

# ADM Capital Europe LLP

AUDITOR'S REPORT TO THE FCA AND ANNUAL REPORT AND  
AUDITED FINANCIAL STATEMENTS

For the year ended 31 March 2014

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## CONTENTS

- 1 Limited Assurance Report to the Financial Conduct Authority
- 2 Annual Report and Audited Financial Statements for the year ended 31 March 2014

## **Section I**

### **Auditor's report to the Financial Conduct Authority**

**Limited assurance report on Client Assets by the  
Independent auditor to the Financial Conduct  
Authority in respect of ADM Capital Europe LLP, FCA  
reference number 454655**

We report in respect of ADM Capital Europe LLP ("the firm") on the matters set out below for the year ended 31 March 2014 ("the period").

Our report has been prepared as required by SUP 3.10.4R and is addressed to the Financial Conduct Authority ("the FCA") in its capacity as regulator of financial services under the Financial Services and Markets Act 2000.

**Basis of opinion**

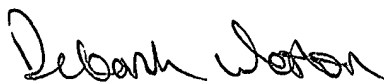
We have carried out such procedures as we considered necessary for the purposes of this report in accordance with the guidance set out in Bulletin 2011/2 issued by the Auditing Practices Board.

The opinions relate only to the period, or as at the date, specified. The opinions do not provide assurance in relation to any future period or date.

**Clean Opinion**

The scope of the firm's permission did not allow it to hold client money or custody assets.

The members have stated that the firm did not hold client money or custody assets during the period. Based on review procedures performed, nothing has come to our attention that causes us to believe that the firm held client money or custody assets during the period.



Deborah Weston for and on behalf of Kinetic Partners Audit LLP  
One London Wall, Level 10  
London  
EC2Y 5HB

Date: 24 July 2014

**Section 2**

**Annual Report and Audited Financial Statements for the year ended  
31 March 2014**



# **ADM Capital Europe LLP**

## **ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS**

For the year ended 31 March 2014



**ADM Capital Europe LLP**  
Registered Number: OC320407

<b>CONTENTS</b>	<b>PAGE</b>
General information	1
Members' report	2
Independent auditor's report	5
Profit and loss account	7
Balance sheet	8
Cash flow statement	9
Notes to the financial statements	10

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## **ADM Capital Europe LLP**

Registered Number: OC320407

### **Members**

M Baker

N A Stalker

P O'Brien

Asia Debt Management Hong Kong Limited

### **Independent auditor**

Kinetic Partners Audit LLP

One London Wall

Level 10

London

EC2Y 5HB

### **Bankers**

HSBC

90 Baker Street

London

W1U 6AX

### **Registered office**

4<sup>th</sup> Floor

Reading Bridge House

George Street

Reading

RG1 8LS



## **ADM Capital Europe LLP**

Registered Number: OC320407

### **Members' report**

**Year to 31 March 2014**

The members present their report and the audited financial statements of ADM Capital Europe LLP (the "LLP") for the year ended 31 March 2014.

#### **Principal activity and review of the business**

During the year the principal activity of the LLP was providing investment advisory and consultancy services. The members do not foresee any change in the nature of these activities going forward.

#### **Results and allocation to members**

The results for the year are a profit of £3,325,302 (2013: £2,041,430) as shown in the profit and loss account on page 7. Any profits are shared among the members as decided by the Management Board and governed by the Partnership Agreement dated 9 May 2008.

#### **Financial position**

The LLP's balance sheet as detailed on page 8 shows a satisfactory position with total members' interests amounting to £1,711,561 (2013: £990,426).

#### **Policy for members' drawings, subscriptions and repayments of members' capital**

Policies for members' drawings, subscriptions and repayment of members' capital are governed by the Partnership Agreement dated 9 May 2008.

#### **Members**

The members of the LLP during the year and up to the date of this report were as follows:

M Baker

N A Stalker\*

P O'Brien\*

Asia Debt Management Hong Kong Limited

\* Designated members

#### **Going concern**

The LLP has sufficient financial resources and ongoing arrangements for the provision of investment advisory and consultancy services, which are expected to continue for the foreseeable future. Thus the members believe that the LLP will be able to meet its liabilities as they fall due for at least twelve months from the date of approval of these financial statements.

The members have assessed the going concern status of the LLP and concluded that there are no material uncertainties that may cast doubt about the LLP's ability to continue as a going concern. Accordingly, continuing to adopt the going concern basis in preparing the members' report and the financial statements is deemed appropriate.

## **ADM Capital Europe LLP**

Registered Number: OC320407

### **Members' report**

Year to 31 March 2014

#### **Statement of disclosure of information to auditor**

So far as the members are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the LLP's auditor is unaware, and each member has taken all the steps that he ought to have taken as a member in order to make himself aware of any relevant audit information and to establish that the LLP's auditor is aware of that information.

#### **Auditor**

The auditor, Kinetic Partners Audit LLP, has indicated their willingness to continue in office. A resolution concerning their reappointment will be proposed at the members' meeting to approve these financial statements.

## **ADM Capital Europe LLP**

Registered Number: OC320407

### **Members' report (continued)**

Year to 31 March 2014

#### **Statement of members' responsibilities in respect of the financial statements**

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

The Limited Liability Partnership Regulations (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "2008 Regulations") require the members to prepare financial statements for each financial year. Under Regulation 8 of the 2008 Regulations, 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 LLP and of the results of the LLP for that period.

The members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

In preparing these financial statements, the members are required to:

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

The members confirm that they have complied with the above requirements in preparing the financial statements.

Under Regulation 6 of the 2008 Regulations, the members are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the LLP and that enable them to ensure that the financial statements comply with those Regulations. The members are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members are responsible for the maintenance and integrity of the corporate and financial information included on the LLP's website. It is important to bear in mind that legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

On behalf of the members

N A Stalker

Designated member

23 July 2014

## **Independent auditor's report to the members of ADM Capital Europe LLP**

We have audited the financial statements of ADM Capital Europe LLP ("the LLP") for the year ended 31 March 2014, which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Partnership's Members in accordance with the Companies Act 2006, as applied by Part 12 of 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 LLP'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 LLP and the LLP'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 Statement of members' responsibilities set out on page 4, 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 (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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



## Independent auditor's report to the members of ADM Capital Europe LLP (continued)

### Opinion on financial statements

In our opinion the financial statements:

- o give a true and fair view of the state of the LLP's affairs as at 31 March 2014 and of its profit for the year then ended;
- o have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- o 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.

### Matters on which we are required to report by exception

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

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

*Deborah Weston*

Deborah Weston (Senior statutory auditor)

For and on behalf of Kinetic Partners Audit LLP, Statutory Auditor

One London Wall, Level 10

London

EC2Y 5HB

Date: 24 July 2014

## ADM Capital Europe LLP

Registered Number: OC320407

### Profit and loss account

For the year to 31 March 2014

	Note	2014 £	2013 £
Turnover	2	3,673,767	2,366,276
Administrative expenses		<u>(348,496)</u>	<u>(324,906)</u>
Operating profit	4	3,325,271	2,041,370
Interest receivable and similar income		31	60
Profit for the financial year available for discretionary division among members	10	<u>3,325,302</u>	<u>2,041,430</u>

All amounts are derived from continuing operations.

#### Statement of Total Recognised Gains and Losses

There were no recognised gains or losses in the current or previous year other than those shown in the profit and loss account above.

The notes on pages 10 to 16 form an integral part of these financial statements.

**ADM Capital Europe LLP**

Registered Number: OC320407

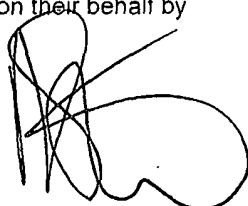
**Balance sheet**

As at 31 March 2014

	Note	As at 31 March 2014 £	As at 31 March 2013 £
<b>Fixed assets</b>			
Tangible fixed assets	7	4,451	11,076
<b>Current assets</b>			
Debtors	8	3,385,844	2,136,009
Cash at bank and in hand		62,224	171,258
		<u>3,448,058</u>	<u>2,307,267</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	9	(51,104)	(120,406)
<b>Net current assets</b>		<u>3,396,954</u>	<u>2,186,861</u>
<b>Net assets attributable to members</b>		<u>3,401,405</u>	<u>2,197,937</u>
<b>Represented by:</b>			
Loans and other debts due to members within one year	10	-	80,404
<b>Members' other interests</b>			
Members' capital classified as equity	10	125,000	125,000
Other reserves	10	3,276,405	1,992,533
		<u>3,401,405</u>	<u>2,197,937</u>
<b>Total members' interests</b>			
Amounts due from members	10	(1,689,844)	(1,207,511)
Loans and other debts due to members	10	-	80,404
Members' other interests	10	3,401,405	2,117,533
	10	<u>1,711,561</u>	<u>990,426</u>

The financial statements on pages 7 to 16 were approved by the members on 23 July 2014 and were signed on their behalf by

N A Stalker



The notes on pages 10 to 16 form part of these financial statements.

**ADM Capital Europe LLP**

Registered Number: OC320407

**Cash flow statement**

for the year to 31 March 2014

		2014	2013
	Note	£	£
Net cash inflow from operating activities	11 (a)	2,496,087	1,721,359
Returns on investments and servicing of finance	11 (b)	31	60
Capital expenditure and financial investment	11 (b)	(985)	(4,676)
Transactions with members	11 (b)	(2,604,167)	(1,701,408)
(Decrease)/increase in cash during the year	11 (c)	<u>(109,034)</u>	<u>15,335</u>

The notes on pages 10 to 16 form part of these financial statements.



## **Notes to the financial statements**

For the year ended 31 March 2014

### **1. Accounting policies**

#### **Basis of accounting**

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with applicable accounting standards, the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, the Large and Medium Sized LLP (Accounts) Regulations 2008 and the Statement of Recommended Practice: "Accounting by Limited Liability Partnerships" (the "SORP") issued in March 2010.

#### **Revenue recognition**

Revenue is recognised to the extent that the right to consideration in exchange for performance has been obtained.

#### **Expenses**

Expenses are recognised on an accruals basis.

#### **Tangible fixed assets**

All fixed assets are recorded at cost less provision for diminution in value.

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Leasehold improvements	– over the period of the lease
Office and computer equipment	– 3 years straight line
Furniture and fixtures	– 4 years straight line

#### **Foreign currencies**

Monetary 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 recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

#### **Taxation**

No taxation is reflected in the financial statements as tax is borne by the individual members in a personal capacity on their attributable profit shares and not the LLP.

#### **Operating leases**

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

#### **Members' capital**

Members' capital is classified as equity in accordance with Financial Reporting Standard 25 and the LLP SORP. Repayment of members' capital is governed by the Partnership Agreement dated 9 May 2008.

### **2. Turnover**

Turnover, which is stated net of any value added tax, represents fees arising from investment advisory and consultancy services performed in the United Kingdom. Turnover of £1,878,433 (2013: £1,114,360) arose from investment managers and investment fund based in the Netherlands and £1,795,334 (2013: £1,251,916) arose from investment managers and investment funds based in the Cayman Islands.

## ADM Capital Europe LLP

Registered Number: OC320407

### Notes to the financial statements

For the year ended 31 March 2014

#### 3, Administrative expenses

Administration expenses consists of staff costs, office costs and professional fees.

#### 4. Operating profit

This is stated after charging:

	Year to 31 March 2014 £	Year to 31 March 2013 £
Auditor's remuneration:		
Audit services		
- Current year audit	12,000	12,000
Non-audit services		
- Regulatory assistance	9,282	8,568
- Taxation services	5,638	7,637
Operating lease rentals	59,875	59,875
Foreign exchange losses	<u>6,218</u>	<u>317</u>

Audit services are provided by Kinetic Partners Audit LLP and non-audit services are provided by Kinetic Partners LLP, a related party of Kinetic Partners Audit LLP.

#### 5. Information in relation to Members

A member's share in the profit or loss for the year is accounted for as an allocation of profits. Any unallocated profits and losses are included within other reserves.

	Year to 31 March 2014 £	Year to 31 March 2013 £
Profit for the financial year available for discretionary division among Members	<u>3,325,302</u>	<u>2,041,430</u>
The average number of members in the year	<u>4</u>	<u>4</u>

The amount of profit attributable to the member with the largest entitlement was £921,093

## ADM Capital Europe LLP

Registered Number: OC320407

### Notes to the financial statements

For the year ended 31 March 2014

(2013: £1,001,142).

#### 6. Staff costs

Included in administrative expenses were the following staff costs:

	Year to 31 March 2014 £	Year to 31 March 2013 £
Salaries and wages	31,741	31,983
Social security costs	6,030	3,211
	<u>37,771</u>	<u>35,194</u>

The average number of persons employed during the period was as follows:

	Number	Number
Administration	<u>1</u>	<u>1</u>

#### 7. Fixed assets

	Leasehold improvements £	Office and computer equipment £	Furniture and fixtures £	Total £
<u>Cost:</u>				
At 1 April 2013	7,690	24,847	2,300	34,837
Additions	-	985	-	985
At 31 March 2014	<u>7,690</u>	<u>25,832</u>	<u>2,300</u>	<u>35,822</u>
<u>Accumulated depreciation:</u>				
At 1 April 2013	4,305	17,156	2,300	23,761
Charge for the year	<u>2,531</u>	<u>5,079</u>	-	<u>7,610</u>
At 31 March 2014	<u>6,836</u>	<u>22,235</u>	<u>2,300</u>	<u>31,371</u>
<u>Net book value:</u>				
At 31 March 2014	<u>854</u>	<u>3,597</u>	-	<u>4,451</u>
At 31 March 2013	<u>3,385</u>	<u>7,691</u>	-	<u>11,076</u>

**ADM Capital Europe LLP**

Registered Number: OC320407

**Notes to the financial statements**

For the year ended 31 March 2014

**8. Debtors**

	As at 31 March 2014 £	As at 31 March 2013 £
Amounts due from members	1,689,844	1,207,511
VAT	8,671	2,808
Other debtors	54,381	239,781
Prepayments and accrued income	1,632,938	685,909
	<u>3,385,834</u>	<u>2,136,009</u>

**9. Creditors: amounts falling due within one year**

	As at 31 March 2014 £	As at 31 March 2013 £
Trade creditors	8,662	73,687
Other taxes and social security	936	-
Other creditors	22,106	12,137
Accruals	19,400	34,582
	<u>51,104</u>	<u>120,406</u>

**ADM Capital Europe LLP**

Registered Number: OC320407

**Notes to the financial statements**

For the year ended 31 March 2014

**10. Reconciliation of movements in members' interests**

	Members' capital classified as equity	Other reserves	Total members' other interests	Loans and other debts due to/(from) members	Total members' interests 2014	Total members' interests 2013
	£	£	£	£	£	£
Amounts due to members				80,404		
Amounts due from members				(1,207,511)		
Balance at 1 April 2013	125,000	1,992,533	2,117,533	(1,127,107)	990,426	650,404
Profit for the year available for discretionary division among members	-	3,325,302	3,325,302	-	3,325,302	2,041,430
Members interest after profit for the year	125,000	5,317,835	5,442,835	(1,127,107)	4,315,728	1,805,995
Division of profit	-	(2,041,430)	(2,041,430)	2,041,430	-	-
Payments to members	-	-	-	(2,604,167)	(2,604,167)	(1,766,069)
Other movements	-	-	-	-	-	64,661
Amounts due to members				-		
Amounts due from members				(1,689,844)		
Balance as at 31 March 2014	125,000	3,276,405	3,401,405	(1,689,844)	1,711,561	990,426

Loans and other debts due to Members rank equally with debts due to unsecured creditors in the event of a winding up.

Other movements comprise of changes in the balances due to members as a result of expenses incurred by them on behalf of the LLP.

## Notes to the financial statements

For the year ended 31 March 2014

### 11. Notes to the statement of cash flows

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

	2014 £	2013 £
Operating profit	3,325,271	2,041,370
Depreciation	7,610	7,670
Decrease in debtors	(767,492)	(382,987)
(Increase)/decrease in creditors	(69,302)	55,306
<b>Net cash inflow from operating activities</b>	<b><u>2,496,087</u></b>	<b><u>1,721,359</u></b>

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

	2014 £	2013 £
<b>Returns on investments and servicing of finance</b>		
Interest received	<u>31</u>	<u>60</u>
<b>Capital expenditure and financial investment</b>		
Purchase of fixed assets	<u>(985)</u>	<u>(4,676)</u>
<b>Transactions with members</b>		
Payments to members	(2,604,167)	(1,766,069)
Other amounts	-	64,661
	<u>(2,604,167)</u>	<u>(1,701,408)</u>

### 12. Operating lease commitments

At 31 March 2014 the LLP was committed to making the following annual payments under non-cancellable operating leases for land and buildings:

	2014 £	2013 £
Expiry date:		
Within one year	14,969	-
Between two and five years	<u>-</u>	<u>59,875</u>

## **ADM Capital Europe LLP**

Registered Number: OC320407

### **Notes to the financial statements**

For the year ended 31 March 2014

#### **13. Ultimate controlling party**

In the opinion of the members, Anthony Stalker and Mark Baker are the ultimate controlling parties.

#### **14. Related Party Transactions**

During the year, income of £1,573,176 (2013: £1,042,796) was earned from ADM Investment Management Europe Limited. As at the year end, £1,390,299 (2013: £685,241) was owed by ADM Investment Management Europe Limited.

During the year, income of £790,522 (2013: £557,180) was earned from ADM CEECAT Investments Limited, £222,158 (2013: £209,120) from ADM Maculus Investments III Limited and £789,415 (2013: £557,180) from ADM KCRF Investment Limited with respect to consulting services provided. As at the year end, £nil (2013: £nil) was owed by ADM CEECAT Investments, £222,158 (2013: £nil) was owed by ADM Maculus Investments III Limited and £nil (2013: £nil) was owed by ADM KCRF Investment Limited to the LLP.

These companies are incorporated in the Cayman Islands and are related companies as a result of being controlled by Asia Debt Management Hong Kong Limited ("ADMHK"), the corporate member of the LLP.

Expenses paid by the LLP that are charged to the investment funds in relation to services which the LLP provides are reimbursable by ADM Investment Management Europe Limited, ADM Investment Management Limited, ADM Maculus Investments III Limited, ADM CEECAT Investments Limited and ADM KCRF Investment Limited. During the year these amounted to £128,007 (2013: £188,484). As at the year end, £52,939 was owed to the LLP in respect of these expenses (2013: £180,965).

#### **15. Post Balance Sheet Event**

On 3 July 2014, one of the Partnership's members, Mr Patrick O'Brien, entered an agreement to transfer his 10% membership interest (equal to £12,500 capital contributions) to Mr Jeremy Alun-Jones and this transfer is pending approval from the Financial Conduct Authority for Mr Jeremy Alun-Jones to perform a control function before acceptance and approval by the Partnership's management board.