

# EAC (SCOTLAND) XL3 LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2012



milestone  
capital

Company Number: SC214870

Contents	Page
Report of the directors	3 - 4
Independent auditor's report	5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 - 12

## **REPORT OF THE DIRECTORS**

The directors present their report and financial statements for the year ended 31 December 2012.

### **Principal activity, business review and results**

The company's principal activity is to act as the General Partner of the EAC Fund III (Scotland) Limited Partnership ("the Limited Partnership"), a limited partnership established for the purposes of making private equity investments in the United Kingdom and Western Europe.

The company's overall performance is measured on profitability and profit before tax for the year was £12,029 (2011: £15,484). Details of the results for the year are set out on page 6. The Directors do not propose to pay a dividend for the year (2011: £nil).

The risks and uncertainties faced by the Company are those inherent within the private equity industry and are outlined further, along with the other risks and uncertainties faced by the Milestone group, in the Member's Report prepared by Milestone Capital Partners LLP, the Company's ultimate parent undertaking. Consolidated financial statements can be obtained from the address on page 12.

There have been no significant developments or changes in activities during the year and the Directors intend that the Company will continue as a General Partner.

No important events affecting the Company have occurred since the end of the financial year.

### **Directors, members and their interests**

The directors of the company during the period, none of which had any interest in the shares of the company, were as follows:

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

The members who served Milestone Capital Partners LLP, the ultimate parent undertaking, throughout the period were as follows:

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

### **Political and charitable contributions**

The Company made no political or charitable donations or incurred any political expenditure during the year.

**REPORT OF THE DIRECTORS continued**

**Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:


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

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

**Auditors**

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

By order of the Board



P.W. Dickson  
Company Secretary  
7 May 2013

Registered Office:  
16 Charlotte Square  
Edinburgh EH2 4DF

## REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF EAC (SCOTLAND) XL3 LIMITED

We have audited the financial statements of EAC (Scotland) XL3 Limited for the year ended 31 December 2012 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditor

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

### Scope of the audit of the financial statements

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

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

We have nothing to report in respect of the following matters where the Companies Act 2006 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
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Paul Flatley  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London  
7 May 2013

**PROFIT AND LOSS ACCOUNT**  
*For the year ended 31 December 2012*

	Notes	2012 £	2011 £
Turnover	2	18,923	23,653
Administrative expenses		(7,003)	(8,293)
Operating profit		11,920	15,360
Interest receivable		239	124
Interest payable		(130)	-
Profit on ordinary activities before taxation	3	12,029	15,484
Taxation	4	412	(1,002)
Profit for the year		12,441	14,482

The results above were all derived from continuing activities.

The company has no recognised gains and losses other than those reported above and therefore no separate Statement of Total Recognised Gains and Losses has been presented.

The notes on pages 8 and 12 form part of these financial statements.

**BALANCE SHEET**  
*As at 31 December 2012*

	Notes	2012 £	2011 £
<b>Fixed assets</b>			
Investments	5	1	1
<b>Current assets</b>			
Debtors	6	275,556	263,527
Creditors: amounts falling due within one year	7	(7,234)	(7,234)
<b>Net current assets</b>		<u>268,322</u>	<u>256,293</u>
<b>Total assets less current liabilities</b>		<u>268,323</u>	<u>256,294</u>
<b>Provision for liabilities</b>			
Deferred tax	4	(39,323)	(39,735)
<b>Net assets</b>		<u><u>229,000</u></u>	<u><u>216,559</u></u>
<b>Represented by</b>			
Called-up share capital	8	1	1
Profit and Loss account		<u>228,999</u>	<u>216,558</u>
<b>Equity shareholders' funds</b>	9	<u><u>229,000</u></u>	<u><u>216,559</u></u>

These financial statements were authorised and approved by the Board of Directors on 7 May 2013 and signed on its behalf by:



C.W. Robinson  
 Director

The notes on pages 8 to 12 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
*For the year ended 31 December 2012*

**1. Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements:

*Basis of preparation*

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom, under the historical cost convention and on a going concern basis.

*Taxation*

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

*Deferred taxation*

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

*Foreign currencies*

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction, unless the transaction is covered by a related forward contract, in which case the contracted rate will be used. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains and losses on translation are included in the profit and loss account.

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

	2012 Rate
Profit and loss account (average rate)	1.2300
Balance sheet (year end rate)	1.2330

*Investments*

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

**2. Turnover**

Turnover comprises fees receivable from EAC Fund III (Scotland) Limited Partnership in accordance with the Limited Partnership Agreements. Fees receivable are calculated as a percentage of the lower of cost and written down value of the investments of the Limited Partnership. These are payable half yearly in advance and are recognised in the profit and loss account on an accruals basis.



NOTES TO THE FINANCIAL STATEMENTS continued

3. Profit on ordinary activities before taxation

*Profit on ordinary activities before taxation is stated after charging*

	2012	2011
	£	£
Auditor's remuneration		
– Audit of financial statements pursuant to legislation	3,040	3,040
– Other services relating to taxation	4,194	4,787

The company has appointed Milestone Capital Partners LLP, its ultimate parent undertaking, to act as investment manager on behalf of Fund III (Scotland) Limited Partnership. The company was not charged fees during the year (2011: £nil), under the terms of the Investment Management Agreement.

*Information Regarding Directors and Employees*

The directors did not receive any remuneration from the company during the year (2011: £nil). There were no employees during the year (2011: nil).

4. Taxation

<i>Analysis of charge in the year</i>	2012	2011
	£	£
Deferred tax:		
Current year movement to deferred tax	(412)	1,002
	<hr/>	<hr/>
Total deferred tax	(412)	1,002
	<hr/>	<hr/>
Tax on profit on ordinary activities	(412)	1,002
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS continued

4. Taxation continued

<i>Factors affecting the tax charge for the current year</i>	2012 £	2011 £
Profit on ordinary activities before tax	12,029	15,484
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK 24.5% (2011: 26.5%)	2,947	4,103
<i>Effects of:</i>		
Tax losses arising in the year	1,689	2,163
Other timing differences	(4,636)	(6,266)
Current tax charge for the period	-	-
<i>Provision for deferred tax</i>	2012 £	2011 £
Other timing differences	65,125	66,057
Tax losses carried forward	(25,802)	(26,322)
Provision for deferred tax at 23% (2011: 25%)	39,323	39,735
	2012 £	2011 £
Provision at 1 January	39,735	38,733
Current year movement	(412)	1,002
Deferred tax provision at the end of the year	39,323	39,735

NOTES TO THE FINANCIAL STATEMENTS continued

5. Investments

<i>Cost</i>	2012 £	2011 £
Unlisted investments	1	1

The above is an investment in a private equity limited partnership.

6. Debtors

	2012 £	2011 £
Amount owed by intermediate holding company	1	1
Amounts owed by group companies	275,555	263,148
Amounts owed by limited partnerships	-	378
	<u>275,556</u>	<u>263,527</u>

7. Creditors: amounts falling due within one year

	2012 £	2011 £
Accruals	7,234	7,234
	<u>7,234</u>	<u>7,234</u>

8. Called-up share capital

	2012 £	2011 £
<i>Allotted, called up and fully paid</i>		
1 Ordinary share of £1 each	1	1

NOTES TO THE FINANCIAL STATEMENTS continued

9. Reconciliation of movement in equity shareholders' funds

	2012 £	2011 £
Profit for the financial year	12,441	14,482
Opening shareholders' funds	216,559	202,077
	<hr/>	<hr/>
Shareholders' funds at 31 December	229,000	216,559
	<hr/>	<hr/>

10. Cash flow statement

Under FRS1 (revised) Cash Flow Statements, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary whose results are included in the publicly available consolidated financial statements of the ultimate parent undertaking (see note 12).

11. Related party transactions

Under FRS8 Related Party Transactions, the company is exempt from disclosing transactions with wholly owned subsidiaries within the group as it is also wholly owned by the group whose consolidated annual financial statements, which include the company's results, are publicly available (see note 12).

12. Ultimate parent undertaking

The company is a wholly-owned subsidiary of EAC Group Limited, a company incorporated in Guernsey. The ultimate parent undertaking which prepares group financial statements is Milestone Capital Partners LLP an undertaking incorporated in England and Wales.

Copies of these financial statements can be obtained from Milestone Capital Partners LLP, 3rd Floor, 14 Floral Street, London WC2E 9DH.

13. Exemption from preparing group financial statements

The company acts as the General Partner of EAC Fund III (Scotland) Limited Partnership, which makes investments with the intention of capital appreciation. This undertaking may fall within the definition of a subsidiary undertaking as defined in Financial Reporting Standard 2 (FRS 2) as the General Partner has the power of control over the undertaking which therefore should be consolidated in full. However the provisions of Schedule 6 to SI 410 of 2008 as to how a subsidiary undertaking is consolidated can be overridden, in this case to replace full consolidation by proportional consolidation. These financial statements present information about the company alone and the relevant proportionate interest in the limited partnership has not been consolidated as the effect on the the financial statements is immaterial.