2 July 2020. The members expect to realise the carrying value of the assets and liabilities in Avenue Germany Management GmbH and in Avenue Italia Advisors S.r.l.

The members believe that the carrying values of the investments for both Avenue Germany Management GmbH and Avenue Italia Advisors S.r.l. are supported by their underlying net assets.

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

	Group 2021 £	Group 2020 £	LLP 2021 £	LLP 2020 £
Amounts owed by group undertakings	61,186	57,018	185,670	56,203
Revenue receivable from Parent	9,022,113	10,819,580	9,022,113	10,819,410
Amounts due from members	84,514	84,401	84,514	84,401
Prepayments	64,261	82,838	64,261	82,838
Corporate tax	56,944	37,427	-	-
Rent deposit	55,000	84,178	55,000	55,000
Deferred tax asset	26	23,375	-	-
Other debtors	664,629	164,445	64,325	126,732
	<u>10,008,673</u>	<u>11,353,262</u>	<u>9,475,883</u>	<u>11,224,584</u>

The rent deposit at Group and LLP level, £55,000 (2020: Group £84,178, LLP £55,000) falls due after one year.

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

8. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	LLP 2021 £	LLP 2020 £
Amounts due to group undertakings	-	5,820	1,262,826	1,652,000
Other taxation and social security	288,795	316,877	288,795	316,877
Corporate tax	176	65	-	-
Other creditors	1,968,333	2,228,047	1,737,916	1,933,536
	<u>2,257,304</u>	<u>2,550,809</u>	<u>3,289,537</u>	<u>3,902,413</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 2021 (continued)

9. Information in relation to members

	LLP 2021	LLP 2020
The average number of members during the year was	11	11
	2021 £	2020 £
Profit for the year before members' remuneration and profit share (excluding profits from subsidiary)	6,942,108	5,678,550
Members' remuneration charged as an expense	(7,054,793)	(4,995,365)
(Loss)/profit for the year before profit share	(112,685)	683,185

Of the profits allocated in the year, the member with the largest allocation received £3,113,164 (year ended 31 December 2020: £2,442,652). This amount is based off of profit before members' remuneration.

10. Other financial commitments

The Group had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
For leases expiring:		
Less than one year	330,000	375,956
Between one to five years	275,000	788,822
More than five years	-	-

11. Accounting treatment of deferred compensation

The Group 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 Group 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 102 a provision for expenses is only recognised in these financial statements once this condition has been met.

12. Related party transactions

The LLP, as a parent, has taken advantage of the exemption in FRS102 33.1A available 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 £12,134,001 (2020: £12,164,488) arising from rendering advisory services to its parent company, Avenue Europe International Management, L.P.

Avenue Europe Management, LLP

Notes to Group financial statements for the year ended 31 December 2021 (continued)

12. Related party transactions (continued)

At year end, there was an outstanding balance of £9,022,113 (2020: £10,819,580) due from Avenue Europe International Management, L.P. and £84,514 (2020: £84,401) due from members.

At the year end, there was an outstanding balance of £60,689 (2020: £55,647) due from an affiliated management company and £nil (2020: £5,820) due to an affiliated company.

Key management personnel

All partners who have authority and responsibility for planning, directing and controlling the activities of the Company are considered to be key management personnel. Total remuneration in respect of these individuals is £7,054,793 (2020: £4,995,365).

13. Controlling party

The immediate parent undertaking of the LLP is Avenue Europe International Management, L.P., a Delaware Limited Liability Company, whose registered address is 11 West 42nd Street, New York, NY 10036, USA, which is jointly and ultimately controlled by Marc Lasry and Sonia E. Gardner.