

Registered number: OC318162

Registered office:

1 Kingsway

London

WC2B 6AN

CHEVIOT PARTNERS LLP

Report and financial statements

31 December 2013



CHEVIOT PARTNERS LLP

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CHEVIOT PARTNERS LLP

OFFICERS AND PROFESSIONAL ADVISORS

Designated Members

Quilter Cheviot Holdings Limited
Penrose Bidco Limited

Registered Office

1 Kingsway
London
WC2B 6AN

Bankers

Royal Bank of Scotland
280 Bishopsgate
London
EC2M 4RB

Solicitors

Linklaters LLP
One Silk Street
London
EC2A 8HQ

Auditor

Deloitte LLP
Chartered Accountants
London

CHEVIOT PARTNERS LLP

DESIGNATED MEMBERS' REPORT

The Designated Members present their annual report on the affairs of Cheviot Partners LLP (the "LLP") and all its subsidiary undertakings (the "Group"), together with its financial statements and auditor's report for the year ended 31 December 2013.

GROUP STRUCTURE

Cheviot Partners LLP is incorporated as a Limited Liability Partnership under the Limited Liability Partnerships Act 2000.

These financial statements are the accounts of the LLP and reflect the results for the year to 31 December 2013. The financial statements consolidate the accounts of the Group, drawn up to 31 December each year.

RESULTS FOR THE YEAR

The profit for the year before members' remuneration and profit shares was £772,000 (2012: £18,216,000) as all costs have been recharged.

PRINCIPAL ACTIVITY

The principal activity of the LLP in the year under review is that of acting as a service company and holder of the partnership interests for its subsidiary companies, Cheviot Asset Management Limited ("CAML"), European Stockbrokers Limited, Cheviot GP Limited, and its nominee company, Cheviot Capital (Nominee) Limited, which provide private client stockbroking and investment management services.

On 18 January 2013, Quilter Cheviot Holdings Limited ("QCHL") acquired 100% of Cheviot Partners LLP from its existing members. On this date, CAML was transferred from the LLP to become a direct subsidiary of QCHL. The Members intend to terminate the partnership as a result of this.

The Group's ultimate parent undertaking and controlling entity is Penrose Topco Limited, a company incorporated in Jersey.

Before 18 January 2013, certain of the Group's subsidiaries were authorised and regulated by the Financial Conduct Authority ("FCA").

BUSINESS REVIEW AND RESULTS

The results for the year and financial position of the Group are shown in the attached financial statements. The Group made a profit before tax of £1,043,000 for the year ended 31 December 2013 (2012: £18,433,000).

The LLP provides the services of its premises and other resources to CAML to enable it to carry out its business as private client stockbroking and investment manager. A management charge is levied by the LLP for these services.

Principal risks and uncertainties

The Group's activities expose it to a limited number of financial risks, principally credit risk in that the Group has amounts due from fellow subsidiary companies. However, in view of the nature of the underlying business, these risks are considered minimal. The Group is not exposed to market risk and the limited nature of its activity means neither operational nor liquidity risk are material. The Group does not have long term borrowings or significant cash deposits on which it relies for income and therefore is not overly exposed to interest rate risk.

CHEVIOT PARTNERS LLP

DESIGNATED MEMBERS' REPORT

DESIGNATED MEMBERS

The Designated Members (as defined in the Limited Liability Partnerships Act 2000) during the year were:

M B Hughes	(resigned 18 January 2013)
M N C Kerr-Dineen	(resigned 18 January 2013)
J A Scott-Gatty	(resigned 18 January 2013)
Quilter Cheviot Holdings Limited	(appointed 18 January 2013)
Penrose Bidco Limited	(appointed 18 January 2013)

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year, the Group made charitable donations of £Nil (2012: £10,280). The Group made no political contributions during the reporting period.

STATEMENT OF GOING CONCERN


The financial statements have been prepared on the other than going concern basis as the Members intend to terminate the Partnership. No adjustments were necessary to the amounts at which the remaining net assets are valued in these financial statements.

AUDITOR

Each of the persons who is a Designated Member at the date when this report is approved confirms that:

- so far as the Designated Member is aware, there is no relevant audit information (being information needed by the partnership's auditor in connection with preparing their report) of which the partnership's auditor is unaware; and
- the Designated Member has taken all the steps that he ought to have taken as a Designated Member to make himself aware of any relevant audit information and to establish that the partnership's auditor is aware of that information.

Approved by the Members and signed on its behalf by



Quilter Cheviot Holdings Limited
Designated Member
25 September 2014

CHEVIOT PARTNERS LLP

DESIGNATED MEMBERS' RESPONSIBILITIES STATEMENT

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

The Limited Liability Partnerships (Account & Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law, the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP") (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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:

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent;
- (c) state whether applicable UK Accounting Standards have been followed; and
- (d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the LLP will continue in business.

The Members are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and the LLP and to enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to limited liability partnerships. They are also responsible for safeguarding the assets of the Group and the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHEVIOT PARTNERS LLP

We have audited the financial statements of Cheviot Partners LLP for the year ended 31 December 2013 which comprise the consolidated profit and loss account, consolidated and partnership balance sheet, consolidated cash flow statement and the related notes 1 to 20. 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) ("UK GAAP").

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 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. Our audit work has been undertaken so that we might state to the limited liability partnership's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditor

As explained more fully in the Designated Members' Responsibilities Statement, 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 International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 Group's and parent limited liability 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 identify any information that is apparently materially inconsistent 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent limited liability partnership's affairs as at 31 December 2013 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with UK GAAP; and
- have been prepared in accordance with the requirements of the Companies Act 2006, as applicable to limited liability partnerships.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHEVIOT PARTNERS LLP

Emphasis of matter - Financial statements prepared other than on a going concern basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 2 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applicable to limited liability partnerships requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the parent limited liability partnership, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the parent limited liability partnership's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



Alan Chaudhuri
for and on behalf of Deloitte LLP
London, United Kingdom

25 September 2014

CHEVIOT PARTNERS LLP

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 December 2013

	Note	Year ended 2013 £'000	Year ended 2012 £'000
Turnover		2,059	32,218
Administrative expenses	4	(1,050)	(15,210)
OPERATING PROFIT		1,009	17,008
Interest receivable and similar income	6	34	1,425
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,043	18,433
Tax on profit on ordinary activities	8	(271)	(217)
PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES		772	18,216
Members' remuneration charged as an expense		-	(1,133)
PROFIT FOR THE FINANCIAL YEAR		772	17,083

All activities relate to discontinued operations.

The notes on pages 11 to 22 form an integral part of the financial statements.

CHEVIOT PARTNERS LLP*Registered Number: OC318162***CONSOLIDATED BALANCE SHEET****As at 31 December 2013**

	Note	2013 £'000	2012 £'000
FIXED ASSETS			
Tangible assets	9	-	558
Goodwill	10	-	371
		<u>-</u>	<u>929</u>
CURRENT ASSETS			
Debtors	12	-	39,166
Cash at bank	17	-	16,894
		<u>-</u>	<u>56,060</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13	-	(18,642)
NET CURRENT ASSETS		<u>-</u>	<u>37,418</u>
TOTAL ASSETS LESS CURRENT LIABILITIES ATTRIBUTABLE TO MEMBERS		<u>-</u>	<u>38,347</u>
REPRESENTED BY:			
Equity			
Members' other interests - capital classified as equity under FRS 25	15	-	20,420
Members' other interests - other reserves classified as equity under FRS 25	15	-	17,927
		<u>-</u>	<u>38,347</u>
Total Members' interest			
Members' other interests - capital classified as equity under FRS 25	15	-	20,420
Members' other interests - other reserves classified as equity under FRS 25	15	-	17,927
Amounts due from members	15	-	(18,556)
		<u>-</u>	<u>19,791</u>

These financial statements were approved by the Members and authorised for issue on 25 September 2014.

Signed on behalf of the Members



Quilter Cheviot Holdings Limited
Designated Member

The notes on pages 11 to 22 form an integral part of the financial statements.

CHEVIOT PARTNERS LLP

LLP BALANCE SHEET

As at 31 December 2013

	Note	2013 £'000	2012 £'000
FIXED ASSETS			
Tangible assets	9	-	481
Investments	11	-	5,277
		<u>-</u>	<u>5,758</u>
CURRENT ASSETS			
Debtors	12	-	33,593
Cash at bank	18	-	2,028
		<u>-</u>	<u>35,621</u>
CREDITORS: AMOUNTS FALLING DUE	13	-	(3,794)
NET CURRENT ASSETS		<u>-</u>	<u>31,827</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>-</u>	<u>37,585</u>
REPRESENTED BY:			
Equity			
Members' other interests - capital classified as equity under FRS 25	15	-	20,420
Members' other interests - other reserves classified as equity under FRS 25	15	-	17,165
		<u>-</u>	<u>37,585</u>
Total Members' interest			
Members' other interests - capital classified as equity under FRS 25	15	-	20,420
Members' other interests - other reserves classified as equity under FRS 25	15	-	17,165
Amounts due from members	15	-	(18,556)
		<u>-</u>	<u>19,029</u>

These financial statements were approved by the Members and authorised for issue on 25 September 2014.

Signed on behalf of the Members



Quilter Cheviot Holdings Limited
Designated Member

The notes on pages 11 to 22 form an integral part of the financial statements.

CHEVIOT PARTNERS LLP

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Net cash inflows from operating activities	17	1,563	18,194
Returns on investments and servicing of finance			
Interest received		34	1,424
Taxation		-	(221)
Net cash inflow from returns on investments and servicing of finance		<u>34</u>	<u>1,203</u>
Capital expenditure and financial investment			
Purchase of tangible assets		-	(33)
Cash transferred on disposal of subsidiaries		(18,491)	-
Cash (outflow) / inflow before transactions with members		<u>(16,894)</u>	<u>19,364</u>
Transactions with members			
Payment to members		-	(16,975)
Contributed by members		-	43
(Decrease) / increase in cash in the year	18	<u>(16,894)</u>	<u>2,432</u>

The notes on pages 11 to 22 form an integral part of the financial statements.

CHEVIOT PARTNERS LLP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2013

1. CORPORATE INFORMATION

The partnership is registered and domiciled in England and Wales, at the following address: 1 Kingsway, London WC2B 6AN.

2. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and prior year.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Generally Accepted Accounting Practice ("UK GAAP") and the requirements of the Statement of Recommended Practice Accounting by Limited Liability Partnerships (issued March 2010).

Basis of consolidation

The Group financial statements consolidate the financial statements of the LLP and its subsidiary undertakings, CAML and Cheviot GP Limited, and its nominee companies for the year ending 31 December 2013. The Group financial statements also include balances held in an offshore trust, which have been consolidated in accordance with FRS 5. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

Going concern

The Group transferred its trade, assets and liabilities to its parent company, QCHL, on 18 January 2013 and ceased trading. As required by Financial Reporting Standard ("FRS") 18 '*Accounting Policies*', the Members have prepared the financial statements on the basis that the Group is no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis. All assets and liabilities were transferred to the parent company at their carrying value.

Goodwill and goodwill impairment

Goodwill represents the difference arising on the acquisition at 3 October 2006 between the fair value of the net assets acquired in Cheviot Asset Management Limited and the consideration given. Goodwill is capitalised and amortised to the profit and loss account in equal monthly instalments over its useful economic life, which is estimated to be ten years for the Cheviot Asset Management Limited business. Goodwill is reviewed for impairment on an annual basis and a provision is made for any impairment losses, which are expensed to the profit and loss account immediately.

Tangible assets

Leasehold improvements, office equipment, fixtures and fittings and computer equipment are stated at cost less accumulated depreciation and any recognised impairment. Depreciation is provided at the following annual rates in order to write off assets over their estimated useful lives:

Leasehold improvements	- amortised over the period of the lease
Office equipment	- 20% on cost
Fixtures and fittings	- 25% on cost
Computer equipment	- 25% on cost

Fixed asset investments

The fixed asset investment in the subsidiary company is shown at cost less provision for impairment.

CHEVIOT PARTNERS LLP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2013

Taxation

The LLP is not a taxable entity. For the subsidiary company, current tax, including UK corporation tax, is recorded at amounts expected to be recovered or paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Foreign currencies

The Group's functional currency is pounds sterling. Monetary assets and liabilities denominated in currencies other than pounds sterling are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in currencies other than pounds sterling are recorded at the rates prevailing at the dates of the transactions. Exchange differences are taken into account in arriving at the operating result.

Impairment of tangible fixed assets and fixed investments

At each balance sheet date, the Group reviews the carrying amounts of its tangible fixed assets and fixed asset investments to determine whether there is any indication that those assets have suffered an impairment loss. If any indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognised as an expense immediately in the profit and loss account, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a decrease in the revaluation reserve.

Client money

CAML holds money on behalf of clients in accordance with the Client Assets Rules of the Financial Conduct Authority. Such monies and the corresponding liability to clients are not shown on the face of the balance sheet where the company is not beneficially entitled thereto. Interest receivable and payable on client money balances is netted to calculate the Group's share of interest receivable and included within 'interest receivable and similar income'. The amount of client money held on behalf of clients at 31 December 2013 is disclosed in Note 17.

Revenue recognition

Revenue is measured at the value of the consideration received or receivable and represents all fees and commissions earned as a result of CAML's investment management and stockbroking activities. Commissions are recognised on a trade date basis. Management fees are recognised when earned, are charged to customers in arrears and an income accrual is made for the period from the last billing date to the year end. Interest income is accrued on a time basis, by reference to the principal outstanding and effective interest rate applicable.

Turnover and profit before taxation are attributable to the principal activity of the Group, which for the purposes of segmental analysis, the Designated Members regard as one single activity.

Netting of balances

Amounts due to and from counterparties are shown net where there is an intention to settle on a net basis and there is currently enforceable legal right to set off the recognised amounts.

Trade receivables and trade payables

Trade receivables are measured on initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit and loss account, when there is objective evidence that the receivable is impaired. Trade payables are measured on initial recognition at fair value.

CHEVIOT PARTNERS LLP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2013

Members' remuneration

Certain Members are entitled to a guaranteed profit share. This amount is treated as an expense in the profit and loss account, under the heading 'Members' remuneration charged as an expense'.

Members' interests

Members' interests have been classified as equity as members subscribe to the entire capital of Cheviot Partners LLP and it may only be repaid after approval by the LLP.

Pension costs

The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

3. BUSINESS TRANSFER

On 18 January 2013, the LLP's subsidiary undertakings were transferred to QCHL. The book value of the net assets at the date of transfer was £6,407,000.

The details of the carrying value of the assets and liabilities:

	Carrying value at transfer £'000
Total assets less liabilities transferred	
FIXED ASSETS	
Tangible assets	558
CURRENT ASSETS	
Debtors	21,063
Cash at bank	18,491
	<hr/> 39,554
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	33,705
NET CURRENT ASSETS	5,849
NET ASSETS TRANSFERRED	<hr/> <hr/> 6,407

There were no fair value adjustments at the date of transfer.

CHEVIOT PARTNERS LLP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2013

4. ADMINISTRATIVE EXPENSES

	2013	2012
	£'000	£'000
Staff costs (Note 5)	728	6,844
Operating lease rentals	25	289
Depreciation on tangible assets	-	160
Amortisation of intangible assets	-	100
Auditor's remuneration:		
Fees for other services:		
Other services	-	183
Other	297	7,634
	<u>1,050</u>	<u>15,210</u>

The audit fee of £24,000 (2012: £74,000) for the audit of the Partnership and the Partnership's subsidiaries annual accounts will be paid by another group company, Quilter Cheviot Limited.

5. STAFF COSTS

	2013	2012
	£'000	£'000
Wages and salaries	646	5,825
Social security costs	82	720
Pension costs	-	299
	<u>728</u>	<u>6,844</u>
Average monthly number of employees	-	98

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2013	2012
	£'000	£'000
Net interest receivable on client money balances	-	1,335
Other interest	34	90
	<u>34</u>	<u>1,425</u>

CHEVIOT PARTNERS LLP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2013

7. INFORMATION IN RELATION TO MEMBERS

	2013 Number	2012 Number
The average number of members during the period was	2	43

The amount of profits to be distributed is determined after the financial statements have been finalised and approved by the members. The profits are then shared amongst the members after the end of the year in accordance with agreed profit sharing arrangements.

Members do not receive any interest on their capital contributions or any remuneration other than their share of profits in accordance with profit sharing agreements.

8. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2013 £'000	2012 £'000
Current tax expense		
Current period	271	243
Prior year adjustments	-	(25)
	271	218
Deferred tax expense		
Deferred tax - Current year	-	(1)
Tax on profit on ordinary activities	271	217

The Finance Act 2012, which provides for a reduction in the main rate of UK corporation tax from 24% to 23% effective from 1 April 2013, was enacted on 3 July 2012. As this change in rate was substantively enacted prior to 31 December 2012, it has been reflected in the deferred tax liability at 31 December 2012.

The Finance Act 2013 also enacted an additional reduction of 2% in the UK corporation tax rate to 21% with effect from April 2014, and a further reduction to 20% with effect from April 2015. These further reductions in the tax rate will impact the current tax charge in future years.

CHEVIOT PARTNERS LLP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2013

Factors affecting the tax charge

The current period income tax expense is lower than that resulting from applying the average standard rate of corporation tax in the UK of 23.25% (2012: 24.5%). The main differences are explained below:

	2013 £'000	2012 £'000
Profit of the partnership before tax	1,043	18,433
Profit of the partnership not subject to corporation tax	-	(18,300)
	<u>1,043</u>	<u>133</u>
Income tax using the average standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	241	32
Impact on tax of:		
Expenses not deductible for tax purposes	-	186
Non-deductible amortisation of goodwill	-	25
Prior year adjustment	-	(25)
Other	30	-
Current tax charge for the year	<u>271</u>	<u>218</u>

The deferred tax liability has been recognised in respect of fixed asset depreciation timing differences. The liability has been calculated by applying a corporation tax rate of 23% which will apply from 1 April 2013.

Analysis of deferred tax balances

	2013 £'000	2012 £'000
Accelerated capital allowances	-	7
Total deferred tax liability	<u>-</u>	<u>7</u>
Deferred tax liability at 1 January	7	8
Credit for the year	(7)	(1)
Deferred tax liability at 31 December	<u>-</u>	<u>7</u>

CHEVIOT PARTNERS LLP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2013

9. TANGIBLE ASSETS

Group	Leasehold improvements £'000	Office equipment £'000	Fixtures, fittings & equipment £'000	Computer Equipment £'000	Total £'000
Cost					
At 31 December 2012	1,102	120	511	596	2,329
Transfers out	(1,102)	(120)	(511)	(596)	(2,329)
At 31 December 2013	-	-	-	-	-
Depreciation					
At 31 December 2012	644	92	479	556	1,771
Transfers out	(644)	(92)	(479)	(556)	(1,771)
At 31 December 2013	-	-	-	-	-
Net book value					
At 31 December 2013	-	-	-	-	-
At 31 December 2012	458	28	32	40	558

LLP	Leasehold improvements £'000	Fixtures, fittings & equipment £'000	Computer Equipment £'000	Total £'000
Cost				
At 31 December 2012	1,102	476	367	1,945
Transfers out	(1,102)	(476)	(367)	(1,945)
At 31 December 2013	-	-	-	-
Depreciation				
At 31 December 2012	644	453	367	1,464
Transfers out	(644)	(453)	(367)	(1,464)
At 31 December 2013	-	-	-	-
Net book value				
At 31 December 2013	-	-	-	-
At 31 December 2012	458	23	-	481

CHEVIOT PARTNERS LLP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2013

10. INTANGIBLE ASSETS

Group	Goodwill £'000
Cost	
At 31 December 2012	990
Transfers out	(990)
At 31 December 2013	-
Amortisation	
At 31 December 2012	619
Transfers out	(619)
At 31 December 2013	-
Net book value	
At 31 December 2013	-
At 31 December 2012	371

11. FIXED ASSET INVESTMENTS

LLP	Shares in group undertakings £'000
Cost and net book value	
At 31 December 2013	-
At 31 December 2012	5,277

On 18 January 2013 the LLP's subsidiary undertakings were transferred at cost to its parent company, Quilter Cheviot Holdings Limited.

12. DEBTORS

	2013		2012	
	Group £'000	LLP £'000	Group £'000	LLP £'000
Trade debtors	-	-	14,498	-
Amounts due from Group undertakings	-	-	-	14,608
Amounts due from members (see Note 15)	-	-	18,556	18,556
Prepayments and accrued income	-	-	5,987	311
Other debtors	-	-	125	118
	-	-	39,166	33,593

CHEVIOT PARTNERS LLP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2013

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013		2012	
	Group £'000	LLP £'000	Group £'000	LLP £'000
Bank loans and overdrafts (see Note 14)	-	-	9	9
Trade creditors	-	-	13,958	-
Corporation tax	-	-	243	-
Accruals and deferred income	-	-	2,835	2,346
Deferred tax	-	-	7	-
Other creditors	-	-	1,590	1,439
	<u>-</u>	<u>-</u>	<u>18,642</u>	<u>3,794</u>

14. ANALYSIS OF OVERDRAFT

	2013		2012	
	Group £'000	LLP £'000	Group £'000	LLP £'000
Bank loans and overdrafts	<u>-</u>	<u>-</u>	<u>9</u>	<u>9</u>

15. MEMBERS' INTEREST

Group	Members' other interests			Loans and other debts due to / (from) members £'000	Total £'000
	Members' capital (classified as equity) £'000	Reserves £'000	Total £'000		
Balance at 31 December 2012	20,420	17,927	38,347	(18,556)	19,791
Allocation of profit for 2012 to members	-	(17,165)	(17,165)	17,165	-
	<u>20,420</u>	<u>762</u>	<u>21,182</u>	<u>(1,391)</u>	<u>19,791</u>
Members' remuneration charged as an expense	-	-	-	-	-
Consolidated profit for the financial year	-	772	772	-	772
Consolidated profit unavailable for discretionary division among Members	-	(1,534)	(1,534)	-	(1,534)
Members' interests after consolidated profit for the year	<u>20,420</u>	<u>-</u>	<u>20,420</u>	<u>(1,391)</u>	<u>19,029</u>
(Distributed) to / contributed by Members	(20,420)	-	(20,420)	1,391	(19,029)
Drawings	-	-	-	-	-
Balance at 31 December 2013	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

CHEVIOT PARTNERS LLP

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Year ended 31 December 2013

LLP	Members' other interests			Loans and other debts due to/(from) members £'000	Total £'000
	Members' capital (classified as equity) £'000	Reserves £'000	Total £'000		
Balance at 31 December 2012	20,420	17,165	37,585	(18,556)	19,029
Allocation of profit for 2012 to members	-	(17,165)	(17,165)	17,165	-
	20,420	-	20,420	(1,391)	19,029
Members' remuneration charged as an expense	-	-	-	-	-
Profit for the financial year available for discretionary division among Members	-	-	-	-	-
Members' interests after profit for the year	20,420	-	20,420	(1,391)	19,029
(Distributed) to / contributed by Members	(20,420)	-	(20,420)	1,391	(19,029)
Drawings	-	-	-	-	-
Balance at 31 December 2013	-	-	-	-	-

Members' capital has been classified as equity as members subscribe to the entire capital of Cheviot Partners LLP and it may only be repaid after approval by the LLP.

16. COMMITMENTS AND CONTINGENCIES

At the balance sheet date, the Group had outstanding commitments for the future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2013 £'000	2012 £'000
Within one year	532	456
In two to five years	786	1,597
After 5 years	-	178
	1,318	2,231

Operating lease payments represent rentals payable by the Group on office premises and equipment. Current leases will expire in 2016. Minimum lease payments under operating leases which were recognised as an expense during the year ended 31 December 2013 and the period ended 31 December 2012 were £25,000 and £289,000, respectively. All lease commitments are to be paid by Quilter Cheviot Limited.

CHEVIOT PARTNERS LLP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2013

17. ADDITIONAL CASH FLOW INFORMATION

At 31 December 2013, amounts held by the Group on behalf of clients in accordance with the Client Assets Rules of the FCA were £Nil (2012: £357,902,656). The Group has no beneficial interest in these amounts and accordingly they are not included in the consolidated balance sheet.

Reconciliation of operating profit to operating cash flows

	Note	2013 £'000	2012 £'000
Operating profit		1,009	17,008
Depreciation of tangible assets	9	-	160
Amortisation of intangible assets	10	-	100
Decrease in debtors		911	4,991
Decrease in creditors		1,311	(4,065)
Transfer of net assets to parent undertaking, excluding cash		(1,668)	-
Net cash inflows in operating activities		1,563	18,194

18. ANALYSIS AND RECONCILIATION OF CONSOLIDATED NET FUNDS

	31 December 2012 £'000	Cash flow £'000	31 December 2013 £'000
Cash in hand, at bank	16,894	(16,894)	-
Overdrafts	(9)	9	-
Net funds	16,885	(16,885)	-

CHEVIOT PARTNERS LLP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2013

19. PENSION COMMITMENTS

The LLP does not operate a pension scheme for its employees. Pension contributions are made to employees' own pension arrangements and charged to the profit and loss account. At 31 December 2013 £Nil (2012: £24,266) was payable to employees' scheme.

20. RELATED PARTY DISCLOSURES

Parent relationships

Parent and ultimate controlling entity

The Group's immediate parent undertaking is Quilter Cheviot Holdings Limited which is incorporated in England.

The ultimate parent undertaking and controlling entity and the largest group of which the Group is a member and for which group financial statements are prepared is Penrose Topco Limited. Penrose Topco Limited is incorporated in Jersey and copies of its financial statements can be obtained from 1 Kingsway, London WC2B 6AN.

Transactions with related parties

The Members have taken advantage of the exemptions conferred by Financial Reporting Standard ("FRS") 8 paragraph 3c not to disclose related party transactions within the Group on the grounds that Cheviot Partners LLP controlled 100% of CAML. There are no other related party transactions requiring disclosure.