

Registered number: OC334333

Langholm Capital 2008 LLP
Report and consolidated financial statements
For the year ended 30 June 2019

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DESIGNATED MEMBERS AND ADVISERS

Designated Members

A.E.B. Wiegman
A.F. Bird

Members

N.J. Evans

Registered office

2nd Floor
17 Waterloo Place
London
SW1Y 4AR

Banker

Coutts & Co.
440 Strand
London
WC2R 0QS

Auditor

KPMG LLP
15 Canada Square
London
E14 5GL

Solicitor

Macfarlanes
20 Cursitor Street
London
EC4A 1LT

Registered number

OC334333

MEMBERS' REPORT

The members present their report and the audited financial statements for the year ended 30 June 2019 for Langholm Capital 2008 LLP ("the LLP").

Activities

The principal activity of the LLP during the year was the management of Langholm Capital II LP, a private equity fund ("the Fund"). The principal activities of the LLP's subsidiaries were respectively to act as General Partner to the Fund and its associated partnership. The members anticipate that these will continue to be the principal activities for the foreseeable future.

Business Review

During the year, the LLP continued to assist in the development of existing investments. The Fund was 83.95% invested at the year end.

Principal subsidiaries

The LLP's principal subsidiaries are shown in Note 8 to the accounts.

Adoption of FRS 102

In the preparation of these financial statements the members have adopted Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Results for the year and allocation to members

The LLP's consolidated profit for the year was £72,117 (2018 profit: £33,103) and details of the results for the year are set out on page 10.

Subsequent events

Subsequent to year-end, Langholm Capital II LP (the "Fund") received majority investor consent to extent the Fund termination date by 12 months to 19 July 2021.

Going Concern

After making enquiries, the members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

Policy with respect to Members' drawings and subscription and repayment of amounts subscribed or otherwise contributed by Members

Members are permitted to make drawings ("guaranteed drawings") in anticipation of future profits that will be allocated to them. The Limited Liability Partnership Agreement (the "LLPA") determines the amount of such drawings.

Profits (up to the aggregate of members' guaranteed drawings) are allocated and paid to the Members entitled to guaranteed drawings pro rata to those drawings.

There follows a discretionary allocation of profit to the Members.

The nature of any remaining profits determines whether they are allocated between Members pro rata to their Income Profit or Capital Profit Sharing Percentages.

Losses for any financial year are allocated between the members at the discretion of the Management Committee, but with the presumption that they will be allocated between members pro rata to their Income Profit or Capital Profit Sharing Percentages, as appropriate.

In preparing the annual accounts, the LLP shall reserve out of profits before distribution, such amounts as the Management Committee shall determine in order to provide further working capital for the business. These amounts may subsequently be distributed as the LLP's working capital needs change.

Disclosure of information to auditor

The members who held office at the date of approval of this members' report confirm that, so far as they are each aware, there is no relevant audit information of which the LLP's auditor is unaware; and each member has taken all the steps that they ought to have taken as a member to make themselves aware of any relevant audit information and to establish that the LLP's auditor is aware of that information.

Auditor

KPMG LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the members and signed on their behalf



N.J. Evans
Member, Langholm Capital 2008 LLP

04 October 2019

STATEMENT OF MEMBERS' RESPONSIBILITIES IN RESPECT OF THE MEMBERS' REPORT AND THE FINANCIAL STATEMENTS

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

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare group and LLP financial statements for each financial year. Under that law the members have elected to prepare both the group and LLP financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under Regulation 8 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 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 group and the LLP and of the profit or loss of the group for that period. In preparing each of the group and LLP 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;
- assess the group and the LLP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the LLP or to cease operations, or have no realistic alternative but to do so.

Under Regulation 6 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, 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 its financial statements comply with those regulations. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



N.J. Evans
Member, Langholm Capital 2008 LLP

04 October 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LANGHOLM CAPITAL 2008 LLP

Opinion

We have audited the group and LLP financial statements of Langholm Capital 2008 LLP ("the LLP") for the year ended 30 June 2019 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Reconciliation of Consolidated Members' Interests, the LLP Statement of Financial Position, the LLP reconciliation of Members' Interests, the Consolidated Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the group and of the LLP as at 30 June 2019 and of the profit of the group for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the members, related disclosures, and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a LLP and this is particularly the case in relation to Brexit.

Going concern

The members have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the LLP or to cease their operations, and as they have concluded that the group and the LLP's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the members' conclusions, we

considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and LLP's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the LLP will continue in operation.

Other information

The members are responsible for the other information, which comprises the members' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

Under the Companies Act 2006 as applied to limited liability partnerships we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the LLP, or returns adequate for our audit have not been received from branches not visited by us; or
- the LLP's individual 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; or
- the members were not entitled to prepare financial statements in accordance with the small limited liability partnerships' regime.

We have nothing to report in these respects.

Members' responsibilities

As explained more fully in their statement set out on page 6, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and the LLP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the LLP or to cease operations, or have no realistic alternative but to do so.


Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the members of the LLP, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by Regulation 39 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.



Richard De La Rue (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square
London
E14 5GL

04 October 2019

CONSOLIDATED INCOME STATEMENT

	Notes	Year ended 30 June 2019 £	Year ended 30 June 2018 £
Turnover	3	1,570,211	2,251,755
Other operating income		44,133	37,616
		<u>1,614,344</u>	<u>2,289,371</u>
Staff costs		(307,343)	(375,675)
Depreciation		(36,411)	(57,229)
Other operating expenses		(561,213)	(883,618)
Operating profit		<u>709,377</u>	<u>972,849</u>
Interest receivable and similar income		588	235
Profit before taxation	4	<u>709,965</u>	<u>973,084</u>
Taxation relief	5	-	-
Profit for the financial year before members' remuneration and profit shares		<u>709,965</u>	<u>973,084</u>
Members' remuneration charged as an expense		(637,848)	(939,980)
Profit for the financial year available for discretionary division among members		<u>72,117</u>	<u>33,103</u>
Profit for the financial year		<u><u>72,117</u></u>	<u><u>33,103</u></u>

All of the above results derive from continuing operations.

The notes on pages 18 to 26 are an integral part of these accounts.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 30 June 2019 £	Year ended 30 June 2018 £
Profit for the financial year available for discretionary division among members	72,117	33,103
Currency exchange differences on foreign operations and other differences	(11,235)	(15,857)
Total comprehensive income for the year	60,882	17,246

The notes on pages 18 to 26 are an integral part of these accounts.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2019 £	At 30 June 2018 £
Fixed assets			
Tangible fixed assets	7	75,585	97,094
Investments	8	44	44
		<u>75,629</u>	<u>97,138</u>
Current assets			
Debtors: amounts falling due in less than one year	9	137,623	130,647
Cash at bank and in hand		746,903	500,405
		<u>884,526</u>	<u>631,052</u>
Current liabilities			
Creditors: amounts falling due in less than one year	10	(613,229)	(445,781)
Net current assets		<u>271,297</u>	<u>185,271</u>
Total assets less current liabilities		346,926	282,409
Provisions for liabilities and charges	11	(94,221)	(78,039)
Net assets attributable to members		<u>252,705</u>	<u>204,370</u>
Represented by:			
Members' other interests			
Members' capital - classified as equity	12	150,000	150,000
Other amounts - classified as debts		102,705	54,370
		<u>252,705</u>	<u>204,370</u>
Total Members' interests			
Amounts due from members		-	-
Members' other interests		252,705	204,370
		<u>252,705</u>	<u>204,370</u>

The notes on pages 18 to 26 are an integral part of these accounts. The accounts were approved by the members of the LLP on 04 October 2019 and were signed on its behalf by:



N.J. Evans
Member, Langholm Capital 2008 LLP

Registered number: OC334333

RECONCILIATION OF CONSOLIDATED MEMBERS' INTERESTS

	Equity		Debt		Total £
	Members' capital (classified as Equity) £	Other reserves £	Members' capital (classified as debt) £	Other amounts £	
Amounts due to members	150,000	-	-	107,050	257,050
Amounts due from members	-	-	-	-	-
Balance at 30 June 2017	150,000	-	-	107,050	257,050
Member capital contributions	7,500	50	-	-	7,550
Member capital returns	(7,500)	-	-	-	(7,500)
Reclassification	-	-	-	-	-
Members' remuneration charged as an expense	-	-	-	939,980	939,980
Profit for the financial year available for discretionary division among members	-	33,103	-	-	33,103
Allocated during the year	-	(17,296)	-	17,296	-
Drawings	-	-	-	(1,009,955)	(1,009,955)
Other movements	-	(15,857)	-	-	(15,857)
Amounts due to members	150,000	-	-	54,370	204,370
Amounts due from members	-	-	-	-	-
Balance at 30 June 2018	150,000	-	-	54,370	204,370
Member capital contributions	-	-	-	-	-
Member capital returns	-	-	-	-	-
Reclassification	-	-	-	-	-
Members' remuneration charged as an expense	-	-	-	637,848	637,848
Profit for the financial year available for discretionary division among members	-	72,117	-	-	72,117
Allocated during the year	-	(60,882)	-	60,882	-
Drawings	-	-	-	(650,395)	(650,395)
Other movements	-	(11,235)	-	-	(11,235)
Amounts due to members	150,000	-	-	102,705	252,705
Amounts due from members	-	-	-	-	-
Balance at 30 June 2019	150,000	-	-	102,705	252,705

The notes on pages 18 to 26 are an integral part of these accounts.

LLP STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2019 £	At 30 June 2018 £
Fixed assets			
Tangible fixed assets	7	75,585	97,094
Investments		5	5
		<u>75,590</u>	<u>97,099</u>
Current assets			
Debtors: amounts falling due in less than one year	9	137,642	130,645
Cash at bank and in hand		700,081	458,587
		<u>837,723</u>	<u>589,232</u>
Current liabilities			
Creditors: amounts falling due in less than one year	10	(613,214)	(445,745)
Net current assets		<u>224,509</u>	<u>143,487</u>
Total assets less current liabilities		300,099	240,586
Provisions for liabilities and charges	11	(94,221)	(78,039)
Net assets attributable to members		<u>205,878</u>	<u>162,547</u>
Represented by:			
Members' other interests			
Members' capital - classified as equity	12	150,000	150,000
Other amounts - classified as debts		55,878	12,547
		<u>205,878</u>	<u>162,547</u>
Total Members' interests			
Amounts due from members		-	-
Members' other interests		205,878	162,547
		<u>205,878</u>	<u>162,547</u>

The notes on pages 18 to 26 are an integral part of these accounts. The accounts were approved by the members of the LLP on 04 October 2019 and were signed on its behalf by:



N.J. Evans
Member, Langholm Capital 2008 LLP

Registered number: OC334333

LLP RECONCILIATION OF MEMBERS' INTERESTS

	Equity		Debt	
	Members' capital (classified as Equity) £	Other reserves £	Other amounts £	Total £
Amounts due to members	150,000	-	69,975	219,975
Amounts due from members	-	-	-	-
Balance at 30 June 2017	150,000	-	69,975	219,975
Member capital contributions	7,500	-	-	7,500
Member capital returns	(7,500)	-	-	(7,500)
Members' remuneration charged as an expense	-	-	939,980	939,980
Profit for the financial year available for discretionary division among members	-	12,547	-	12,547
Drawings	-	-	(1,009,955)	(1,009,955)
Allocated during the year	-	(12,547)	12,547	-
Amounts due to members	150,000	-	12,547	162,547
Amounts due from members	-	-	-	-
Balance at 30 June 2018	150,000	-	12,547	162,547
Member capital contributions	-	-	-	-
Member capital returns	-	-	-	-
Members' remuneration charged as an expense	-	-	637,848	637,848
Profit for the financial year available for discretionary division among members	-	55,878	-	55,878
Drawings	-	-	(650,395)	(650,395)
Allocated during the year	-	(55,878)	55,878	-
Amounts due to members	150,000	-	55,878	205,878
Amounts due from members	-	-	-	-
Balance at 30 June 2019	150,000	-	55,878	205,878

The notes on pages 18 to 26 are an integral part of these accounts.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 30 June 2019 £	Year ended 30 June 2018 £
Net cash inflow from operating activities	a	908,372	891,210
Returns on investments and servicing of finance			
Interest received		588	235
Net cash inflow from returns on investments and servicing of finance		588	235
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(14,901)	(102,522)
Movement in investments		-	38
Net cash outflow from capital expenditure and financial investment		(14,901)	(102,484)
Transactions with members			
Capital contributions by members		-	7,550
Capital contributions returned to members		-	(7,500)
Payments to members		(650,395)	(1,009,955)
Loans and other debts due from members		-	-
Net cash outflow from transactions with members		(650,395)	(1,009,905)
Cash inflow / (outflow) before management of financing		243,664	(220,944)
Amounts received from Langholm Capital Fund II		2,834	2,225
Net cashflow from financing		2,834	2,225
Increase / (decrease) in cash in the year	b/c	246,498	(218,719)

The notes on pages 18 to 26 are an integral part of these accounts.

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 30 June 2019 £	Year ended 30 June 2018 £	
a. Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit	709,377	972,849	
Depreciation	36,411	57,229	
Increase / (decrease) in debtors	(9,811)	55,529	
Increase / (decrease) in creditors	183,630	(178,539)	
Other differences on consolidation	(11,235)	(15,858)	
Net cash inflow from operating activities	<u>908,372</u>	<u>891,210</u>	
b. Reconciliation of net cash flow to movement in net funds			
Increase / (decrease) in cash in the year	<u>246,498</u>	<u>(218,719)</u>	
Change in net funds resulting from cash flows	246,498	(218,719)	
Opening net funds	500,405	719,124	
Movement in net funds in the year	<u>246,498</u>	<u>(218,719)</u>	
Closing net funds	<u>746,903</u>	<u>500,405</u>	
c. Analysis of net funds	As at 30 June 2018 £	Cash Flow £	Cash Flow 30 June 2019 £
Cash in hand, at bank	500,405	246,498	746,903

The notes on pages 18 to 26 are an integral part of these accounts.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2019

1. Accounting policies

These Group and parent entity financial statements were prepared in accordance with Financial Reporting Standard 102, *the Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014 and the requirements of the Statement of Recommended Practice, Accounting by Limited Liability Partnerships. The presentation currency of these financial statements is sterling.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Basis of consolidation

The consolidated financial statements include the financial statements of the LLP and its subsidiary undertakings made up to 30 June 2019. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated income statement from the date that control commences until the date that control ceases. Control is established when the parent has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

Under the terms of the Companies Act 2006, Limited Liability Partnerships Act these LLPs, together with certain of their portfolio company investments are subsidiary undertakings of the LLP by virtue of the control exercised through the general partners and should be consolidated in full. However, the members consider this accounting treatment would not give a true and fair view if the assets and income as a whole were to be consolidated since the Group's interest in these assets is, except to the extent that they are proportionally consolidated, merely that of investment manager.

The approximate effect of this departure is to decrease profit before tax and the non-controlling interest in the profit for the year by £36.5m (2018: increase profit by £22m); to reduce investments by £70m (2018: £26.1m); to increase other net assets by £0.5m (2018: £0.4m), and to reduce the non-controlling interest in the balance sheet by £70.5m (2018: £26.5m).

Measurement convention

The financial statements are prepared on the historical cost basis, with the exception of derivative financial instruments which are recorded at fair value through the profit or loss.

Going concern

After making enquiries, the members have a reasonable expectation that the group and LLP have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1. Accounting policies (continued)

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

Fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated to write-off the cost, less estimated residual value, of assets on a straight line basis over their expected useful lives at the following annual rates:

Leasehold improvements – over the life of the lease – 33.3%

Software and computer and communications equipment – 33.3%

Furniture and office equipment - 20%

Fixed Asset Investments

These are separate financial statements of the LLP. Investments in subsidiaries are included at cost less provision for any impairment.

Turnover

Turnover is derived from ordinary activities, and is stated net of VAT, and net of any rebates repayable to investors in Langholm Capital II L.P. Management fees and monitoring fees are accounted for on an accruals basis. Transaction fees may be earned and are then invoiced when a deal is completed.

Expenses

Expenses are accounted for on an accruals basis.

Pension costs

Contributions to defined contribution schemes on behalf of employees are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Members' remuneration

The LLP agreement provides that fixed amounts be paid to members, irrespective of the profits of the LLP. These amounts are included within 'Members' remuneration charged as an expense.

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

1. Accounting policies (continued)

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

Taxation

Income tax, being the individual liability of each member, is not provided for in the accounts of the LLP.

Corporation tax payable by companies within the group is accounted for on an accruals basis.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in the income statement over the term of the lease as an integral part of the total lease expense.

2. Employee information

	Year ended 30 June 2019	Year ended 30 June 2018
Investment professionals	2	2
Administration	2	2
	<u>4</u>	<u>4</u>
	Year Ended 30 June 2019	Year Ended 30 June 2018
Staff costs for the above persons were:	£	£
Wages and salaries	259,019	312,198
Social security costs	31,837	37,904
Pension costs	16,487	25,573
	<u>307,343</u>	<u>375,675</u>

'Wages and salaries' include the costs to employ Langholm Capital employees.

The LLP operates a defined contribution pension scheme on behalf of certain of its employees (at 30 June 2019: 4 employees; at 30 June 2018: 4 employees). No contributions were outstanding as at 30 June 2019 (2018: £Nil).

3. Turnover

The Group's consolidated turnover includes the following amounts:

	Year ended 30 June 2019	Year ended 30 June 2018
	£	£
Management fee due from group companies	1,570,211	2,251,755
Transaction fees	-	-
	<u>1,570,211</u>	<u>2,251,755</u>

4. Profit before taxation

	Year ended 30 June 2019 £	Year ended 30 June 2018 £
Stated after charging:		
Depreciation	36,411	57,229
Auditor's remuneration	58,217	57,342
Hire of office equipment - operating leases	10,624	10,396
Other - operating leases	156,367	290,833

'Other – operating leases' includes £156,367 paid by the LLP for the rent of its offices (2018: £290,833).

An additional amount of £18,447 (2018: £21,242), translated at year end rates, was provided in the accounts of Langholm Capital II LP in respect of the Auditor's remuneration.

5. Tax on profit

Taxation for the partnership, being the individual liability of each member, is not provided for in the accounts. Total tax relief due to the Group for the year is nil (2018: nil).

Factors affecting the tax relief / (charge) for the current year:

	Year ended 30 June 2019 £	Year ended 30 June 2018 £
Deferred tax		
Origination and reversal of temporary differences in current year	-	-
Tax relief / (expense) on profit	-	-

6. Profit of the LLP

As permitted by s.408 Companies Act 2006 (as modified for application to LLPs), the LLP is exempt from presenting its own profit and loss account. The profit of the LLP for the financial year before members' remuneration amounted to £693,727 (2018: £952,527).

7. Tangible fixed assets – Group and LLP

	Leasehold Improvements	Software and Computer and Communications Equipment	Furniture and Office Equipment	Total
	£	£	£	£
Cost or valuation				
At 1 July 2018	546,131	373,968	126,602	1,046,700
Additions	-	14,901	-	14,901
At 30 June 2019	546,131	388,869	126,602	1,061,601
Depreciation				
At 1 July 2018	464,381	366,424	118,800	949,605
Charge for the year	26,275	7,807	2,329	36,411
At 30 June 2019	490,656	374,231	121,129	986,016
Net book value				
At 30 June 2019	55,475	14,638	5,473	75,585
At 30 June 2018	81,750	7,544	7,801	97,094

8. Investments – LLP

	Investment in subsidiary undertakings £
At 1 July 2018	5
Investment in subsidiaries	-
At 30 June 2019	5

The Group holds investments of £44 in Langholm Capital Carry II GP Limited. The company's investment represents 5% of the capital contributed to Langholm Capital Carry II LP.

The LLP owns direct and indirect investments in the following subsidiaries:

Subsidiary undertakings	Country of incorporation	Date of incorporation	Proportion of Ordinary shares	Activity
Langholm Capital Nominees Limited	England	27 Dec 2001	100%	Nominee Company
Langholm Capital CIP Nominees Limited	England	10 Sep 2002	100%	Nominee Company
Langholm Capital II (GP) Limited	Scotland	23 Jun 2008	100%	General Partner
Langholm Capital Carry II (GP) Limited	Scotland	23 Jun 2008	100%	General Partner

Controlled undertakings	Country of incorporation	Date of Registration	Activity
Langholm Capital Partners II (GP) LP	Scotland	23 Oct 2008	General Partner
Langholm Capital Carry II LP	Scotland	23 Jun 2008	General Partner
Langholm Capital II LP	England	03 Dec 2008	Fund

All entities incorporated in England are registered at 2nd Floor, 17 Waterloo Place, London, SW1Y 4AR.

All Scottish incorporated entities are registered at 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ.

9. Debtors

	Group	LLP	Group	LLP
	At 30 June	At 30 June	At 30 June	At 30 June
	2019	2019	2018	2018
	£	£	£	£
Amounts owed by subsidiary undertaking	-	-	-	-
Other debtors	30,935	30,954	64,039	64,039
Prepayments	106,688	106,688	66,607	66,607
	<u>137,623</u>	<u>137,642</u>	<u>130,646</u>	<u>130,646</u>

Other debtors include various expenses borne by the LLP on behalf of the Fund and on behalf of its investee companies, and subsequently recharged.

10. Creditors: amounts falling due in less than one year

	Group	LLP	Group	LLP
	At 30 June	At 30 June	At 30 June	At 30 June
	2019	2019	2018	2018
	£	£	£	£
Trade creditors	11,451	11,451	19,440	19,440
Other creditors, including taxation; social security	72,748	72,733	77,691	77,655
Accruals and deferred income	529,030	529,030	348,650	348,650
	<u>613,229</u>	<u>613,214</u>	<u>445,781</u>	<u>445,745</u>

Deferred income comprises PPS received in advance from the Fund.

11. Provisions for liabilities and charges

Group and LLP

	Dilapidation	Lease	Total
	Provision	Creditor	
	£	£	£
At 1 July 2018	37,584	40,455	78,039
Charged during the year	-	40,455	40,455
Released during the year	-	(24,273)	(24,273)
At 30 June 2019	<u>37,584</u>	<u>56,637</u>	<u>94,221</u>

The provisions for liability at 30 June 2019 relates to future dilapidation charges (£37,584) upon expiry of the existing leased premises, and recognition of the rent-free period (£56,637), released over the period of the lease.

12. Members' interests

Capital and loans contributed to the Partnership by members bear no interest. Loans and other debts due to members rank equally with debts due to ordinary creditors in a winding up.

13. Operating lease commitments

At 30 June 2019, the LLP had annual commitments under operating leases as follows:

	At 30 June 2019	At 30 June 2018
	£	£
Obligations under operating leases		
Other assets		
Expiring in 2 to 5 years	10,624	10,396
	<u>10,624</u>	<u>10,396</u>

14. Related party disclosures

All the members are related as a result of their membership of the LLP, with the designated members, A.E.B Wiegman and A.F. Bird, considered to be the controlling parties of the LLP. Members' remuneration is disclosed in the Reconciliation of consolidated members' interests on page 13. On 1 May 2018, Neville Evans, a member of Langholm Capital 2008 LLP, assumed the role of Chief Financial Officer of an underlying Portfolio Company.

Certain members of the LLP are directors of companies invested in by the Fund, and managed by the LLP. These companies paid the LLP £76,208 (2018: £177,471) during the financial period for services rendered by the LLP and recharges for expenses met on their behalf. At year end, these companies owed the LLP £27,710 (2018: £58,553).

Under the terms of the Fund partnership agreement (the "Agreement"), the members of the LLP have an obligation to co-invest in each of the Fund's investee companies an amount up to 1 per cent of the aggregate investment in that company. Co-investments totalling £53,984 (2018: £5,074) were made through these arrangements during the year.

The Partnership has taken advantage of the exemption in FRS 102 relating to transactions between wholly owned subsidiaries of the group.

15. Subsequent events

Subsequent to year-end, Langholm Capital II LP (the "Fund") received majority investor consent to extend the Fund termination date by 12 months to 19 July 2021.