

CROSSLANE PARTNERS LLP

Report and consolidated financial statements
For the year ended 31 December 2016

FRIDAY



A6E34Q02

A13

01/09/2017

#309

COMPANIES HOUSE

CROSSLANE PARTNERS LLP

Report and financial statements At 31 December 2016

CONTENTS

PAGE

Members and advisors	1
Report of the Members	2
Independent auditor's report	3
Statements of comprehensive income	4
Statements of financial position	5
Statements of changes in equity	6
Statements of cash flows	7
Notes to the financial statements	8 – 19

CROSSLANE PARTNERS LLP

Members and advisors

Designated members:

Burnwater Limited
GS Investments SLP
Gierynski Investments Limited
Lissington Limited
SJR Holdings Limited
Jerzy Zygmunt Swirski
Neil Morrison Milne
Pawel Gierynski
Stephen John Richmond

Independent Auditor:

Ernst & Young LLP
25 Churchill Place
London E14 5EY

Registered office:

Smithfield House
92 North Street
Leeds
LS2 7PN
United Kingdom

Bankers:

Barclays Bank PLC
88 Dighenis Akritas Avenue
CY-1644 Nicosia
Cyprus

Solicitors:

Travers Smith LLP
10 Snow Hill
London
EC1A 2AL

CROSSLANE PARTNERS LLP

Report of the Members

The members present their report and the consolidated financial statements of Crosslane Partners LLP (the "Partnership") and its subsidiaries, together the "Group" for the year ended 31 December 2016.

Incorporation

Crosslane Partners LLP was incorporated in the United Kingdom, on 9 July 2013 as a limited liability partnership under the Limited Liability Partnerships Act 2000.

Principal activities

The principal activity of the Group is the provision of investment management services to Abris CEE Mid-Market Fund LP, Abris CEE Mid-Market Fund II LP, Abris CEE Mid-Market Fund II-A LP, Abris CEE Mid-Market Fund III LP and China-CEE Management S.a.r.l., along with holding an investment in Edgeborough Partners LP, a limited partner of Abris CEE Mid-Market Fund LP. The Partnership's activities commenced on 21 November 2013 following the acquisition of certain subsidiaries by contribution from its members.

Review of current position, future developments and significant risks

The Group's development to date, financial results and position as presented in the financial statements are considered satisfactory. The members are satisfied that the Group is expected to remain profitable, that income will be received on a timely basis to meet liabilities as they fall due, and that the Group will continue as a going concern. The most significant risks faced by the Group and the steps taken to manage these risks, are described in note 3 of the financial statements.

Results

The Group's results for the year are set out on page 4. The priority profit share of the Partnership for the year was all charged as an expense to the members as remuneration.

Policy with respect to members' drawings and subscription and repayments of amounts subscribed or otherwise contributed by members

Members holding GS Units of the Partnership are permitted to make drawings in anticipation of profits which will be allocated to them. The amount of such drawings is set at the beginning of each year. New members may be admitted to the Partnership pursuant to a Members' Consent. The contribution of the New Member shall be agreed between such New Member and the Members by a Members' Consent.

Responsibilities of the management committee

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

Company law as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 requires the members to prepare financial statements for each financial year. Under that law the management committee have elected to prepare the financial statements in accordance with IFRS. Under Company law as applied 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 Partnership and of the profit or loss of the Partnership for that year.

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 Partnership will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Partnership and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Registered office:
Smithfield House
92 North Street
Leeds
LS2 7PN
UK

Signed on behalf of the members



On behalf of Gierynski Investments Limited
Designated member

CROSSLANE PARTNERS LLP

Independent auditor's report to the members of Crosslane Partners LLP

We have audited the financial statements of Crosslane Partners LLP for the year ended 31 December 2016 which comprise the Statements of Comprehensive Income, the Statements of Financial Position, the Statements of Changes in Equity, the Statements of Cash Flows and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the limited liability partnerships' designated 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditors

As explained more fully in the Report of the Members set out on page 2, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- ▶ give a true and fair view of the state of the group's and the limited liability partnership's affairs as at 31 December 2016 and of the group's and the limited liability partnership's profit for the year then ended;
- ▶ have been properly prepared in accordance with IFRSs as adopted by the European Union; 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- ▶ the information given in the Report of the Members for the financial year for which the financial statements are prepared is consistent with the financial statements;
- ▶ the Report of the Members had been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Partnership and its environment obtained in the course of the audit, we have identified no material misstatements in the Report of the Members.

We have nothing to report in respect of the following matters where the Companies Act 2006 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.



Ashley Coups (senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory auditor
London
Date 11 August 2017

CROSSLANE PARTNERS LLP

Statements of comprehensive income Year ended 31 December 2016

	Note	Group 2016 €	Group 2015 Restated €	LLP 2016 €	LLP 2015 Restated €
Revenue	5	26,205,389	15,117,533	6,322,500	1,029,573
Administrative expenses	6	(17,372,721)	(12,180,734)	(119,948)	(69,188)
Operating profit		8,832,668	2,936,799	6,202,552	960,385
Net finance expense	8	(23,554)	(21,229)	(1,207)	(2,385)
Profit before tax		8,809,114	2,915,570	6,201,345	958,000
Tax	9	(363,207)	(194,595)	-	-
Net profit for the year		8,445,907	2,720,975	6,201,345	958,000
Comprehensive (losses) / income					
Comprehensive net (loss) / gain on available for sale financial assets to be reclassified to profit and loss in subsequent periods	17	(3,007,054)	4,239,661	-	-
Exchange differences on translation of foreign operations		83,788	19,693	-	-
Total comprehensive income for the year before members' remuneration and profit shares		5,522,641	6,980,329	6,201,345	958,000
Members' remuneration charged as an expense	10	(6,192,000)	(958,000)	(6,192,000)	(958,000)
Total comprehensive (loss) / income for the year		(669,359)	6,022,329	9,345	-
Attributable to:					
Equity holders of the parent		(897,108)	5,691,451	-	-
Non-controlling interests		227,749	330,878	-	-
		(669,359)	6,022,329	9,345	-

All of the activities of the Group are from continuing operations.

The notes on pages 8 to 19 form an integral part of these financial statements.

CROSSLANE PARTNERS LLP

Statements of financial position At 31 December 2016

		Group 2016	Group 2015 Restated	Group 1 Jan 2015	LLP 2016	LLP 2015 Restated	LLP 1 Jan 2015
	Note	€	€	€	€	€	€
ASSETS							
Fixed assets							
Investments	11	1,359,159	4,366,077	127,651	537,554	504,308	414,308
Non-current financial assets	12	251,645	-	336,811	-	-	-
Equipment and Fittings	13	173,639	-	-	-	-	-
		1,784,443	4,366,077	464,462	537,554	504,308	414,308
Current assets							
Trade and other receivables	14	6,190,501	4,300,146	2,240,200	233,050	1,015,482	-
Prepayments and accrued income	14	13,856,373	1,633,951	608,691	4,413,000	416,860	4,647
Cash and cash equivalents	15	2,715,247	1,276,705	499,757	41,976	6,354	4,949
		22,762,121	7,210,802	3,348,648	4,688,026	1,438,696	9,596
Total current assets		22,762,121	7,210,802	3,348,648	4,688,026	1,943,004	9,596
Total assets		24,546,564	11,576,879	3,813,110	5,225,580	1,943,004	423,904
EQUITY AND LIABILITIES							
Equity and reserves							
Members' capital	16	446,808	414,308	414,308	446,808	414,308	414,308
Other reserves		(209,358)	19,693	-	-	-	-
Available for sale reserve	17	1,232,607	4,239,661	-	-	-	-
Accumulated profits		10,301,559	3,377,212	1,893,609	9,345	-	-
		11,771,616	8,050,874	2,307,917	456,153	414,308	414,308
Non-controlling interests		734,192	506,443	158,101	-	-	-
		12,505,808	8,557,317	2,466,018	456,153	414,308	414,308
Current liabilities							
Trade and other payables	18	12,040,756	3,019,562	1,347,092	4,769,427	1,528,696	9,596
		12,040,756	3,019,562	1,347,092	4,769,427	1,528,696	9,596
Total liabilities		12,040,756	3,019,562	1,347,092	4,769,427	1,528,696	9,596
Total equity and liabilities		24,546,564	11,576,879	3,813,110	5,225,580	1,943,004	423,904

The members acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.


 On behalf of Gierynski Investments Limited
 Designated Member
 Date: 10 August 2017
 Registered number: OC386497

The notes on pages 8 to 19 form an integral part of these financial statements.

CROSSLANE PARTNERS LLP

Statements of changes in equity Year ended 31 December 2016

Group	Members' capital €	Available for sale reserve €	Other reserves €	Accumulated profits €	Total €	Non-controlling interests €	Total equity €
At 31 December 2015 previously stated	414,308	4,239,661	19,693	2,377,212	7,050,874	506,443	7,557,317
Prior year adjustment to Members' remuneration	-	-	-	1,000,000	1,000,000	-	1,000,000
At 31 December 2015 restated	414,308	4,239,661	19,693	3,377,212	8,050,874	506,443	8,557,317
Acquisition of subsidiaries	32,500	-	(312,839)	4,898,189	4,617,850	-	4,617,850
Net profit for the year	-	-	-	8,218,158	8,218,158	227,749	8,445,907
Other comprehensive income for the year	-	(3,007,054)	83,788	-	(2,923,266)	-	(2,923,266)
Members' remuneration	-	-	-	(6,192,000)	(6,192,000)	-	(6,192,000)
At 31 December 2016	446,808	1,232,607	(209,358)	10,301,559	11,771,616	734,192	12,505,808

LLP

	Members' capital €	Accumulated profits €	Total €
At 31 December 2015 previously stated	414,308	-	414,308
Prior year adjustment to dividend received	-	(1,000,000)	(1,000,000)
Prior year adjustment to Members' remuneration	-	1,000,000	1,000,000
At 31 December 2015 restated	414,308	-	414,308
Additional capital	32,500	-	32,500
Net profit for the year	-	6,201,345	6,201,345
Members' remuneration	-	(6,192,000)	(6,192,000)
At 31 December 2016	446,808	9,345	456,153

The notes on pages 8 to 19 form an integral part of these financial statements.

CROSSLANE PARTNERS LLP

Statements of cash flows Year ended 31 December 2016

		Group 2016	Group 2015 Restated	LLP 2016	LLP 2015 Restated
	Note	€	€	€	€
CASH FLOWS USED IN OPERATING ACTIVITIES					
Profit before tax		8,809,114	2,915,570	6,201,345	958,000
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation of tangible and intangible fixed assets		87,170	-	-	-
Foreign currency translation		(83,788)	(19,693)	-	-
Amortisation of Placing Agent fees receivables	12	35,949	444,830	-	-
Net finance costs	8	23,554	21,229	1,207	2,385
Working capital adjustments:					
Increase in accruals	18	8,572,545	1,646,866	4,001,760	420,832
(Decrease) / increase in other payables	18	448,650	25,604	(761,029)	1,098,268
Increase in receivables	14	(14,112,777)	(3,085,206)	(3,213,708)	(1,427,695)
		3,780,417	1,949,200	6,229,575	1,051,790
Interest received		12,526	7,855	-	-
Bank charges and interest paid		(36,080)	(29,084)	(1,207)	(2,385)
Tax paid		(363,207)	(194,595)	-	-
Net cash from in operating activities		3,393,656	1,733,376	6,228,368	1,049,405
CASH FLOWS FROM INVESTING ACTIVITIES					
Payment for purchase of tangible assets	13	(28,357)	-	-	-
Payment for purchase of investments	11	-	(30,000)	(33,246)	(90,000)
Proceeds received from investments	11	-	31,572	-	-
Acquisition of subsidiaries – fixed assets		233,130	-	-	-
Acquisition of subsidiaries – current assets		6,255,474	-	-	-
Acquisition of subsidiaries – cash		596,534	-	-	-
Acquisition of subsidiaries – liabilities		(2,819,895)	-	-	-
Net cash used in investing activities		4,236,886	1,572	(33,246)	(90,000)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from partners' capital and loan contributions	16	-	-	32,500	-
Members' remuneration paid under LLP agreement		(6,192,000)	(958,000)	(6,192,000)	(958,000)
Net cash outflow from financing activities		(6,192,000)	(958,000)	(6,159,500)	(958,000)
Net increase in cash and cash equivalents		1,438,542	776,948	35,622	1,405
Cash and cash equivalents:					
At beginning of the period		1,276,705	499,757	6,354	4,949
At end of the period	15	2,715,247	1,276,705	41,976	6,354

The notes on pages 8 to 19 form an integral part of these financial statements.

CROSSLANE PARTNERS LLP

Notes to the consolidated financial statements For the year ended 31 December 2016

1. Incorporation and principal activities

Country of incorporation

Crosslane Partners LLP was incorporated in the United Kingdom on 9 July 2013 as a limited liability partnership under the Limited Liability Partnerships Act 2000. Its registered office is Smithfield House, 92 North Street, Leeds LS2 7PN, United Kingdom.

Principal activities

The principal activity of the Group is the provision of investment management services to Abris CEE Mid-Market Fund LP, Abris CEE Mid-Market Fund II LP, Abris CEE Mid-Market Fund II-A LP, Abris CEE Mid-Market Fund III LP and China-CEE Management S.a.r.l., along with investment in Edgeborough Partners LP, a limited partner in Abris CEE Mid-Market Fund LP. The Partnership's activities commenced on 21 November 2013 following the acquisition of certain subsidiaries through contribution from its members.

2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

Basis of preparation

The Members have agreed that the Partnership's accounts will be prepared in accordance with IFRS to simplify the preparation of the consolidated accounts due to all of its subsidiaries being prepared under IFRS. The financial statements are therefore prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRSs).

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

Correction of error

On 20 December 2016 a meeting of the directors of the subsidiary Abris Capital Partners Limited reviewed the circumstances surrounding the dividend of €1,000,000 declared on 2 November 2015, and upon consideration, determined the dividend had been declared erroneously. The erroneous dividend was subsequently classed as re-payable from the Partnership to Abris Capital Partners Limited in 2015. The Partnership was no longer in a position to declare a related fee payment to members which has also been cancelled with the Member being required to repay the amount to the Partnership which was settled during 2016 through additional amounts owed to the Member. The impact of these restatements is shown below.

At Group level

	As Previously Stated €	Effect of Restatement €	Restated €
Trade and other receivables	3,300,146	1,000,000	4,300,146
Members' remuneration	1,958,000	(1,000,000)	958,000

At Partnership level

	As Previously Stated €	Effect of Restatement €	Restated €
Revenue	2,029,573	(1,000,000)	1,029,573
Members' remuneration	1,958,000	(1,000,000)	958,000
Trade and other receivables	-	1,000,000	1,000,000
Trade and other payables	528,696	1,000,000	1,528,696

CROSSLANE PARTNERS LLP

Notes to the consolidated financial statements (continued) For the year ended 31 December 2016

2. Accounting policies (continued)

Change in presentational currency

Following a review by the members it was decided that the Group's presentation currency is to be changed from GBP to Euro effective 1 January 2016. This would better represent the main operating currency of the Group's subsidiaries in Jersey and Cyprus, and would also serve to make the consolidated financial statements presentation currency match that of its members for the purposes of revaluation. This change in presentational currency has been applied retrospectively and the comparative period restated in Euro's. The main impact of this change has been to the foreign currency translation reserve which has changed from (£19,747) to €19,693 as only the subsidiary denominated in USD is now retranslated compared with the Euro denominated subsidiaries as previously stated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Crosslane Partners LLP and its subsidiaries Abris Capital Partners (Fund I) Limited (including its subsidiaries as disclosed in Note 11), Abris Capital Partners Limited, Burnwater Limited, Abris Group Holdings Limited and CEE Equity Partners Limited. The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full on consolidation.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the parent obtains control, and continue to be consolidated until the date that such control ceases.

Adoption of new and revised IFRSs

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended IFRS and IFRIC interpretations effective as of 1 January 2016. The adoption of these Standards did not have a material effect on the separate financial statements.

Up to the date of approval of the financial statements, certain new standards, interpretations and amendments to existing standards have been published and adopted by the Group from 1 January 2016 and others that are not yet effective for the current reporting period and which the Partnership has not early adopted, as follows:

(i) Issued by the IASB and adopted by the European Union

- IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1 January 2018)
- IFRS 15 Revenue from contracts with customers including amendments to IFRS 15: Effective date of IFRS 15 - (effective for annual periods beginning on or after 1 January 2018)

(ii) Issued by the IASB but not yet adopted by the European Union

- IFRS 14 Regulatory Deferral Accounts - (effective for annual periods beginning on or after 1 January 2016 but the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard)
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses - (effective for annual periods beginning on or after 1 January 2017)
- IFRS 16 Leases - (effective for annual periods beginning on or after 1 January 2019)
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - (the effective date is postponed indefinitely pending the outcome of IASB's research project on the equity method of accounting)
- Amendments to IAS 7: Disclosure Initiative (effective for annual periods beginning on or after 1 January 2017)
- Clarifications to IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018)
- Amendments to IFRS 2: Classification and Measurement of Share based Payment Transactions (effective for annual periods beginning on or after 1 January 2018)
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective for annual periods beginning on or after 1 January 2018)
- Annual Improvements to IFRS Standards 2014-2016 Cycle (effective for annual periods beginning on or after 1 January 2017 and 2018)

CROSSLANE PARTNERS LLP

Notes to the consolidated financial statements (continued) For the year ended 31 December 2016

2. Accounting policies (continued)

- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration (effective for annual periods beginning on or after 1 January 2018)
- Amendments to IAS 40: Transfers of Investment Property (effective for annual periods beginning on or after 1 January 2018)
- IFRIC 23 Uncertainty over Income Tax Treatments (effective for annual periods beginning on or after 1 January 2019)
- IFRS 17 Insurance Contracts (effective for annual periods beginning on or after 1 January 2021)

The above are expected to have no significant impact on the Group's financial statements when they become effective, other than IFRS 15: Revenue from Contracts with Customers. The Group is currently assessing the impact of adopting IFRS 15, which becomes effective in 2018.

Revenue recognition

Revenue comprises the invoiced amount for the provision of investment advisory services net of rebates and discounts. Revenues earned by the Group are recognised on the following basis:

- **Rendering of services**
Sales of services are recognised in the accounting period in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Debtors and allowance for bad debts

Bad debts are written off to the group statement of comprehensive income and a specific allowance is made, where it is considered necessary. No general allowance for bad debts is made. Trade debtors are stated after deducting the specific allowance for bad and doubtful debts, if any.

Employee benefits

The Group's subsidiaries and its employees contribute to local Government Social Insurance Funds based on employees' salaries. The Group's contributions are expensed as incurred and are included in staff costs. The Group has no legal or constructive obligations to pay further contributions if the scheme does not hold sufficient assets to pay all employees' benefits relating to employee service in the current period.

Foreign currency translation

- (1) Functional and presentation currency
Items included in the Group's financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency in the prior years was incorrectly disclosed as GBP however this has always been Euro which is the currency of the majority of the transactions as well as the currency that management assess the performance in. Due to the previous GBP amounts being initially converted from Euro, no significant adjustments were required to prior period numbers apart from the translation. The presentational currency is Euro as disclosed in Note 1.
- (2) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.
- (3) Translation of foreign operations
The assets and liabilities of foreign operations with different functional currencies to the Group are translated into the presentation currency at the rate of exchange ruling at the reporting date. Income and expenses are translated at the weighted average exchange rates for the period. The resulting exchange differences are recognised in other comprehensive income. On disposal of the foreign operation, the deferred cumulative amount recognised in equity relating to the particular foreign operation is recognised as income.

CROSSLANE PARTNERS LLP

Notes to the consolidated financial statements (continued) For the year ended 31 December 2016

2. Accounting policies (continued)

Finance income

Finance income includes interest income which is recognised on an accruals basis.

Finance costs

Interest expense and other borrowing costs are charged to the group statement of comprehensive income using the effective interest rate.

Expenses

Expenses are recognised in the group statement of comprehensive income on an accruals basis.

Investments

The Partnership holds investments in its subsidiaries at cost. Investments include equity investments held as available for sale ("AFS"). Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income and credited in the AFS reserve until the investment is derecognised, at which time, the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to profit or loss in finance costs.

Tax

The Group's Cypriot subsidiaries are subject to income tax at the standard rate of 12.5%, whilst its Polish subsidiary is subject to income tax at the standard rate of 19%, and its Romanian subsidiary at the standard rate of 16%. The Group's Jersey subsidiaries are not subject to taxation.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

	%
Furniture, fixtures and office equipment	15

The residual values of the assets and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to the statement of comprehensive income in the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in the statement of comprehensive income.

Deferred income

Deferred income represents income receipts which relate to future years and is recognised on an accruals basis.

Notes to the consolidated financial statements (continued) For the year ended 31 December 2016

2. Accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

For the purposes of the statements of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks and bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings in current liabilities.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

3. Financial risk factors

The Group is exposed to interest rate risk, credit risk, liquidity risk, currency risk, compliance risk, litigation risk, reputation risk and capital management risk arising from the financial instruments it holds. The risk management policies employed by the Group to manage these risks are discussed below:

(3.1) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets. The Group's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

(3.2) Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Group has policies in place to ensure that sales and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables. Cash balances are held with high credit quality financial institutions and the Group has policies to limit the amount of credit exposure to any financial institution. The maximum exposure to credit risk for the Group is €10,264,907 (2015: €9,942,928).

(3.3) Liquidity risk

Liquidity risk is the risk that the Group cannot meet its liabilities as they fall due. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group has procedures with the objective of minimising such losses such as maintaining sufficient cash and other highly liquid current assets. As the Group has only short term operational liabilities no maturity analysis has been presented in these financial statements.

CROSSLANE PARTNERS LLP

Notes to the consolidated financial statements (continued) For the year ended 31 December 2016

3. Financial risk factors (continued)

(3.4) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group functional currency. The Group is exposed to foreign exchange risk arising primarily with respect to the US Dollar. As at 31 December 2016 the consolidated financial statements used foreign currency exchange rates of US\$1.1034 (2015: US\$1.1102). The following table demonstrates the sensitivity to a reasonable possible change in US Dollar exchange rates, with the impact on the Group's profit before tax and pre-tax equity being the changes in the fair value of monetary assets.

	Change in USD rate	Effect on profit before tax €	Effect on pre- tax equity €
2016	+10%	(112,741)	(112,741)
2016	-10%	112,741	112,741
2015	+10%	(168,678)	(168,678)
2015	-10%	168,678	168,678

(3.5) Compliance risk

Compliance risk is the risk of financial loss, including fines and other penalties, which arises from non-compliance with laws and regulations of the states in which the Group operates. The risk is limited to a significant extent due to the supervision applied by the Compliance Officer, as well as by the monitoring controls applied by the Group.

(3.6) Capital management risk

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

Fair value estimation

The carrying amounts and fair values of certain financial assets and liabilities are as follows:

	Group Carrying amounts 2016 €	Group Fair value 2016 €	LLP Carrying amounts 2016 €	LLP Fair value 2016 €
Financial assets				
Cash	2,715,247	2,715,247	41,976	41,976
Investments held as available for sale	1,359,159	1,359,159	-	-
	4,074,406	4,074,406	41,976	41,976

The Group assessed that cash deposits, short term trade and other receivables as well as trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

CROSSLANE PARTNERS LLP

Notes to the consolidated financial statements (continued) For the year ended 31 December 2016

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Provision for bad and doubtful debts**

The Group reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the customer's payment record and the customer's overall financial position. If indications of irrecoverability exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged through the statement of comprehensive income. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

- **Income taxes**

Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

- **Fair value considerations of investments**

The Group periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investments in subsidiaries may be impaired, the estimated future undiscounted cash flows associated with these subsidiaries would be compared to their carrying amounts to determine if a write-down against cost is necessary. The Group also makes assumptions regarding the value of the PPS Investment in Abris CEE Mid-Market Fund II GP LP which is held at fair value, as it does not take into account future expenditure by Abris CEE Mid-Market Fund II GP LP which would decrease the amount of PPS available.

5. Revenue

	Group 2016	Group 2015 Restated	LLP 2016	LLP 2015 Restated
	€	€	€	€
Rendering of services	26,205,389	15,117,533	6,322,500	1,029,573
	26,205,389	15,117,533	6,322,500	1,029,573

6. Operating profit

Operating profit is stated after charging the following items:

	Group 2016	Group 2015	LLP 2016	LLP 2015
	€	€	€	€
Staff costs including directors in their executive capacity	11,264,381	54,089	-	-
Auditors remuneration including subsidiaries	79,397	39,791	17,771	16,523
Legal and professional costs	2,792,624	3,228,983	79,471	17,522
Placing agent fees	68,021	475,946	-	-
Travel and subsistence	447,642	231,063	11,561	28,872
Investment advisory fees	1,028,701	7,431,228	-	-
Depreciation and amortisation of tangible and intangible assets	87,170	-	-	-
Operating leases: Office space	389,275	-	-	-
Operating leases: Motor vehicles	114,961	-	-	-

CROSSLANE PARTNERS LLP

Notes to the consolidated financial statements (continued) For the year ended 31 December 2016

7. Staff costs

	Group 2016 €	Group 2015 €	LLP 2016 €	LLP 2015 €
Wages	1,170,040	-	-	-
Social insurance	119,145	-	-	-
Other contributions	190,910	10,852	-	-
Consultancy fees	9,732,008	-	-	-
Directors' fees	52,278	43,237	-	-
	<u>11,264,381</u>	<u>54,089</u>	<u>-</u>	<u>-</u>

8. Net finance expense

	Group 2016 €	Group 2015 €	LLP 2016 €	LLP 2015 €
Interest income	12,526	7,855	-	-
Bank charges and interest expense	(36,080)	(29,084)	(1,207)	(2,385)
	<u>(23,554)</u>	<u>(21,229)</u>	<u>(1,207)</u>	<u>(2,385)</u>

9. Tax

The Group has an income tax liability arising in its Cypriot jurisdiction where the Group's subsidiaries are tax resident, because of taxable profits arising in 2016. At 31 December 2016, Abris Group Holdings Limited had taxable losses after non-deductible costs of €10,359 (2015: €10,360) resulting in a tax charge for the year of Nil (2015: Nil), Burnwater Limited had taxable profits after non-deductible costs of €3,185 (2015: €25,025) resulting in a tax charge for the year of Nil (2015: Nil) and CEE Equity Partners Limited had taxable profits after non-deductible costs of €1,058,518 (2015: €1,518,109) resulting in a tax charge for the year of €147,522 (2015: €194,595). The Abris-CEE Holdings Limited Group including its Polish and Romanian subsidiaries had taxable profits after non-deductible costs of €1,308,217 for the year ended 31 December 2016, resulting in a tax charge of €215,685.

At 31 December 2016, the Group had tax losses carried forward of Nil (2015: Nil).

10. Members' remuneration charged as an expense

	Group 2016 €	Group 2015 Restated €	LLP 2016 €	LLP 2015 Restated €
Amounts paid as fee income in respect of GS Units	6,192,000	958,000	6,192,000	958,000
	<u>6,192,000</u>	<u>958,000</u>	<u>6,192,000</u>	<u>958,000</u>

11. Investments

The Group has interests in five companies held indirectly via its subsidiaries as detailed below. The Partnership has four direct subsidiary companies which were transferred into the Partnership as part of the initial contributions agreed with the members in return for the relevant class of units (note 16).

Investments in subsidiaries

	LLP €
At 31 December 2015	504,308
Additions	33,246
At 31 December 2016	<u>537,554</u>

CROSSLANE PARTNERS LLP

Notes to the consolidated financial statements (continued) For the year ended 31 December 2016

11. Investments (continued)

On 19 February 2016 a transfer took place between Lissington Limited and GSI Investments SLP in which they transferred their combined €32,500 capital in Abris Capital Partners (Fund I) Limited to the Partnership in exchange for units in the Partnership. In turn this capital was exchanged with Abris Private Equity Limited in exchange for shares in Abris Private Equity.

On 19 February 2016 Abris Private Equity Limited also issued €746 of new Ordinary A shares to the Partnership.

Group investments

The Groups' subsidiaries CEE Equity Partners Limited, Burnwater Limited and Abris CEE Mid-Market Fund II GP Ltd hold investments at net realisable value – the movement for the year is detailed below:

	At fair value	At cost	Total
	€	€	€
At 31 December 2015	4,362,653	3,424	4,366,077
Net gain on available for sale assets	2,154	-	2,154
Net loss on available for sale assets	(3,009,208)	-	(3,009,208)
Foreign currency revaluation	136	-	136
At 31 December 2016	<u>1,355,735</u>	<u>3,424</u>	<u>1,359,159</u>

The details of the investments are as follows:

LLP

Name	Country of incorporation	Principal activities	Holding %
Abris Group Holdings Limited	Cyprus	The granting of licences for the use of trademarks	100.00
Burnwater Limited	Cyprus	Investment holding company	100.00
CEE Equity Partners Limited	Cyprus	Provision of investment advisory fees to China-CEE Management S.a.r.l.	75.00
Abris Private Equity Limited	Cyprus	Holding company for the investment advisory subsidiaries	100.00

Group

Name	Country of incorporation	Principal activities	Holding %
Abris Capital Partners Limited	Jersey	Provision of investment management services to Abris CEE Mid-Market Fund II LP, Abris CEE Mid-Market Fund II-A LP and Abris CEE Mid-Market Fund III LP	100.00
Abris Capital Partners (Fund I) Limited	Jersey	Provision of investment management services to Abris CEE Mid-Market Fund LP	100.00
Abris-CEE Holdings Limited	Cyprus	Investment advisory	100.00
Abris Capital Partners Sp. z o.o.	Poland	Investment advisory	100.00
Abris Capital Partners SRL	Romania	Investment advisory	100.00
Abris Capital Partners TOV	Ukraine	Investment advisory (in liquidation)	100.00
Allaway Limited	Cyprus	Dormant company for use of holding investments	75.00
CEE Executive Team (GP) Ltd	Jersey	General Partner to CEE Executive Team LP	75.00
Fastpast Limited	Cyprus	Dormant company for use of holding investments	75.00
Severika Limited	Cyprus	Dormant company for use of holding investments	75.00
Abris CEE Mid-Market Fund II GP Limited	Jersey	General Partner of the general partner and co-investor in Abris CEE Mid-Market Fund II LP and Abris CEE Mid-Market Fund II-A LP	100.00
Abris CEE Mid-Market Fund III GP Limited	Jersey	General Partner of the general partner and co-investor in Abris CEE Mid-Market Fund III LP	100.00

The Group subsidiary Abris CEE Mid-Market Fund II GP Limited had €30,000 PPS Capital Commitment transferred to it from Jerzy Swirski in the amended and restated limited partnership agreement of Abris CEE Mid-Market Fund II GP LP dated 24 June 2015 for a consideration of €30,000. This entitles Abris CEE Mid-Market Fund II GP Limited to 39.433% priority profit share in Abris CEE Mid-Market Fund II GP LP and this was deemed to have a fair value as at 31 December 2016 of €1,284,156 (2015: €4,293,364) using the International Private Equity and Venture Capital Valuation Guidelines.

CROSSLANE PARTNERS LLP

Notes to the consolidated financial statements (continued) For the year ended 31 December 2016

12. Non-current financial assets

	Group €
Placing agent fees at 31 December 2015	-
Additions during the year	287,594
Amortised during the year	(35,949)
At 31 December 2016	<u>251,645</u>

The Group's subsidiary Abris Capital Partners Limited has entered into agreements with two separate service providers for the provision of distribution and marketing services for Abris CEE Mid-Market Fund III LP. The placing agent fees due to these parties in respect of these services are being amortised on a straight line basis over 3 years.

13. Equipment and fittings

	Furniture, fixtures and office equipment Group 2016 €
Cost	
At 1 January 2015	-
Additions via acquisition of subsidiary	734,881
Additions	28,357
At 31 December 2016	<u>763,238</u>
Accumulated depreciation	
At 1 January 2015	-
Additions via acquisition of subsidiary	(502,429)
Charge for the year	(87,170)
At 31 December 2016	<u>(589,599)</u>
Net book value	
At 31 December 2015	-
At 31 December 2016	<u>173,639</u>

The Partnership does not hold any property, plant or equipment.

The carrying value of assets held under finance leases as at 31 December 2016 was nil.

14. Trade and other receivables

	Group 2016 €	Group 2015 Restated €	LLP 2016 €	LLP 2015 Restated €
Loans to related entities (note 18)	3,314,041	2,519,445	-	-
Trade receivables	225,369	500	177,600	-
Other receivables	2,651,091	1,780,201	55,450	1,015,482
Prepayments and accrued income	13,856,373	1,633,951	4,413,000	416,860
	<u>20,046,874</u>	<u>5,934,097</u>	<u>4,646,050</u>	<u>1,432,342</u>

CROSSLANE PARTNERS LLP

Notes to the consolidated financial statements (continued) For the year ended 31 December 2016

15. Cash and cash equivalents

For the purposes of the cash flow statements, the cash and cash equivalents include the following:

	Group 2016 €	Group 2015 €	LLP 2016 €	LLP 2015 €
Cash at bank and in hand	<u>2,715,247</u>	<u>1,276,705</u>	<u>41,976</u>	<u>6,354</u>
	<u>2,715,247</u>	<u>1,276,705</u>	<u>41,976</u>	<u>6,354</u>

16. Members capital

The Members have different interests and entitlements in respect of the different business divisions in the Group and in order to give effect to this, a separate class of units is created for each business division, and the profits and losses of each business division shall be apportioned to the relevant Class. Subject to clause 4.4 of the LPA, the units of each class represent the interest of members to share in the profits of the relevant business division that are related to such class. On 19 February 2016 the Partnership issued 500 A Units to Lissington Limited and GS Investments SLP in exchange for the transfer of Abris Capital Partners (Fund I) Limited's share capital.

	A (Fund II) Units	A (Fund III) Units	B Units	C Units	D Units	Member specific Units	U Units
Burnwater Limited	-	-	-	-	-	-	1
Jerzy Swirski	-	-	-	-	-	1	-
Neil Milne	-	-	-	-	-	1	-
Pawel Gierynski	-	-	-	-	-	1	-
Stephen Richmond	-	-	-	-	-	1	-
GS Investments SLP	399.5	300.0	500.0	333.3	313.3	-	-
Gierynski Investments Limited	141.0	300.0	-	333.3	313.3	-	-
Lissington Limited	399.5	300.0	500.0	333.3	313.3	-	-
SJR Holdings Limited	60.0	100.0	-	-	60.0	-	-
	<u>1,000.0</u>	<u>1,000.0</u>	<u>1,000.0</u>	<u>1000.0</u>	<u>1,000.0</u>	<u>4</u>	<u>1</u>

Contributed capital

	€
As at 31 December 2015	414,308
Additions during the period	32,500
As at 31 December 2016	<u>446,808</u>

17. Available for sale reserve

Available for sale reserves relates to the revaluation of the Group's 39.433 % PPS Capital Commitment in Abris CEE Mid-Market Fund II GP LP held via its subsidiary Abris CEE Mid-Market Fund II GP Limited, and the 7.893% interest in Edgeborough Partners LP via the subsidiary Burnwater Limited. The Group became entitled in the PPS Capital Commitment in Abris CEE Mid-Market Fund II GP LP following the transfer from Jerzy Swirski in June 2015. As at 31 December 2016 this entitlement was valued at €1,284,156 (2015: €4,293,364) (note 11).

	Total €
At 1 January 2016	4,239,661
Gain on revaluation of available for sale assets	2,154
Loss on revaluation of available for sale assets	(3,009,208)
At 31 December 2016	<u>1,232,607</u>

CROSSLANE PARTNERS LLP

Notes to the consolidated financial statements (continued) For the year ended 31 December 2016

18. Trade and other payables

	Group 2016	Group 2015 Restated	LLP 2016	LLP 2015 Restated
	€	€	€	€
Placing fees payable	251,645	-	-	-
Other creditors	414,930	455,968	337,273	1,090,000
Trade payables	426,395	188,352	2,061	10,363
Accruals	10,947,786	2,375,242	4,430,093	428,333
	<u>12,040,756</u>	<u>3,019,562</u>	<u>4,769,427</u>	<u>1,528,696</u>

The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

19. Related party transactions

The following transactions were carried out with related parties:

The Group's subsidiary CEE Equity Partners Limited made loans totalling €794,596 during the period (2015: €1,051,794) to the related party CEE Executive Team LP, bringing the total debt to €3,314,041 as at 31 December 2016 (2015: €2,519,445). These loans accrue no interest and have no fixed repayment date.

On 30 July 2015 CEE Equity Partners Limited issued 90,000 shares of nominal value €1 each to the Partnership, this share capital remained unpaid as at the year end.

20. Operating lease commitments

Future minimum rental payments under non-cancellable operating leases are:

	Group 31 December 2016	Group 31 December 2015
	€	€
Not later than one year	542,236	-
After one year but not more than five years	464,918	-
	<u>1,007,154</u>	<u>-</u>

As at 31 December 2016, the Partnership had no commitments under non-cancellable operating leases.

21. Ultimate controlling party

The Group is considered to have no ultimate controlling party.

22. Post balance sheet events

On 28 June 2017 the Group subsidiary CEE Equity Partners Limited issued 37,500 Ordinary shares of €1.00 each to the Partnership, the cost of which was unpaid as at the date of signing these financial statements. The total number of Ordinary shares issued were in proportion to the previous shareholding, therefore the Partnership's percentage of the total shares issued remained unchanged.

There were no other events after the reporting period which have a bearing on the understanding of the financial statements.