

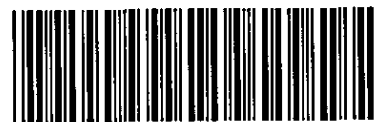
EAC (SCOTLAND) XL3 LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2009

milestone
capital

Company Number: SC214870

MONDAY



S5BLEK90

SCT

24/05/2010

463

COMPANIES HOUSE

REPORT OF THE DIRECTORS

The directors present their report and financial statements for the year ended 31 December 2009.

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 £15,914 (2008: £40,276). Details of the results for the year are set out on page 5. The Directors do not propose to pay a dividend for the year (2008: £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 11.

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 to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the 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 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.

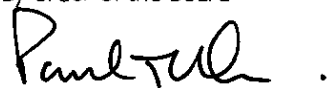
In so far as each of the directors is aware:

- there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information.

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

30 April 2010

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 2009 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 the directors and the auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3 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 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/UKNP

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 2009 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 matters 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.

Grant Thornton UK LLP

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

London
30 April 2010

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2009

	Notes	2009 £	2008 £
Turnover	2	106,569	114,223
Administrative expenses		(81,298)	(82,508)
Operating profit		25,271	31,715
Interest receivable		56	8,561
Interest payable		(9,413)	-
Profit on ordinary activities before taxation	3	15,914	40,276
Taxation	4	(4,456)	2,259
Profit for the year		11,458	42,535

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 7 and 11 form part of these financial statements.

BALANCE SHEET
As at 31 December 2009

	Notes	2009 £	2008 £
Fixed assets			
Investments	5	1	1
Current assets			
Debtors	6	233,839	346,619
Creditors: amounts falling due within one year	7	(6,350)	(135,044)
Net current assets		<u>227,489</u>	<u>211,575</u>
Total assets less current liabilities		227,490	211,576
Provision for liabilities and charges			
Deferred tax	4	(36,438)	(31,982)
Net assets		<u>191,052</u>	<u>179,594</u>
Represented by			
Called-up share capital	8	1	1
Profit and Loss account		<u>191,051</u>	<u>179,593</u>
Equity shareholders' funds	9	<u>191,052</u>	<u>179,594</u>

These financial statements were approved by the Board of Directors on 30 April 2010 and signed on its behalf by:



C.W. Robinson
Director

The notes on pages 7 to 11 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

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, 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.

Investments

The company acts as the General Partner to EAC Fund III (Scotland) Limited Partnership which make investments with the intention of capital appreciation. (Details are given in note 5). The investments in the limited partnership are stated at cost less any provision for permanent impairment. Movements arising from foreign exchange translation are taken to the profit and loss account with the corresponding adjustment made to the value of the investment.

The company consolidates its attributable proportion of the assets/liabilities and net income/expenditure of the limited partnerships for which it acts as a general partner. The partnership is a subsidiary undertaking and should be consolidated in full under the terms of the Companies Act 2006. However, the directors consider that the financial statements would not give a true and fair view if the assets and income as a whole were to be consolidated because the company's interest in these assets, except to the extent they are proportionally consolidated, is merely that of a general partner. The effect of this departure from the provisions of the Act is to increase both profit before tax and the minority interest in the profit for the year by £4,716,235 (2008: £4,679,407) and to reduce fixed asset investments by £4,809,912 (2008: £10,238,290), increase other net assets by £244,620 (2008: £143,817) and decrease the minority interest in the balance sheet by £4,565,292 (2008: £10,094,473).

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/(crediting)

	2009 £	2008 £
Auditor's remuneration		
– Audit of financial statements pursuant to legislation	2,850	6,175
– Other services relating to taxation	3,500	4,575
Other taxation services	-	(200)

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 charged fees during the year of £71,569 (2008: £79,223), 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 (2008: £nil). There were no employees during the year (2008: nil).

4. Taxation

<i>Analysis of charge in the year</i>	2009 £	2008 £
Current tax:		
UK corporation tax on profits of the year	-	-
Adjustments in respect of previous years	-	(111,781)
Adjustments in respect of previous years – group relief	-	77,540
	<hr/>	<hr/>
Total current tax	-	(34,241)
Deferred tax:		
Current year movement to deferred tax	4,456	31,982
	<hr/>	<hr/>
Total deferred tax	4,456	31,982
	<hr/>	<hr/>
Tax on profit on ordinary activities	4,456	(2,259)
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS continued

4. Taxation continued

<i>Factors affecting the tax charge for the current year</i>	2009 £	2008 £
Profit on ordinary activities before tax	15,914	40,276
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK 28% (2008: 28.5%)	4,456	11,479
<i>Effects of:</i>		
Utilisation of trading losses	25,383	-
Increase in non-recourse loan	(29,839)	(32,554)
Group relief of current year losses	-	21,075
Adjustments to tax charge in respect of previous periods	-	(34,241)
Current tax charge for the period	-	(34,241)
<i>Provision for deferred tax</i>	2009 £	2008 £
Other timing differences	61,822	31,982
Tax losses carried forward	(25,383)	-
Provision for deferred tax at 28% (2008: 28%)	36,438	31,982
	2009 £	2008 £
Provision at 1 January	31,982	-
Current year movement	4,456	31,982
Deferred tax provision at the end of the year	36,438	31,982

NOTES TO THE FINANCIAL STATEMENTS continued

5. Investments

<i>Cost</i>	2009 £	2008 £
Unlisted investments	1	1

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

6. Debtors

	2009 £	2008 £
Amount owed by intermediate holding company	1	1
Amounts owed by group companies	233,838	273,508
Other debtors	-	73,110
	233,839	346,619

7. Creditors: amounts falling due within one year

	2009 £	2008 £
Accruals	6,350	5,750
Amounts owed to other group companies	-	77,540
Amounts owed to the ultimate holding undertaking	-	51,754
	6,350	135,044

8. Called-up share capital

	2009 £	2008 £
<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

	2009 £	2008 £
Profit for the financial year	11,458	42,535
Opening shareholders' funds	179,594	137,059
	<hr/>	<hr/>
Shareholders' funds at 31 December	191,052	179,594
	<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 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 make investments with the intention of capital appreciation. These partnerships are subsidiary undertakings and should be consolidated in full under the terms of the Companies Act 2006.

It is not possible to use the true and fair override provisions in s404(5) Companies Act 2006 to exclude a subsidiary undertaking from consolidation where the Act requires it to be consolidated. However, the provisions of Schedule 6 to SI410 of 2008 as to how a subsidiary is consolidated can be overridden, in this case to replace full consolidation by proportional consolidation (as explained in Accounting Policies, Investments). Consequently, these financial statements present information about the company and its attributable proportional assets/liabilities and net income/expenditure of the Limited Partnership for which it acts as a general partner.