

MILESTONE CAPITAL PARTNERS LLP

MEMBERS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2013

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milestone
capital

Partnership number: OC330235

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**MILESTONE CAPITAL PARTNERS LLP
LLP INFORMATION**

Designated members

C.W. Robinson
E.R.M. Rinner

Registered office

3rd Floor
14 Floral Street
London
WC2E 9DH

Registered number

OC330235

Bankers

Lloyds TSB
1st Floor, 25 Gresham Street
London
EC2V 7HN

Solicitors

Travers Smith LLP
10 Snow Hill
London
EC1A 2AL

Auditor

Grant Thornton UK LLP
Registered Auditor
Chartered Accountants
30 Finsbury Square
London
EC2P 2YU

REPORT OF THE MEMBERS

The members present their report and the audited, consolidated financial statements for the year ended 31 December 2013.

Principal group activities, business review and results

The principal activities of the LLP, and its group, are the provision of management and advisory services in connection with private equity investments in management buy-outs, buy-ins and other venture capital investments.

The LLP also acts as a holding undertaking and is regulated by the Financial Conduct Authority ("FCA").

The Group's overall performance is measured by profitability and the profit before members' remuneration and profit share for the year was £349,004 (2012: £338,035). Details of the results for the year are set out on page 7.

The risks and uncertainties faced by the LLP are those inherent within the private equity industry. Specifically the board seeks to mitigate the following risks and uncertainties through its investment strategy.

- Income is mainly derived from (i) management fees charged to Private Equity Limited Partnerships in which the Group acts as the investment manager and (ii) transaction fees charged to investee companies. To ensure these fees are receivable for the life of the fund the basis for payment is contained within a legally binding partnership agreement.
- A key driver for the business is deal flow to enable future returns to the group. To reduce the risk of any loss we undertake rigorous assessment of potential investments including understanding the business plan, evaluating information on the market place and competition, meeting management and commissioning external experts on appropriate areas of the business.

There have been no significant developments or changes in activities during the year and the Members intend that the Group will continue to provide advisory services in connection with private equity investments in management buy-outs, buy-ins and other venture capital investments.

Designated members

The designated members who served the LLP during the year were as follows:

C.W. Robinson
E.R.M. Rinner

Members' drawings and the subscription and repayment of members' capital

The LLP operates a drawings policy on account of current years results, which has regard to forecast profits and restricts drawings to prudent levels until the results for the year and individual members' allocations have been determined. Drawings in respect of prior year allocations are available to members subject to sufficient cash being available to meet business needs.

Members' capital requirements are determined from time to time having regard to the requirements of the LLP. Members' capital is only repayable on (i) a member becoming a leaver provided that the remaining members agree to contribute an equal amount of capital (ii) the termination of the LLP and (iii) if the management committee so directs upon the LLP ceasing to be regulated by the FCA.

REPORT OF THE MEMBERS continued

Statement of members' responsibilities

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

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the 2008 Regulations) 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 laws). Under the law 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 and profit or loss of the Group and LLP for that period. In preparing these financial statements, the members are required to:

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

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with the 2008 Regulations. 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.

The members confirm that:

- in so far as each of the members is aware, there is no relevant audit information of which the partnership's auditor is unaware; and
- the members have taken all steps that they ought to have taken as members in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The members are responsible for the maintenance and integrity of the corporate and financial information included on the LLP's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 as applied by the 2008 Regulations unless the LLP receives notice under section 488(1) of the Companies Act 2006 as applied by the 2008 Regulations.

On behalf of the members



E.R.M. Rinner
Designated Member
7 May 2014

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF MILESTONE CAPITAL PARTNERS LLP

We have audited the financial statements of Milestone Capital Partners LLP for the year ended 31 December 2013 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated balance sheet, the limited liability partnership balance sheet, the consolidated 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 members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied 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 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 partnership and 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 Members' Responsibilities Statement set out on page 5, 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

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 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 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:

- adequate accounting records have not been kept by the limited liability partnership, or 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.



Paul Flatley
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

7 May 2014

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2013

	Notes	2013 £	2012 £
Turnover	2	1,957,803	1,333,410
Administrative expenses	5, 6	(1,477,335)	(1,290,536)
		<hr/>	<hr/>
Operating profit		480,468	42,874
Interest receivable and similar income	3	785	2,422
Interest payable and similar charges	4	-	(1,925)
		<hr/>	<hr/>
Profit on ordinary activities		481,253	43,371
Net (loss) / profit on realised and unrealised investments and tangible fixed assets	10	(138,875)	306,221
		<hr/>	<hr/>
Profit on ordinary activities before taxation		342,378	349,592
Tax on profit on ordinary activities in corporate subsidiaries	8	6,626	(11,557)
		<hr/>	<hr/>
Profit for the year before members' remuneration and profit shares		349,004	338,035
		<hr/>	<hr/>
Profit for the year before members' remuneration and profit shares		349,004	338,035
Members' remuneration charged as an expense	15	(467,504)	(440,129)
		<hr/>	<hr/>
Retained loss for the year available for discretionary division among members		(118,500)	(102,094)
		<hr/>	<hr/>

The notes on pages 13 to 31 form part of these financial statements

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 December 2013

	2013 £	2012 £
Total recognised loss for the year	(118,500)	(102,094)
Exchange translation differences	89	(115)
Total recognised losses for the year	(118,411)	(102,209)

The results above were all derived from continuing activities.

The notes on pages 13 to 31 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
As at 31 December 2013

	Notes	2013 £	2012 £
Fixed assets			
Intangible fixed assets	9	-	23,403
Investments	10	185	141,556
Tangible fixed assets	11	6,145	13,698
		<hr/>	<hr/>
		6,330	178,657
Current assets			
Debtors	12	649,085	829,770
Cash at bank and in hand		303,595	270,564
		<hr/>	<hr/>
		952,680	1,100,334
Creditors: amounts falling due within one year	13	(351,355)	(525,365)
		<hr/>	<hr/>
Net current assets		601,325	574,969
		<hr/>	<hr/>
Total assets less current liabilities		607,655	753,626
Provisions for liabilities	14	(178,260)	(199,823)
		<hr/>	<hr/>
Net assets attributable to members		429,395	553,803
		<hr/>	<hr/>
Represented by			
Loans and other debts due to members within one year		871	6,868
Equity			
Members' capital classified as equity		402,545	402,545
Members' other interests – other reserves classified as equity		25,979	144,390
		<hr/>	<hr/>
Members' funds	15	429,395	553,803
		<hr/>	<hr/>
Total members' interests			
Amounts due from members		-	-
Loans and other debts due to members		871	6,868
Members' other interests		428,524	546,935
		<hr/>	<hr/>
	15	429,395	553,803
		<hr/>	<hr/>

These financial statements were authorised and approved by the members on 7 May 2014 and signed on its behalf by:

E.R.M. Rinner
 Designated Member



The notes on pages 13 to 31 form part of these financial statements.

LIMITED LIABILITY PARTNERSHIP BALANCE SHEET
As at 31 December 2013

	Notes	2013 £	2012 £
Fixed assets			
Tangible fixed assets	11	142	5,535
Investments in subsidiary undertakings	10	397,544	397,544
		<hr/>	<hr/>
		397,686	403,079
Current assets			
Debtors	12	309,876	502,829
Cash at bank and in hand		160,747	143,354
		<hr/>	<hr/>
		470,623	646,183
Creditors: amounts falling due within one year	13	(183,655)	(406,642)
		<hr/>	<hr/>
Net current assets		286,968	239,541
		<hr/>	<hr/>
Total assets less current liabilities		684,654	642,620
		<hr/>	<hr/>
Net assets attributable to members		684,654	642,620
		<hr/>	<hr/>
Represented by			
Loans and other debts due to members within one year			
Other amounts	15	637,519	602,404
Equity			
Members' capital classified as equity		402,545	402,545
Members' other interests – other reserves classified as equity		(355,410)	(362,329)
		<hr/>	<hr/>
		684,654	642,620
		<hr/>	<hr/>
Total members' interests			
Amounts due from members		(5,363)	(4,099)
Loans and other debts due to members		637,519	602,404
Members' other interests		47,135	40,216
		<hr/>	<hr/>
	15	679,291	638,521
		<hr/>	<hr/>

These financial statements were authorised and approved by the members on 7 May 2014 and signed on its behalf by:

E.R.M. Rinner
Designated Member



The notes on pages 13 to 31 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2013

	Notes	2013 £	2013 £	2012 £	2012 £
Net cash inflow from operating activities	18		502,352		22,143
Return on investments and servicing of finance					
Interest received		838		2,334	
Interest paid		-		(1,925)	
Net cash inflow from return on investments and servicing of finance			838		409
Taxation			-		-
Capital expenditure and financial investment					
Purchase of investments	10	-		(38)	
Sale of investments	10	5,159		306,708	
Purchase of tangible fixed assets	11	(1,906)		(5,327)	
Net cash inflow from capital expenditure and investing activities			3,253		301,343
Acquisitions and disposals					
Acquisition of subsidiary	9	-		-	
Net cash outflow from acquisitions and disposals			-		-
Transactions with members and former members					
Payments to members	15	(467,504)		(440,129)	
Loans and other debts due to members	15	(5,997)		6,645	
Net cash outflow for transactions with members			(473,501)		(433,484)
Increase / (decrease) in cash during the year			32,942		(109,589)
Analysis of changes in cash balances					
Cash at the beginning of the year			270,564		380,268
Increase / (decrease) in cash during the year			32,942		(109,589)
Translation difference from overseas subsidiaries			89		(115)
Cash at the end of the year			303,595		270,564

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
For the year ended 31 December 2013

	2013 £	2012 £
Increase / (decrease) in cash during the year	32,942	(109,589)
Cash outflow from decrease in debt	-	-
	<hr/>	<hr/>
Change in net debt resulting from cash flows	32,942	(109,589)
Translation difference	89	(115)
	<hr/>	<hr/>
Movement in net funds in the year	33,031	(109,704)
Net funds at 1 January	270,564	380,268
	<hr/>	<hr/>
Net funds at 31 December	303,595	270,564
	<hr/>	<hr/>
Disclosed as		
Cash at bank and in hand	303,595	270,564
	<hr/>	<hr/>
	303,595	270,564
	<hr/>	<hr/>

The notes on pages 13 to 31 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

I. Accounting policies

The following principal accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements. The principal accounting policies have remained unchanged from the previous period.

Basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom, and the Statement of Recommended Practice, Accounting by Limited Liability Partnerships (issued March 2010). The financial statements have been prepared on a going concern basis using the historical cost convention.

Basis of consolidation

The group financial statements incorporate the financial statements of the LLP and its subsidiary undertakings, all of which made up accounts for the year ended 31 December 2013. A separate profit and loss account for the LLP has not been presented in accordance with the exemption given by section 408 of the Companies Act 2006 as applied to limited liability partnerships. The parent partnership's profit before members' remuneration and profit shares was £446,919 (2012: £422,628).

The wholly owned subsidiaries of Milestone Capital Holdings Limited, the previous ultimate parent company, have been consolidated using consolidation accounting principles set out in Financial Reporting Standard 2.

A number of wholly owned subsidiaries of the LLP, specifically EAC (Scotland) (GP3) Limited, EAC Scotland (XL3) Limited, Milestone GP Limited and Milestone (Scotland) GP Limited all act as General Partners to various venture capital limited partnerships, details of which are given in note 10. Investments held through the limited partnerships are made with the express intention of capital appreciation.

The LLP consolidates its attributable proportion of the assets and income of the venture capital limited partnerships for which its subsidiaries act as General Partners and in which they have a minority interest. These partnerships are subsidiary undertakings and under the terms of the Companies Act 2006 should be consolidated in full, as the LLP's subsidiaries acting as General Partners, have the power of control over the investments. However, the provisions of Schedule 6 to S1410 of 2008 as to how a subsidiary is consolidated can be overridden, in this case to replace full consolidation by proportional consolidation. The effect of the departure from full consolidation is to increase both the profit before tax and the minority interest in the profit for the year by £4,155,796 (2012: £59,288,157 decrease), and to reduce fixed asset investments by £46,112,943 (2012: £43,217,117), decrease other net assets by £86,920 (2012: £51,568) and decrease minority interest in the balance sheet by £46,199,863 (2012: £43,268,685).

Investments in Limited Partnerships

The group share of the investments in the Limited Partnerships, the share of net income or expenses incurred by the Limited Partnerships and the share of any current assets or liabilities held by the Limited Partnerships have been proportionately consolidated in these accounts. The investments are stated at cost of the underlying investments less any provision for permanent impairment in value of those investments.

NOTES TO THE FINANCIAL STATEMENTS continued

I. Accounting policies continued

Turnover

Turnover comprises management fees, director's fees, and transaction fees. These are recognised on an earned basis to the extent that the LLP has earned the right to consideration exchange for services rendered, excluding VAT.

Pension costs

Pension costs in respect of contributions to certain employees' personal pension plans are charged against profits as incurred.

Abort costs

Deal fees are capitalised and subsequently recharged to investee companies when the particular deal completes. If the deal is unsuccessful, the related deal costs which are capitalised are subsequently written off to the profit and loss account in the period the deal is deemed unsuccessful.

Foreign currencies

Group and LLP

The results of overseas subsidiary undertakings are translated into Sterling at the weighted average rates of exchange during the year, and the balance sheets are translated at the rates ruling at the balance sheet date. Exchange differences arising from the translation of the results and net assets of overseas subsidiary undertakings are charged or credited to reserves.

The exchange rates used for translation of Euro and Swiss Franc transactions and balances in these financial statements are as follows:

	2013 Euro Rate	2013 SFr Rate
Profit and loss account (average rate)	1.1791	1.4506
Balance sheet (year end rate)	1.2020	1.4730

Other exchange differences arising from foreign currency transactions are included in profits before taxation.

Goodwill

Goodwill arising on consolidation is included within fixed assets and is released to the profit and loss account on a straight line basis over the period of its useful life (see note 9).

NOTES TO THE FINANCIAL STATEMENTS continued

I. Accounting policies continued

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation is calculated to write down the cost of new tangible fixed assets, together with any related irrecoverable VAT, by equal instalments over their useful economic lives as follows:

Leasehold improvements	20% per annum
Computer equipment	33.3% per annum
Fixtures and fittings	20% per annum

Investments in subsidiary undertakings (in the parent LLP)

Investments in subsidiary undertakings are stated at cost less any provision for permanent impairment.

Basis for impairment

Intangible and tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. Where an impairment indicator is identified, the carrying value of the income generating unit is compared with the higher of the net realisable value and the value in use. This reflects the greatest value of an asset in terms of the cash flows that can be derived from it, either by selling it or by continuing to use it in the business. Where the net realisable value or value in use is less than the carrying value an impairment is recognised.

Investments are reviewed periodically to compare investment cost with estimated market values taking into account all relevant market and trading data known at the time. Where a market valuation below cost is perceived as long term, an impairment against the investment is recognised.

Where the reasons for impairment have ceased to apply, the impairment is written back to the extent it is no longer necessary.

Leases

The LLP has not entered into any finance leases. Rental charges arising on operating leases are charged to the profit and loss account on a straight-line basis over the life of the lease.

Taxation

The charge for taxation is based on the profit for the year of the group companies and takes into account taxation deferred because of timing differences arising on the treatment of certain items for taxation and accounting purposes.

NOTES TO THE FINANCIAL STATEMENTS continued

1. Accounting policies continued

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the group companies an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date. The deferred tax balance has not been discounted.

Dividends paid

Dividends payable within group companies are recognised in the year in which they are paid.

Related party transactions

Details of the principal subsidiary companies are shown in note 10. In accordance with FRS 8, transactions or balances between Group entities that have been eliminated on consolidation are not reported as all subsidiaries are wholly owned by the Group. Transactions and balances with limited partnerships which have been proportionately consolidated are disclosed in note 19.

2. Turnover

The Group's turnover is derived from its principal activity, being the provision of advisory services in connection with private equity investments in management buy-outs, buy-ins and other venture capital investments. All turnover is derived from the United Kingdom and mainland Europe, as follows:

	2013 £	2012 £
United Kingdom	1,092,904	1,180,253
Mainland Europe	864,899	153,157
	<hr/>	<hr/>
	1,957,803	1,333,410
	<hr/>	<hr/>

3. Interest income

	2013 £	2012 £
<i>Interest income receivable comprises:</i>		
Interest earned on bank deposits and current accounts	839	2,310
Other interest receivable	(54)	112
	<hr/>	<hr/>
	785	2,422
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS continued

4. Interest payable

	2013 £	2012 £
<i>Interest payable comprises:</i>		
Other interest payable	-	1,925
	<hr/>	<hr/>
	-	1,925
	<hr/>	<hr/>

5. Operating profit

	2013 £	2012 £
<i>Operating profit is stated after charging:</i>		
<u>Current auditor's remuneration for:</u>		
Audit services:		
- Audit of the current parent undertaking financial statements pursuant to legislation	10,600	14,380
- Audit of consolidated financial statements pursuant to legislation	10,900	14,790
Other services:		
- Audit of subsidiaries' financial statements pursuant to legislation	18,500	33,300
- Other services relating to taxation (partnership 2013: £5,125, 2012: £7,965)	21,000	35,990
Other taxation services	6,121	6,222
Depreciation on tangible fixed assets (note 11)	9,459	22,478
Operating lease rentals – buildings	77,175	82,439
Operating lease rentals – other	8,980	8,980
Amortisation of goodwill (note 9)	23,403	50,091
Foreign exchange (gain) / loss	(29,125)	7,395
Foreign exchange (gain) / loss on translation of investment in Limited Partnerships	(2,797)	3,369
Net share of expenditure arising from investment in Limited Partnerships	1,051	744

6. Staff numbers and costs

The average number of persons employed by the group (excluding executive members) was 7 (2012: 7). 5 were employed in administration and 2 in the making of private equity investments. The aggregate payroll costs of these people were as follows:

	2013 £	2012 £
Wages and salaries	470,861	454,101
Social security costs	60,183	57,386
Other pension costs	51,528	42,758
	<hr/>	<hr/>
	582,572	554,245
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS continued

7. Members' remuneration charged as an expense

	2013 £	2012 £
Share of highest remunerated member (prior to loss allocation)	211,494	184,792
Average number of executive members during the year	3	3
Average number of members during the year	4	4

8. Taxation

<i>Analysis of credit in the year</i>	2013 £	2012 £
Current tax:		
UK corporation tax on profits of the year	14,937	-
Total current tax	14,937	11,557
Deferred tax:		
Current year movement to deferred tax	(21,563)	12,430
Adjustment to deferred tax in respect of prior years	-	(873)
Total deferred tax	(21,563)	11,557
Tax on profit on ordinary activities	(6,626)	11,557
	2013 £	2012 £
Profit on ordinary activities before tax	342,378	349,592
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK 23.25% (2012: 24.5%)	79,591	85,640
<i>Effects of:</i>		
Capital allowances in excess of depreciation	(1,562)	(98)
Tax losses (utilised) / arising in the year	(47,600)	(24,438)
Expenses not deductible for tax purposes	53,565	28,447
Other timing differences	41,230	(67,604)
Non-taxable income	-	(14,639)
Profits not chargeable to corporation tax	(103,893)	-
Limited Liability Partnership accounting adjustments	(6,394)	(7,308)
Total current tax charge / (credit) for the year	14,937	-

NOTES TO THE FINANCIAL STATEMENTS continued

8. Taxation continued

<i>Analysis of deferred tax provision</i>	2013 £	2012 £
Other timing differences	829,625	949,429
Tax losses carried forward	(664,824)	(764,484)
Tax effect of revaluation of investments on acquisition	13,459	14,878
	<hr/>	<hr/>
Provision for deferred tax at 21% (2012: 23%)	178,260	199,823
	<hr/>	<hr/>
 <i>Group deferred tax provision</i>	 2013 £	 2012 £
At beginning of the year	199,823	188,266
Prior year adjustment	-	(873)
Current year movement	(21,563)	12,430
	<hr/>	<hr/>
Deferred tax provision at the end of the year	178,260	199,823
	<hr/>	<hr/>

The corporation tax in these financial statements arises through the consolidation of subsidiary undertakings.

NOTES TO THE FINANCIAL STATEMENTS continued

9. Intangible fixed assets

The LLP had no intangible fixed assets. Details that follow relate to the intangible fixed assets of the group.

Group	2013 Goodwill arising on consolidation £	2012 Goodwill arising on consolidation £
<i>Cost</i>		
At 1 January	150,000	150,000
Acquisition	-	-
	<hr/>	<hr/>
At 31 December	150,000	150,000
	<hr/>	<hr/>
<i>Accumulated amortisation</i>		
At 1 January	126,597	76,506
Amortisation charge	23,403	50,091
	<hr/>	<hr/>
At 31 December	150,000	126,597
	<hr/>	<hr/>
<i>Net Book Value at 31 December</i>	-	23,403
	<hr/>	<hr/>

Consolidated goodwill on the acquisition of subsidiary undertakings is being amortised on a straight line basis over 36 months which is considered to be the useful economic life.

NOTES TO THE FINANCIAL STATEMENTS continued

10. Investments

Investments in subsidiary undertakings

LLP

The LLP's cost of investment in subsidiaries is £397,544 (2012: £397,544). The LLP's direct and intermediary subsidiaries, all of which are included within the group consolidation, are as follows:

Name of Company	Nature of business	Incorporated
Milestone Capital Holdings Limited	Intermediate Holding Company	England and Wales
EAC Holdings Limited*	Intermediate Holding Company	England and Wales
EAC Group Limited"	Intermediate Holding Company	Guernsey
Milestone GP Limited *	General Partner ⁽¹⁾	England and Wales
Milestone (Scotland) GP Limited *	General Partner ⁽²⁾	Scotland
Milestone Capital Services Limited	Service Company ⁽³⁾	England and Wales
EAC (Scotland) (GP3) Limited	General Partner and Managing Limited Partner ⁽⁴⁾	Scotland
EAC Scotland (XL3) Limited	General Partner ⁽⁵⁾	Scotland
EAC German GP GmbH	General Partner ⁽⁶⁾	Germany

Milestone Capital Partners LLP owns 100% of the Ordinary Share Capital of Milestone Capital Holdings Limited and is the ultimate controlling party of the group from 15 May 2008. Subsidiaries marked with an asterisk (*) are owned through the intermediate holding company, Milestone Capital Holdings Limited. The subsidiary marked with a quotation mark (") is owned through the intermediate holding company EAC Holdings Limited. All other subsidiaries were owned through the intermediate holding company EAC Group Limited, but during the year they were sold to Milestone Capital Holdings Limited. In each case, the intermediate holding company owns 100% of the Ordinary Share Capital.

⁽¹⁾ General Partner of Milestone Parallel Private Equity Limited Partnership, Milestone Parallel 2008 Limited Partnership, Milestone Parallel 2010 Limited Partnership, Milestone Parallel 2012 A Limited Partnership, Milestone Parallel 2012 B Limited Partnership, Milestone 2007 Limited Partnership, Milestone 2008 Limited Partnership, Milestone 2010 Limited Partnership, Milestone 2011 Limited Partnership, Milestone 2012 Limited Partnership and Milestone Link Fund Limited Partnership

⁽²⁾ General Partner of Milestone Carried Interest Limited Partnership

⁽³⁾ Investment Manager from 1 January to 14 May 2008, and the Group's Service Company from 15 May 2008

⁽⁴⁾ General Partner of EAC Fund III Limited Partnership and the Managing Limited Partner of EAC Fund III GmbH & Co. Beteiligungs KG

⁽⁵⁾ General Partner of EAC Fund III (Scotland) Limited Partnership

⁽⁶⁾ General Partner of EAC Fund III GmbH & Co. Beteiligungs KG

NOTES TO THE FINANCIAL STATEMENTS continued

10. Investments continued

Investments in subsidiary undertakings continued

LLP	2013 LLP £	2012 LLP £
<i>Cost</i>		
At 1 January	397,544	397,544
	<hr/>	<hr/>
At 31 December	397,544	397,544
	<hr/>	<hr/>
<i>Provision</i>		
At 1 January	-	-
	<hr/>	<hr/>
At 31 December	-	-
	<hr/>	<hr/>
<i>Net Book Value at 31 December</i>	397,544	397,544
	<hr/>	<hr/>

Group's proportion of investments held by the Limited Partnerships

	2013 Group £	2012 Group £
<i>Historical cost</i>		
At 1 January	210,664	236,709
Additions	-	38
Disposals	(4,709)	(26,083)
	<hr/>	<hr/>
At 31 December	205,955	210,664
Foreign exchange revaluation (cumulative)	20,044	18,305
	<hr/>	<hr/>
FX revalued cost at 31 December	225,999	228,969
	<hr/>	<hr/>
<i>Provision</i>		
At 1 January	87,413	113,460
Charged / (released)	138,401	(26,047)
	<hr/>	<hr/>
At 31 December	225,814	87,413
	<hr/>	<hr/>
<i>Net Book Value at 31 December</i>	185	141,556
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS continued

10. Investments continued

All of the investments listed above relate to unlisted private equity investments in Limited Partnerships which are managed by the LLP. Investments are shown at the lower of cost or market value, where a provision has been made for any permanent diminution in value. At 31 December 2013, the above investments had a market value of £182,762 (2012: £167,094). No (2012: nil) additional corporation tax charge would arise on realisation of the above investments at market value on 31 December 2013.

Limited Partnerships Disposals

Group

Net (loss) / profit on realised and unrealised investments in Limited Partnerships	2013	2012
	Group	Group
	£	£
Proceeds from sale of investments	5,159	306,708
Cost of investments sold	(5,633)	(26,534)
	<hr/>	<hr/>
(Loss) / profit on sale of investments	(474)	280,174
(Charge) / release of permanent impairment of value	(138,401)	26,047
	<hr/>	<hr/>
Net (loss) / profit on realised investments and unrealised in Limited Partnerships	(138,875)	306,221
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS continued

11. Tangible fixed assets

<i>Group</i>	Computer Equipment Group £	Fixtures & Fittings Group £	Total Group £
<i>Cost</i>			
At 1 January 2013	282,105	136,747	418,852
Additions	1,672	234	1,906
	<hr/>	<hr/>	<hr/>
At 31 December 2013	283,777	136,981	420,758
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 January 2013	273,047	132,107	405,154
Charge for the year	8,374	1,085	9,459
	<hr/>	<hr/>	<hr/>
At 31 December 2013	281,421	133,192	414,613
	<hr/>	<hr/>	<hr/>
<i>Net Book Value</i> at 31 December 2013	2,356	3,789	6,145
	<hr/>	<hr/>	<hr/>
<i>Net Book Value</i> at 31 December 2012	9,058	4,640	13,698
	<hr/>	<hr/>	<hr/>
 LLP	 Computer Equipment LLP £		 Total LLP £
<i>Cost</i>			
At 1 January 2013	19,050		19,050
	<hr/>		<hr/>
At 31 December 2013	19,050		19,050
	<hr/>		<hr/>
<i>Accumulated depreciation</i>			
At 1 January 2013	13,515		13,515
Charge for the year	5,393		5,393
	<hr/>		<hr/>
At 31 December 2013	18,908		18,908
	<hr/>		<hr/>
<i>Net book value</i> at 31 December 2013	142		142
	<hr/>		<hr/>
At 31 December 2012	5,535		5,535
	<hr/>		<hr/>

NOTES TO THE FINANCIAL STATEMENTS continued

12. Debtors

	2013 Group £	2013 LLP £	2012 Group £	2012 LLP £
Amounts due from limited partnerships (note 19)	305,513	213,358	321,426	229,304
Amounts due from portfolio companies (note 19)	83,202	82,016	64,358	62,035
Amounts owed by subsidiary undertakings	-	1,642	-	5,403
Amounts due from members (note 15)	-	5,363	-	4,099
Prepayments and accrued income	75,447	6,988	257,187	188,402
Other debtors	184,923	509	186,799	13,586
	<hr/>	<hr/>	<hr/>	<hr/>
	649,085	309,876	829,770	502,829
	<hr/>	<hr/>	<hr/>	<hr/>

13. Creditors: amounts falling due within one year

	2013 Group £	2013 LLP £	2012 Group £	2012 LLP £
Trade creditors	110,551	92,549	313,456	299,207
Accruals and deferred income	201,039	91,106	123,207	37,366
Other creditors including taxation and social security	39,765	-	88,702	70,069
	<hr/>	<hr/>	<hr/>	<hr/>
	351,355	183,655	525,365	406,642
	<hr/>	<hr/>	<hr/>	<hr/>

14. Provisions for liabilities

	2013 Group £	2013 LLP £	2012 Group £	2012 LLP £
Provision for deferred tax (note 8)	178,260	-	199,823	-
	<hr/>	<hr/>	<hr/>	<hr/>
	178,260	-	199,823	-
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS continued

15. Members' interests

Group	Members' capital classified as equity £	Other reserves £	Total £	Loans and other debts due to members less any amounts due from members in debtors £	Total 2013 £	Total 2012 £
Amounts due to members			-	6,868		
Amounts due from members			-	-		
Members' interests at 1 January	402,545	144,390	546,935	6,868	553,803	649,367
Members' remuneration charged as an expense, including employment and retirement benefit costs	-	-	-	467,504	467,504	440,129
Profit / (loss) for the financial year available for discretionary division among members	-	(118,500)	(118,500)	-	(118,500)	(102,094)
Members' interests after profit / loss for the year	402,545	25,890	428,435	474,372	902,807	987,402
Other divisions of profit / (loss)	-	-	-	-	-	-
Gain / (deficit) arising on FX revaluation of foreign subsidiaries' assets and liabilities	-	89	89	-	89	(115)
Other reserve movements	-	-	-	-	-	-
Introduced by members	-	-	-	(5,997)	(5,997)	6,645
Repayments of debt by members	-	-	-	-	-	-
Drawings	-	-	-	(467,504)	(467,504)	(440,129)
Amounts due to members				871		
Amounts due from members				-		
Members' interests at 31 December	402,545	25,979	428,524	871	429,395	553,803

NOTES TO THE FINANCIAL STATEMENTS continued

15. Members' interests continued

LLP	Members' capital classified as equity £	Other reserves £	Total £	Loans and other debts due to members less any amounts due from members in debtors £	Total 2013 £	Total 2012 £
Amounts due to members			-	602,404		
Amounts due from members			-	(4,099)		
Members' interests at 1 January	402,545	(362,329)	40,216	598,305	638,521	722,061
Members' remuneration charged as an expense, including employment and retirement benefit costs	-	-	-	440,000	440,000	410,296
Profit for the financial year available for discretionary division among members	-	6,919	6,919	-	6,919	12,332
Members' interests after profit for the year	402,545	(355,410)	47,135	1,038,305	1,085,440	1,144,689
Other divisions of profit / (loss)	-	-	-	-	-	-
Other reserve movements	-	-	-	-	-	-
Introduced by members	-	-	-	637,519	637,519	602,404
Loans to members	-	-	-	(5,363)	(5,363)	(4,099)
Repayments of debt by members	-	-	-	(598,305)	(598,305)	(694,177)
Drawings	-	-	-	(440,000)	(440,000)	(410,296)
Amounts due to members				637,519		
Amounts due from members				(5,363)		
Members' interests at 31 December	402,545	(355,410)	47,135	632,156	679,291	638,521

Members' other reserves rank after unsecured creditors and loans and other debts due to members rank pari passu with unsecured creditors in the event of winding up.

NOTES TO THE FINANCIAL STATEMENTS continued

16. Commitments

LLP

- (i) There were no capital commitments at the end of the year (2012: none).

Group

- (i) Annual commitments under non-cancellable operating leases are as follows:

	Land and Buildings 2013 £	Other 2013 £	Land and buildings 2012 £	Other 2012 £
Operating leases which expire:				
- Within two years	95,735	8,980	-	-
- Between two and five years	-	-	95,735	8,980

17. Defined contribution pension scheme

The group makes contributions to certain employees' personal pension plans. The pension cost for the year was £51,528 (2012: £42,758). Contributions of £nil (2012: £nil) were outstanding at the year end.

18. Reconciliation of operating profit to net cash inflow from operating activities

	2013 £	2012 £
Operating profit	480,468	42,874
Foreign exchange (gain) / loss on investment translation	(2,663)	3,600
Bad debts	-	-
Depreciation charge on tangible fixed assets	9,460	22,478
Amortisation of purchased goodwill	23,403	50,091
Decrease / (increase) in debtors	180,631	(291,977)
(Decrease) / increase in creditors	(188,947)	195,077
Net cash inflow from operating activities	502,352	22,143

NOTES TO THE FINANCIAL STATEMENTS continued

19. Related party transactions

The terms of the various limited partnership and co-investment agreements ("the Agreements") state that the Investment Manager is entitled to charge an arrangement fee to a portfolio company, provided that the fee is negotiated on an arm's length basis at normal market rates.

As per the terms of the Agreements with Milestone Parallel Private Equity LP, Milestone Parallel 2008 LP, Milestone Parallel 2010 LP, Milestone Parallel 2012 A LP, Milestone Parallel 2012 B LP, Milestone 2007 LP, Milestone 2008 LP, Milestone 2010 LP, Milestone 2011 LP, Milestone 2012 LP and Milestone Link Fund the Investment Manager is entitled to charge and retain any transaction, corporate finance and underwriting fees, including transactions which don't complete, plus directors' fees in connection with the appointment of a director or observer to the board of directors of a portfolio company. Retained transaction fees are capped at 2-3% of the overall investment transaction (dependent on the Limited Partnership) in the absence of prior consent by the investors, except for Milestone Link Fund, LP which is not restricted.

Under the terms of the Agreement for EAC Fund III, the priority profit share and investment management fees payable by the Funds in the year following receipt of such fees are reduced by an amount equivalent to the total project fees written off by the Fund, 50% of the arrangement fees received and 100% of directors' fees received.

During the year the Group and the LLP received investment management related fees from the limited partnerships' portfolio companies, as follows:

	2013 Group £	2013 LLP £	2012 Group £	2012 LLP £
Cadum International S.A.	-	-	20,977	20,977
Compre (I) Limited	129,831	129,831	54,451	54,451
Debt Line Topco Limited	101,924	101,924	378,394	378,394
ENS France SAS	25,331	25,331	49,016	49,016
Interfloor Group Limited	50,000	50,000	50,000	50,000
ITX S.A.	678,251	678,251	-	-
WinnCare S.A.	84,934	84,934	73,364	73,364
	<u>1,070,271</u>	<u>1,070,271</u>	<u>626,202</u>	<u>626,202</u>

At 31 December 2013 the following amounts were due to the Group and LLP from portfolio companies:

	2013 Group £	2013 LLP £	2012 Group £	2012 LLP £
Compre (I) Limited	231	121	4,523	4,477
Debt Line Topco Limited	1,181	570	2,790	814
ENS France SAS	65,319	65,319	38,064	38,060
Interfloor Group Limited	1,205	909	254	-
ITX S.A.	4,342	4,173	-	-
WinnCare S.A.	10,924	10,924	18,727	18,684
	<u>83,202</u>	<u>82,016</u>	<u>64,358</u>	<u>62,035</u>

NOTES TO THE FINANCIAL STATEMENTS continued

19. Related party transactions continued

During the year the Group and LLP also received the following management fees from the limited partnerships it manages, as follows:

	2013 Group £	2013 LLP £	2012 Group £	2012 LLP £
EAC Fund III	196,068	140,583	280,132	212,562
Milestone Parallel Private Equity LP	-	-	49,393	49,393
Milestone Parallel 2010 LP	102,382	102,382	113,270	113,270
Milestone Parallel 2012 A LP	60,106	60,106	54,918	54,918
Milestone 2007 LP	-	-	31,201	31,201
Milestone 2008 LP	12,804	12,804	9,498	9,498
Milestone 2010 LP	132,063	132,063	95,241	95,241
Milestone 2011 LP	83,513	83,513	76,303	76,303
Milestone 2011 LP	230,177	230,177		
Milestone Link Fund LP	100	100	100	100
Milestone Carried Interest LP	1,000	1,000	1,000	1,000
	<u>818,213</u>	<u>762,728</u>	<u>711,056</u>	<u>643,486</u>

At 31 December 2013 the following amounts were due to the Group and LLP from the limited partnerships as follows:

	2013 Group £	2013 LLP £	2012 Group £	2012 LLP £
EAC Fund III	297,165	206,652	263,805	177,604
Milestone Parallel Private Equity LP	216	216	827	827
Milestone Parallel 2010 LP	582	582	515	515
Milestone Parallel 2012 A LP	537	537	992	992
Milestone 2007 LP	216	216	827	827
Milestone 2008 LP	634	634	504	504
Milestone 2010 LP	482	482	455	455
Milestone 2011 LP	574	574	1,527	1,527
Milestone 2012 LP	2,922	2,922	45,161	45,161
Milestone Link Fund LP	543	543	592	592
Milestone Carried Interest LP	1,642	-	6,221	300
	<u>305,513</u>	<u>213,358</u>	<u>321,426</u>	<u>229,304</u>

The group has taken advantage of the exemption within FRS 8 from disclosure of intra group transactions between wholly owned subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS continued

20. Contingent liabilities

During 2006 the Milestone group was restructured and a new management team put in place. Arrangements were made with the previous owners of the business to share in the proceeds from portfolio company sales, held through Private Equity Limited Partnerships, in which the group had a small stake. An amount may become payable dependent on the future sale of an investment in EAC Fund III. Currently a reasonable estimate of the amount payable can not be quantified due to the uncertainties relating to the timing of the sale and the sale value, which is dependant on the future performance of the investee companies.

21. Ultimate controlling party

There is no ultimate controlling party of Milestone Capital Partners LLP as the economic interest of the LLP is divided equally between the three executive members such that no one member alone has control.

22. Post balance sheet event

On 30 January 2014, Milestone Link Fund sold its investment in Winnicare S.A. to IDI Private Equity. These sales triggered carry payments to Milestone (Scotland) GP Limited, a group subsidiary, totalling £71,453.