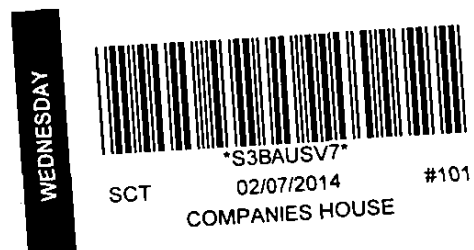


MILESTONE (SCOTLAND) GP LIMITED

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



milestone
capital

Incorporated in Scotland
Company Number: SC328290

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REPORT OF THE DIRECTORS

The directors present their Annual report and Audited 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 and a Carry Partner in the Milestone Carried Interest Limited Partnership, a Limited Partnership established for the purposes of earning carried interest in private equity investments in the United Kingdom and Western Europe.

The company's overall performance is measured in profitability and the loss before tax for the period was £3,608 (2012: Profit £299,148). Details of the results for the period are set out on page 6. The directors do not propose to pay a dividend for the period (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 13.

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.

Since the year end on 30 January 2014, Milestone Link Fund, a limited partnership the company holds a carried interest investment in, sold its investment in Winnicare S.A. Details of the sale can be found in note 14 on page 13.

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 period.

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 as directors in order 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



E.R.M. Rinner
Director

7 May 2014

Registered Office:

50 Lothian Road
Festival Square
Edinburgh EH3 9WJ

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF MILESTONE (SCOTLAND) GP LIMITED

We have audited the financial statements of Milestone (Scotland) GP 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 loss 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	1,000	1,000
Administrative expenses		(4,680)	(5,607)
Operating loss		(3,680)	(4,607)
Net gain on realised investments		-	303,433
(Loss) / profit on ordinary activities before interest		(3,680)	298,826
Interest receivable		72	322
(Loss) / profit on ordinary activities before taxation	3	(3,608)	299,148
Taxation	4	839	(401)
(Loss) / profit for the year		(2,769)	298,747

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 to 13 form part of these financial statements.

BALANCE SHEET
As at 31 December 2013

	Notes	2013 £	2012 £
Fixed assets			
Investments	5	178	174
Current assets			
Debtors	6	438,400	446,731
Creditors: amounts falling due within one year	7	(4,891)	(10,449)
Net current assets		<u>433,509</u>	<u>436,282</u>
Net assets		<u><u>433,687</u></u>	<u><u>436,456</u></u>
Represented by			
Called-up share capital	8	2	2
Profit and loss account		<u>433,685</u>	<u>436,454</u>
Total Shareholders' funds	9	<u><u>433,687</u></u>	<u><u>436,456</u></u>

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 13 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

I. 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.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS continued

2. Turnover

Income comprises of fees receivable from Milestone Carried Interest Limited Partnership in accordance with the Limited Partnership Agreement. Fees receivable are equal to £1,000 per annum payable annually in arrears and are recognised in the profit and loss account on an accruals basis.

3. Loss / profit from ordinary activities before taxation

	2013 £	2012 £
<i>Loss / profit on ordinary activities is stated after charging</i>		
Auditors' remuneration for:		
- Audit of financial statements pursuant to legislation	2,000	2,530
- Other services relating to taxation	1,250	2,094
Foreign exchange gain / (loss) on translation of investment in Limited Partnerships	4	(4)

Milestone Capital Partners LLP, a fellow group company, acts as investment manager on behalf of Milestone Carried Interest Limited Partnership. The company was charged fees during the year of £1,000 (2012: £1,000), under the terms of the Investment Management Agreement.

The company owed fees of £1,642 (2012: £5,403) at the year end 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 period. There were no employees during the period.

NOTES TO THE FINANCIAL STATEMENTS continued

4. Taxation

<i>Analysis of charge in the year</i>	2013	2012
	£	£
Current tax:		
UK corporation tax on profit of the year	-	-
Group relief	(839)	401
	<hr/>	<hr/>
Total current tax	(839)	401
	<hr/>	<hr/>
Tax on loss / profit on ordinary activities	(839)	401
	<hr/>	<hr/>
<i>Factors affecting the tax charge for the current year</i>	2013	2012
	£	£
(Loss) / profit on ordinary activities before tax	(3,608)	299,148
	<hr/>	<hr/>
(Loss) / profit on ordinary activities multiplied by the standard rate of corporation tax in the UK 23.25% (2012: 24.5%)	(839)	73,283
<i>Effects of:</i>		
Tax losses (utilised) / arising in the year	-	(3,372)
Non taxable income	-	(14,639)
Transfer of chargeable gain	-	(54,871)
	<hr/>	<hr/>
Current tax (credit) / charge for the period	(839)	401
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS continued

5. Investments

Investments represent the company's carried interest participation in private equity limited partnerships.

	2013 £	2012 £
<i>Historical Cost</i>		
At 1 January	176	138
Additions	-	38
Disposals	-	-
	<hr/>	<hr/>
At 31 December	176	176
Foreign exchange translation (cumulative)	2	(2)
	<hr/>	<hr/>
FX revalued cost at 31 December	178	174
	<hr/>	<hr/>

The investment is shown at the lower of cost or net realisable value.

	2013 £	2012 £
Net gain on realised investments		
Proceeds from sale of investments	-	303,433
Cost of investments sold	-	-
	<hr/>	<hr/>
Net gain on realised investments	-	303,433
	<hr/>	<hr/>

6. Debtors

	2013 £	2012 £
Amounts owed by group company	436,759	440,810
Amounts owed by limited partnership	1,641	5,921
	<hr/>	<hr/>
	438,400	446,731
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS continued

7. Creditors: amounts falling due within one year

	2013 £	2012 £
Amounts owed to the ultimate holding undertaking	1,641	5,403
Amounts owed to other group companies	-	401
Other creditors	-	22
Accruals	3,250	4,623
	<hr/> 4,891	<hr/> 10,449

8. Called-up share capital

	2013 £	2012 £
<i>Allotted, called up and fully paid</i>		
2 Ordinary shares of £1 each	2	2
	<hr/>	<hr/>

9. Reconciliation of movement in equity shareholders' funds

	2013 £	2012 £
(Loss) / profit for the financial period	(2,769)	298,747
Opening shareholders' funds / (deficit)	436,456	137,709
	<hr/>	<hr/>
Shareholders' funds at 31 December	433,687	436,456
	<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 its 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).

NOTES TO THE FINANCIAL STATEMENTS continued

12. Ultimate parent undertaking

The company is a wholly-owned subsidiary of Millstone 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 Milestone Carried Interest 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 financial statements is immaterial.

14. Post balance sheet event

On 30 January 2014, Milestone Link Fund sold its investment in Winnicare S.A. to IDI Private Equity. As a result of the company holding a carried interest investment in the fund via Milestone Carried Interest Limited Partnership, the sale triggered a carry payment to the company totalling £71,453.