

EAC (SCOTLAND) XL3 LIMITED

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

WEDNESDAY



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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 2013.

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 £8,668 (2012: £12,029). 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 (2012: £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 changes in activities during the year, and the directors intend that the company will continue to act as the General Partner. The ownership of the company however has changed, in that the company was sold within the Milestone group on 20 December 2013, by EAC Group Limited to Milestone Capital Holdings Limited. Milestone Capital Holdings Limited is a wholly owned subsidiary of Milestone Capital Partners LLP, hence Milestone Capital Partners LLP remains the company's ultimate parent undertaking.

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:

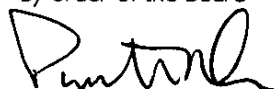
- in so far as each of the directors are aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware 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 2014

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 2013 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.

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 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 2014

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2013

	Notes	2013 £	2012 £
Turnover	2	13,421	18,923
Administrative expenses		(4,800)	(7,003)
Operating profit		8,621	11,920
Interest receivable		47	239
Interest payable		-	(130)
Profit on ordinary activities before taxation	3	8,668	12,029
Taxation	4	1,706	412
Profit for the year		10,374	12,441

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 2013

	Notes	2013 £	2012 £
Fixed assets			
Investments	5	1	1
Current assets			
Debtors	6	282,795	275,556
Creditors: amounts falling due within one year	7	(4,700)	(7,234)
Net current assets		278,095	268,322
Total assets less current liabilities		278,095	268,323
Provision for liabilities			
Deferred tax	4	(38,722)	(39,323)
Net assets		239,374	229,000
Represented by			
Called-up share capital	8	1	1
Profit and Loss account		239,373	228,999
Equity shareholders' funds	9	239,374	229,000

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



E.R.M. Rinner
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 2013

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:

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

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

	2013 £	2012 £
Auditor's remuneration		
– Audit of financial statements pursuant to legislation	2,000	3,040
– Other services relating to taxation	2,700	4,194

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 (2012: £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 (2012: £nil). There were no employees during the year (2012: nil).

4. Taxation

Analysis of charge in the year

	2013 £	2012 £
Current tax:		
Group relief	(1,105)	-
Total current tax	(1,105)	-
Deferred tax:		
Current year movement to deferred tax	(601)	(412)
Total deferred tax	(601)	(412)
Tax on profit on ordinary activities	(1,706)	(412)

NOTES TO THE FINANCIAL STATEMENTS continued

4. Taxation continued

<i>Factors affecting the tax charge for the current year</i>	2013 £	2012 £
Profit on ordinary activities before tax	8,668	12,029
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK 23.25% (2012: 24.5%)	2,015	2,947
<i>Effects of:</i>		
Tax losses arising in the year	-	1,689
Other timing differences	(3,120)	(4,636)
Current tax charge for the period	(1,105)	-
<i>Provision for deferred tax</i>	2013 £	2012 £
Other timing differences	62,281	65,125
Tax losses carried forward	(23,559)	(25,802)
Provision for deferred tax at 21% (2012: 23%)	38,722	39,323
	2013 £	2012 £
Provision at 1 January	39,323	39,735
Current year movement	(601)	(412)
Deferred tax provision at the end of the year	38,722	39,323

NOTES TO THE FINANCIAL STATEMENTS continued

5. Investments

<i>Cost</i>	2013 £	2012 £
Unlisted investments	1	1

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

6. Debtors

	2013 £	2012 £
Amount owed by intermediate holding company	-	1
Amounts owed by group companies	282,795	275,555
Amounts owed by limited partnerships	-	-
	<u>282,795</u>	<u>275,556</u>

7. Creditors: amounts falling due within one year

	2013 £	2012 £
Accruals	4,700	7,234
	<u>4,700</u>	<u>7,234</u>

8. Called-up share capital

	2013 £	2012 £
<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

	2013 £	2012 £
Profit for the financial year	10,374	12,441
Opening shareholders' funds	229,000	216,559
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Shareholders' funds at 31 December	239,374	229,000
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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 was a wholly-owned subsidiary of EAC Group Limited, a company incorporated in Guernsey until 20 December 2013, when it was sold in its entirety to Milestone Capital Holdings Limited, a company incorporated in England and Wales. 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.