

REGISTERED NUMBER: OC328738 (England and Wales)

**Report of the Members and**  
**Audited Financial Statements**  
**for the Year Ended 31 December 2020**  
**for**  
**H.I.G. Capital International Advisors, LLP**



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**for the Year Ended 31 December 2020**

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**H.I.G. Capital International Advisors, LLP**

**General Information**  
**for the Year Ended 31 December 2020**

<b>DESIGNATED MEMBERS:</b>	H.I.G. Europe, Ltd B Dolan
<b>REGISTERED OFFICE:</b>	10 Grosvenor Street London W1K 4QB
<b>REGISTERED NUMBER:</b>	OC328738 (England and Wales)
<b>AUDITOR:</b>	Crowe U.K. LLP Statutory Auditor 55 Ludgate Hill London EC4M 7JW

**H.I.G. Capital International Advisors, LLP (Registered number: OC328738)**

**Report of the Members**  
**for the Year Ended 31 December 2020**

The members present their report with the financial statements of the LLP for the year ended 31 December 2020.

**PRINCIPAL ACTIVITY**

The principal activity of the LLP in the year under review was that of the provision of financial advice.

**DESIGNATED MEMBERS**

The designated members during the year under review were:

H.I.G. Europe, Ltd  
B Dolan

**RESULTS FOR THE YEAR AND ALLOCATION TO MEMBERS**

The profit for the year before members' remuneration and profit shares was £3,143,550 (2019 - £3,060,596 profit).

**MEMBERS' INTERESTS**

H.I.G. Europe, Ltd, the Managing Member, may make such contribution to capital as it may from time to time think fit subject to a minimum contribution of £5,000. At the balance sheet date the total capital contribution of the Managing Member was £249,000 (2019 - £249,000). Other members are required to make a capital contribution upon admission as a member to the LLP. At the balance sheet date the aggregate amount of such contributions was £316,725 (2019 - £316,725).

There is no formal policy in respect of partner drawings. Drawings are reviewed to ensure third party liabilities of the partnership can be met as they fall due.

Losses are allocated to the Managing Member. Subsequent profits are first recovered by the Managing Member to the extent of those losses previously accumulated. Allocations of net profit are then determined in accordance with fixed shares notified by the Managing Member to the other members. The balance of any profit remaining after each of the other members has been allocated their full share is due to the Managing Member. Members are required to make their own provision for pensions and other benefits. Distributions on account of profits are made on a monthly basis at a level determined and notified by the Managing Member to the other members before the commencement of each accounting year. The balance of any profit for an accounting year will be distributed as determined by the Managing Member.

On a winding up any surplus remaining after settling all third party liabilities of the LLP shall be made first to members, other than the Managing Member, in respect of their respective entitlements to receive unpaid distributions, subject to retentions for taxation. Any balance then remaining will be distributed to the Managing Member.

Details of these amounts are shown in the Reconciliation of Members' Interests.

**Report of the Members**  
**for the Year Ended 31 December 2020**

**STATEMENT OF MEMBERS' RESPONSIBILITIES**

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

Legislation applicable to limited liability partnerships requires 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 (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under legislation applicable to limited liability partnerships the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period. In preparing these financial statements, the members are required to:

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

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

**AUDITOR**

The auditor, Crowe U.K. LLP, has indicated its willingness to be reappointed as statutory auditor.

**ON BEHALF OF THE MEMBERS:**



.....  
B Dolan - Designated member

Date: 22 April 2021

**Report of the Independent Auditor to the Members of**  
**H.I.G. Capital International Advisors, LLP**

**Opinion**

We have audited the financial statements of H.I.G. Capital International Advisors, LLP (the 'LLP') for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, Balance Sheet, Reconciliation of Members' Interests, Cash Flow Statement and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the LLP's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, as applied to LLPs.

**Basis for opinion**

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

**Conclusions relating to going concern**

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.

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 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.

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

**Other information**

The members are responsible for the other information. The other information comprises the information in the Report of the Members, but does not include the financial statements and our Report of the Auditor thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**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 LLPs, requires us to report to you if, in our opinion:

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

**Report of the Independent Auditor to the Members of**  
**H.I.G. Capital International Advisors, LLP**

**Responsibilities of members**

As explained more fully in the Statement of Members' Responsibilities set out on page three, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine 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 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 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 a Report of the Auditor 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.

**Extent to which the audit is capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We design our procedures so as to obtain sufficient appropriate audit evidence that the financial statements are not materially misstated due to non-compliance with laws and regulations or due to fraud or error.

We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations - this responsibility lies with management with the oversight of the Members.

Based on our understanding of the LLP and industry, discussions with management and members we identified financial reporting standards and Companies Act 2006, as applied to LLPs, as having a direct effect on the amounts and disclosures in the financial statements.

Other laws and regulations where non-compliance may have a material effect on the LLP's operations include those associated with the LLP's FCA registration and regulatory requirements.

As part of the engagement team discussion about how and where the LLP's financial statements may be materially misstated due to fraud, we did not identify any areas with an increased risk of fraud.

Our audit procedures included:

- completing a risk-assessment process during our planning for this audit that specifically considered the risk of fraud;
- enquiry of management about the LLP's policies, procedures and related controls regarding compliance with laws and regulations and if there are any known instances of non-compliance;
- examining supporting documents for all material balances, transactions and disclosures;
- enquiry of management, about litigations and claims and inspection of relevant correspondence;
- analytical procedures to identify any unusual or unexpected relationships;
- specific audit testing on and review of areas that could be subject to management override of controls and potential bias, most notably around the key judgments and estimates, including the carrying value of accruals, provisions, recoverability of trade debtors and revenue recognition;
- considering management override of controls outside of the normal operating cycles including testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements including evaluating the business rationale of significant transactions, outside the normal course of business.

**Report of the Independent Auditor to the Members of**  
**H.I.G. Capital International Advisors, LLP**

**Extent to which the audit is capable of detecting irregularities, including fraud (continued)**

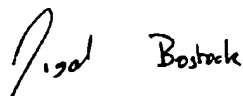
Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organised schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

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

**Use of our report**

This report is made solely to the LLP's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as applied to LLPs. 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 a Report of the Auditor 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.



Nigel Bostock (Senior Statutory Auditor)  
for and on behalf of Crowe U.K. LLP  
Statutory Auditor  
55 Ludgate Hill  
London  
EC4M 7JW

Date: 22 April 2021

**Statement of Comprehensive Income**  
**for the Year Ended 31 December 2020**

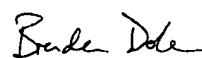
	Notes	31.12.20 £	31.12.19 £
<b>TURNOVER</b>	3	16,567,730	17,066,747
Staff costs	4	(7,804,989)	(6,853,054)
Other operating expenses		<u>(5,610,961)</u>	<u>(7,153,097)</u>
<b>OPERATING PROFIT</b>		3,151,780	3,060,596
Interest payable and similar expenses	6	<u>(8,230)</u>	<u>-</u>
<b>PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES</b>		<u>3,143,550</u>	<u>3,060,596</u>
<b>PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES</b>		3,143,550	3,060,596
Members' remuneration charged as an expense		<u>(1,637,393)</u>	<u>(1,509,077)</u>
<b>PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS</b>		1,506,157	1,551,519
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>1,506,157</u>	<u>1,551,519</u>

**H.I.G. Capital International Advisors, LLP (Registered number: OC328738)**

**Balance Sheet**  
**31 December 2020**

	Notes	31.12.20 £	31.12.19 £
<b>CURRENT ASSETS</b>			
Debtors	7	13,332,936	10,421,272
Cash at bank		<u>915,063</u>	<u>1,158,880</u>
		14,247,999	11,580,152
<b>CREDITORS</b>			
Amounts falling due within one year	8	<u>3,272,118</u>	<u>2,210,427</u>
<b>NET CURRENT ASSETS</b>		<u>10,975,881</u>	<u>9,369,725</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
<b>and</b>			
<b>NET ASSETS ATTRIBUTABLE TO</b>			
<b>MEMBERS</b>		<u>10,975,881</u>	<u>9,369,725</u>
 <b>LOANS AND OTHER DEBTS DUE TO</b>			
<b>MEMBERS</b>		10,410,156	8,804,000
 <b>MEMBERS' OTHER INTERESTS</b>			
Capital accounts		<u>565,725</u>	<u>565,725</u>
		<u>10,975,881</u>	<u>9,369,725</u>
 <b>TOTAL MEMBERS' INTERESTS</b>			
Loans and other debts due to members		10,410,156	8,804,000
Members' other interests		565,725	565,725
Amounts due from members	7	<u>(5,789)</u>	<u>(90,535)</u>
		<u>10,970,092</u>	<u>9,279,190</u>

The financial statements were approved and authorised by the members of the LLP on 22 April 2021 and were signed by:



.....  
B Dolan - Designated member

The notes on pages 12 to 19 form part of these financial statements

**Reconciliation of Members' Interests**  
**for the Year Ended 31 December 2020**

**Members' other interests**

	Members' capital (classified as equity) £	Other Reserves £	Total £	Loans and other debts due to/(from) members £	Total £
Balance at 1 January 2019	502,725	-	502,725	7,231,445	7,734,170
Members' remuneration charged as an expense, including employment and retirement benefit costs	-	-	-	1,509,077	1,509,077
Profit for the financial year available for discretionary division among members	-	1,551,519	1,551,519	-	1,551,519
Members' interests after profit for the year	502,725	1,551,519	2,054,244	8,740,522	10,794,766
Allocated profit	-	(1,551,519)	(1,551,519)	1,551,519	-
Capital introduced by members	126,000	-	126,000	-	126,000
Capital repaid to members	(63,000)	-	(63,000)	-	(63,000)
Drawings	-	-	-	(1,578,576)	(1,578,576)
Amounts due to members				8,804,000	
Amounts due from members				(90,535)	
Balance at 1 January 2020	565,725	-	565,725	8,713,465	9,279,190
Members' remuneration charged as an expense, including employment and retirement benefit costs	-	-	-	1,637,393	1,637,393
Profit for the financial year available for discretionary division among members	-	1,506,157	1,506,157	-	1,506,157
Members' interests after profit for the year	565,725	1,506,157	2,071,882	10,350,858	12,422,740
Allocated profit	-	(1,506,157)	(1,506,157)	1,506,157	-
Capital introduced by members	42,000	-	42,000	-	42,000
Capital repaid to members	(42,000)	-	(42,000)	-	(42,000)
Drawings	-	-	-	(1,452,648)	(1,452,648)
Amounts due to members				10,410,156	
Amounts due from members				(5,789)	
Amount due to members at 31 December 2020	565,725	-	565,725	10,404,367	10,970,092

The notes on pages 12 to 19 form part of these financial statements

**H.I.G. Capital International Advisors, LLP (Registered number: OC328738)**

**Cash Flow Statement**  
**for the Year Ended 31 December 2020**

	Notes	31.12.20 £	31.12.19 £
<b>Cash flows from operating activities</b>			
Profit for the financial year available for discretionary division among members		1,506,157	1,551,519
Members' remuneration charged as an expense		1,637,393	1,509,077
Finance costs		<u>8,230</u>	<u>-</u>
		3,151,780	3,060,596
Increase in trade and other debtors		(469,652)	(301,591)
Increase in trade and other creditors		<u>908,569</u>	<u>188,247</u>
		3,590,697	2,947,252
Cash generated from operations		<u>(8,230)</u>	<u>-</u>
Interest paid			
		<u>3,582,467</u>	<u>2,947,252</u>
<b>Net cash from operating activities</b>			
<b>Transactions with members and former members</b>			
Payments to members		(1,452,648)	(1,578,576)
Contributions by members		42,000	126,000
Repayments to members		<u>(42,000)</u>	<u>(63,000)</u>
		(1,452,648)	(1,515,576)
<b>Cash flows from other financing activities</b>			
Amounts owed by group undertakings		(2,526,758)	(1,105,232)
Amounts owed to group undertakings		<u>153,122</u>	<u>-</u>
		(2,373,636)	(1,105,232)
<b>Net cash from financing activities</b>		<u>(3,826,284)</u>	<u>(2,620,808)</u>
<b>(Decrease)/increase in cash and cash equivalents</b>		(243,817)	326,444
<b>Cash and cash equivalents at beginning of year</b>		1,158,880	832,436
		<u>915,063</u>	<u>1,158,880</u>
<b>Cash and cash equivalents at end of year</b>	1		

The notes on pages 12 to 19 form part of these financial statements

**Notes to the Cash Flow Statement**  
**for the Year Ended 31 December 2020**

**1. ANALYSIS OF CHANGES IN NET DEBT**

	At 1.1.20 £	Cash flow £	Other non-cash changes £	At 31.12.20 £
<b>Net cash</b>				
Cash at bank	<u>1,158,880</u>	<u>(243,817)</u>	<u>-</u>	<u>915,063</u>
	<u>1,158,880</u>	<u>(243,817)</u>	<u>-</u>	<u>915,063</u>
<b>Net funds (before members' debt)</b>	1,158,880	243,817	-	915,063
<b>Loans and other debts due to members</b>				
Other amounts due to members	<u>(8,804,000)</u>	<u>1,452,648</u>	<u>(3,058,804)</u>	<u>(10,410,156)</u>
<b>Net debt</b>	<u>(7,645,120)</u>	<u>1,208,831</u>	<u>(3,058,804)</u>	<u>(9,495,093)</u>

**NON-CASH TRANSACTIONS**

	£
Other non cash changes comprise:	
Share of profit	3,143,550
Decrease in amounts due from members	<u>(84,746)</u>
	<u>3,058,804</u>

Amounts due from members are excluded from net debt for the purposes of the reconciliation of net cash flow to movement in net debt.

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2020**

**1. STATUTORY INFORMATION**

The principal activity of H.I.G. Capital International Advisors, LLP is the provision of financial advice. H.I.G. Capital International Advisors, LLP is regulated by the Financial Conduct Authority (FCA). The firm is a limited liability partnership (registered number OC328738), which is incorporated and domiciled in the United Kingdom. The address of the registered office is: 10 Grosvenor Street, London, England, W1K 4QB.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the requirements of the Statement of Recommended Practice, Accounting by Limited Liability Partnerships (published December 2018) and the Companies Act 2006, as applied to LLPs.

**Significant judgements and estimates**

The preparation of the financial statements in compliance with FRS 102 requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements include estimation, where applicable, for items relating to revenue recognition, and the recoverability of receivables.

**Going concern**

The LLP's business activities, together with factors likely to affect its future performance and position, are regularly reviewed. The designated members have a reasonable expectation that the LLP's existing financing arrangements are expected to continue and as such, the LLP is expected to continue in operational existence for the foreseeable future. In their assessment of going concern the designated members have considered the current impact on the business as a result of the COVID-19 virus. Whilst this has not had a significant impact on the LLP's operations the designated members are aware that if the current situation becomes prolonged then this may change.

Having regard to the above, the designated members believe it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

The financial statements do not include any adjustments that may be result from any significant changes in the assumptions noted above in preparing the financial statements.

**Turnover**

Turnover represents invoiced sales of services, net of any discounts and excluding value added tax.

Services provided but which had not been billed at the balance sheet date have been recognised as revenue. Revenue recognition in this manner is based on an assessment of the fair value of the services provided at the balance sheet date where there exists an agreed right to receive consideration for work undertaken. Accrued income is included in the financial statements as a current asset. Payments received on account of unbilled work are set off against accrued income in the balance sheet.

Income which is billed for work to be carried out at a future date or in advance of providing other services, where a liability exists at the balance sheet date to fulfil specific future obligations, is treated as deferred income and included in current liabilities.

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2020**

**2. ACCOUNTING POLICIES - continued**

**Foreign currencies**

The company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

**Operating Leases**

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**Pension costs and other post-retirement benefits**

**Defined contribution pension plan**

The LLP operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the LLP pays fixed contributions into a separate entity. Once the contributions have been paid the LLP has no further payments obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the LLP in independently administered funds.

**Short term employee benefits**

The firm makes provision for accrued holiday earned but not taken at the year end date, inclusive of associated costs.

**Debtors**

Trade and other debtors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

**Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2020**

**2. ACCOUNTING POLICIES - continued**

**Financial instruments**

The firm only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

**Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**Taxation**

The taxation payable on profits of the LLP is the personal liability of the members of the LLP during the period.

**Capital**

The liability of each member is limited to the amount of its capital contribution.

**Members' remuneration and members' interests**

Profit shares allocated to the partners are treated as member's remuneration in accordance with the Statement of Recommended Practice "Accounting by Limited Liability Partnerships". Member's remuneration is charged to the Statement of comprehensive income as an expense of the LLP.

There is no formal policy in respect of partner drawings. Drawings are reviewed to ensure third party liabilities of the partnership can be met as they fall due.

Losses are allocated to the Managing Member. Subsequent profits are first recovered by the Managing Member to the extent of those losses previously accumulated. Allocations of net profit are then determined in accordance with fixed shares notified by the Managing Member to the other members. The balance of any profit remaining after each of the other members has been allocated their full share is due to the Managing Member. Members are required to make their own provision for pensions and other benefits. Distributions on account of profits are made on a monthly basis at a level determined and notified by the Managing Member to the other members before the commencement of each accounting year. The balance of any profit for an accounting year will be distributed as determined by the Managing Member.

Members' other interests rank after unsecured creditors, and loans and other debts due to members rank pari passu with unsecured creditors in the event of a winding up. No specific protection is afforded by the members in respect of unsecured liabilities to third parties.

**3. TURNOVER**

The turnover and profit for the financial year before members' remuneration and profit shares are attributable to the one principal activity of the LLP.

An analysis of turnover by geographical market is given below:

	31.12.20	31.12.19
	£	£
United States of America	<u>16,567,730</u>	<u>17,066,747</u>

All turnover originates in the United Kingdom.

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2020**

**4. EMPLOYEE INFORMATION**

	31.12.20	31.12.19
	£	£
Wages and salaries	6,735,104	5,874,854
Social security costs	913,237	833,148
Other pension costs	<u>156,648</u>	<u>145,052</u>
	<u>7,804,989</u>	<u>6,853,054</u>

The average number of employees during the year was as follows:

	31.12.20	31.12.19
Administration Staff	<u>37</u>	<u>35</u>

**5. OPERATING PROFIT**

The operating profit is stated after charging:

	31.12.20	31.12.19
	£	£
Other operating leases	18,736	27,194
Auditors' remuneration	13,150	12,850
Foreign exchange differences	<u>(10,730)</u>	<u>4,121</u>

**6. INTEREST PAYABLE AND SIMILAR EXPENSES**

	31.12.20	31.12.19
	£	£
Bank interest	<u>8,230</u>	<u>-</u>

**7. INFORMATION IN RELATION TO MEMBERS**

The average number of members in the year was 18 (2019 - 17) and the average profit per member, adjusted to reflect duration of service, was £174,641 (2019 - £180,035).

The amount of profit attributable to the member with the largest entitlement, being H.I.G. Europe, Limited, the corporate designated member, was £1,500,132 (2019 - £1,545,313).

There are no key management personnel who are not members of the LLP.

**8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.20	31.12.19
	£	£
Amounts owed by group undertakings	11,526,364	8,999,606
Amounts due from members	5,789	90,535
Other debtors	1,736,887	1,147,180
Prepayments and accrued income	<u>63,896</u>	<u>183,951</u>
	<u>13,332,936</u>	<u>10,421,272</u>

Included in Other debtors is £347,027 (2019 - £405,747) which is receivable in more than one year.

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2020**

**9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.20	31.12.19
	£	£
Trade creditors	391,051	23,846
Amounts owed to group undertakings	153,122	-
Social security and other taxes	158,632	179,822
Other creditors	20,227	19,909
Accruals and deferred income	<u>2,549,086</u>	<u>1,986,850</u>
	<u>3,272,118</u>	<u>2,210,427</u>

**10. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.12.20	31.12.19
	£	£
Within one year	<u>-</u>	<u>2,268</u>

**11. FINANCIAL INSTRUMENTS**

**Financial Assets**

	31.12.20	31.12.19
	£	£
Financial assets measured at fair value through the Statement of comprehensive income	915,063	1,158,880
Financial assets that are debt instruments measured at amortised cost	<u>13,269,040</u>	<u>10,237,321</u>
	<u>14,184,103</u>	<u>11,396,201</u>

**Financial Liabilities**

	31.12.20	31.12.19
	£	£
Financial liabilities measured at amortised cost	<u>3,113,486</u>	<u>2,030,605</u>

Financial assets measured at fair value through the Statement of comprehensive income comprises of cash at bank and in hand.

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings, amounts due from members and other debtors

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, amounts owed to group undertakings and accruals.

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2020**

**12. PENSION COMMITMENTS**

The entity operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the entity in an independently administered fund. The pension cost charge represents contributions payable by the entity to the fund and amounted to £156,648 (2019 - £145,052). Contributions totalling £20,227 (2019 - £19,909) were payable to the fund at the balance sheet date and are included in creditors.

**13. ULTIMATE PARENT COMPANY**

The firm's ultimate parent company is H.I.G. Capital, LLC, incorporated in the United States of America, through its interest in H.I.G. Europe, Limited. The firm's ultimate controlling parties are S Mnaymneh and A Tamer.

The largest group accounts that the firm's results are consolidated into are those produced by H.I.G. Capital, LLC, copies of which can be obtained from the registered office located at 1450 Brickell Avenue, 31st Floor, Miami, FL 33131, U.S.A..

The smallest group accounts that the LLP's results are consolidated into are those produced by H.I.G. Europe Limited, a company registered in England and Wales, copies of which can be obtained from the registered office located at 10 Grosvenor Street, London, England, W1K 4QB.

**14. RELATED PARTY DISCLOSURES**

During the year the LLP purchased services of £3,916,395 (2019 - £3,951,881) from H.I.G. European Capital Partners, LLP, incorporated in the UK, of which £nil (2019 - £nil) remained outstanding at the end of the year. The LLP provided services of £16,567,730 (2019 - £17,066,747) to H.I.G. Capital LLC, incorporated in the United States of America, of which £11,526,364 (2019 - £7,266,582) remained outstanding at the year end.

Included in debtors is £nil (2019 - £98,761) due from H.I.G. Salford Property 1 Limited, incorporated in Jersey, and £nil (2019 - £33,475) due from H.I.G. Chester Property Sarl, incorporated in Luxembourg.

Included in creditors are £153,122 (2019 - debtors £1,600,789) due to H.I.G. European Capital Partners, LLP, incorporated in the United Kingdom.

**15. CAPITAL MANAGEMENT**

The LLP's objective when managing capital is to provide sufficient resources to allow the firm to operate and safeguard the LLP's ability to continue as a going concern, so that it can continue to provide returns for members.

The firm manages capital by regularly monitoring its current and expected liquidity requirements and ensuring any regulatory capital requirements are met. No changes were made in the objectives, policies and processes during the year.

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2020**

**16. DISCLOSURE REQUIRED BY BIPRU 11.5**

The European Capital Requirements Directive introduced consistent capital adequacy standards and an associated supervisory framework in the EU based on the Basel II rules. The framework consists of three 'pillars'. Pillar 1 specifies the minimum capital requirements; Pillar 2 requires an assessment to be made of whether additional capital should be held against risks not covered by Pillar 1; and Pillar 3 requires disclosure of specified information about the underlying risk management controls and capital position.

The LLP is authorised and regulated by the FCA and as such is subject to minimum capital requirements. Under FCA rules the LLP is not subject to consolidated reporting with other entities but is subject to disclosure on an individual basis.

The disclosures have been collated to explain the basis of preparation and disclosure of certain capital requirements and provide information about the management of certain risks and for no other purposes. The disclosures are reviewed at least annually and approved by the Designated Members.

**Risk Management**

Due to the size, nature, scale and complexity of the LLP, there is no independent risk management function. The Managing Member determines the business strategy and risk appetite along with the risk management policies and procedures. The LLP identifies the risks and resultant exposure after application of controls and procedures. The LLP then conducts a series of scenario analysis and stress tests on the most significant risks identified. This informs the LLP how risks are likely to behave and what, if any, impact there is likely to be to the LLP's balance sheet.

**Capital Adequacy**

The LLP has been classified as a BIPRU Limited Licence Firm. This categorisation is generally applied to firms that do not trade for their own account and do not provide the investment services of underwriting or placing financial instruments on a firm commitment basis. This firm commitment basis is calculated as the greater of the Base capital requirement of €50k, the sum of Credit and Market risk or the Fixed Overhead Requirement. Pillar 1 requires firms to calculate their financial position in order to ensure that they meet their minimum capital requirements.

The LLP's business model is simple as it primarily provides advisory services to affiliated entities in a limited number of strategies. The LLP does not trade for its own account and is not permitted to hold client money under its scope of permissions. All known risks, including operational risks, have been assessed and appropriate stress tests and scenario analyses have been undertaken to help determine any additional capital required under Pillar 2. No additional capital is currently required for Pillar 2. The minimum capital requirement is established as £2,722,338 as of 31 December 2020.

The main features of the LLP's capital resources for regulatory purposes are as follows:

**Capital item**

	£
Tier 1 capital less innovative tier 1 capital	10,975,881
Total of tier 2, innovative tier 1 and tier 3 capital	-
Deductions from tier 1 and tier 2 capital	-
Total capital resources, net of deductions	10,975,881

Tier 1 Capital comprises members' capital, profit and loss account and other reserves and interim net losses. The approach of the business to assessing the adequacy of its internal capital to support current and future activities is contained in the Internal Capital Adequacy Assessment Process.

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2020**

**16. DISCLOSURE REQUIRED BY BIPRU 11.5 - continued**

**Pillar 3 Remuneration Disclosure**

The LLP is classified as a Proportionality Tier 3 firm and has applied the rules appropriate to its proportionality tier. Under the FCA's Remuneration Code, the LLP is required to identify staff who are subject to the Code ("Code Staff"). Code Staff comprises categories of staff including senior management, risk takers, staff engaged in control functions and any employee receiving total remuneration that takes them into the same remuneration as senior management and risk takers, whose professional activities have a material impact on the LLP's risk profile.

Eligible LLP Members and employees participate in a profit share, whereby a percentage of the profits are allocated to individuals on an annual basis. For the year ended 31 December 2020, the total remuneration awarded to Code Staff, including fixed and variable remuneration was £822,675.