

CEG Investments III LLP

Report and Financial Statements

Year Ended

31 December 2017

Registered Number OC373321 (England & Wales)

THURSDAY



A7CXMBVT

A20

23/08/2018

#102

COMPANIES HOUSE

CEG Investments III LLP

**Annual report and financial statements
for the year ended 31 December 2017**

Contents

Page:

1	Members' report
3	Report of the independent auditors
5	Statement of comprehensive income
6	Statement of changes in members' interests
7	Statement of financial position
8	Statement of cash flows
9	Notes to the financial statements

Designated Members

Veralda AB
Dooba Properties Limited
Varenne Fastigheter 2011 AB
Nunataq AB
Zimbrine Holding BV

Registered office

Sloane Square House, 1 Holbein Place, London SW1W 8NS

Registered number

OC373321

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

CEG Investments III LLP

Members' report for the year ended 31 December 2017

The limited liability partnership ("LLP") members ("members") present their report together with the audited financial statements for the year ended 31 December 2017.

Results and members capital

The statement of comprehensive income is set out on page 5 and shows the profit for the year.

The members do not propose the withdrawal of capital (2016 - £nil).

An income distribution of £6,840,027 was made to the LLP's members during the year (2016: £7,817,174).

Principal activity

The principal activity of the LLP is property investment through the holding of investments in property owning businesses.

Review of business

During the year the LLP has made a profit of £2,392,598 (2016: £2,432,663) principally due to the receipt of dividends from ASE Holdings S.à.r.l of £6,840,027 (2016: £7,820,800), offset by a reduction in the value of the LLP's investments of £4,434,363 (2016: reduction of £5,366,646).

The United Kingdom Government have triggered Article 50 to commence the exit process and consequently we continue to operate in a period of increased economic and political uncertainty that is likely to remain so for some time. As an investor in exclusively United Kingdom property, operating in sterling, the Partnership is more exposed to the implications of the decision to leave the European Union than more diverse businesses. The uncertainty around the timing and form of the exit from the European Union we believe is a significant threat to the economy of the United Kingdom, which could have a significant adverse impact on the capital and lettings markets. It will be some years before we have clarity on the full impact of this decision, but our expectation is that the ride will be bumpy. We will continue to monitor and evaluate possible impacts on the Partnership as Brexit becomes a reality being aware that the uncertainty is likely to generate opportunities for the business.

Subsequent to balance sheet date the LLP received distributions from ASE Holdings S.à.r.l totalling £7,576,400 which was distributed to the members of the LLP.

Designated Members

The following were Designated Members, (as defined by the Limited Liability Partnerships Act 2000) during the year:

Veralda AB
Dooba Properties Limited
Varenne Fastigheter 2011 AB
Nunataq AB
Zimbrine Holding BV

CEG Investments III LLP

Members' report for the year ended 31 December 2017 (Continued)

Statement of members' responsibilities in respect of the financial statements

The members are responsible for preparing the members' report and financial statements in accordance with applicable laws and regulations.

The Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial period. Under these regulations the members have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under these regulations 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 LLP and of the profit or loss of the LLP for that period.

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions, disclose with reasonable accuracy at any time the financial position of the LLP, and enable them to ensure that the financial statements comply with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Policies in relation to drawings, capital and profits

The policy for members' drawings is that they are determined by the members on a quarterly basis in line with the terms of the Limited Liability Partnership Deed dated 12 June 2012. These drawings are determined by taking into account the need to retain sufficient funds to finance the working capital and other needs of the business. Drawings will only be taken after these requirements have been met.

Individual members' capital contributions are also determined on a quarterly basis by the members' having regard to the short, medium and long term needs of the business.

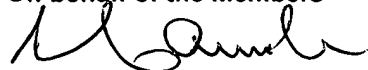
Profits and losses of the LLP which are not yet divided among the members are reflected under 'Other reserves'. These reserves are allocated once all criteria have been met in accordance with the Limited Liability Partnership Deed.

Auditors

BDO LLP have expressed their willingness to continue in office.

All of the current members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the LLP's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The members are not aware of any relevant audit information of which the auditors are unaware.

On behalf of the Members



Edward Camilleri
For Dooba Properties Limited
Designated Member

Date: 29/7/18

CEG Investments III LLP

Independent Auditor's Report to the Members of the CEG Investments III LLP

Opinion

We have audited the financial statements of CEG Investments III LLP (the 'LLP') for the year ended 31 December 2017 which comprise the statement of comprehensive income, the statement of changes in members' interests, the statement of financial position, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. 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.

In our opinion the financial statements:

- give a true and fair view of the state of the LLP's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS 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 the Companies Act 2006) Regulations 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the LLP in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the LLP ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The members are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appear to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

CEG Investments III LLP

Independent Auditor's Report to the Members of the CEG Investments III LLP (Continued)

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 as applied to limited liability partnerships 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.

Responsibility of members

As explained more fully in the Statement of Members' Responsibilities, the members' are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the LLP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.

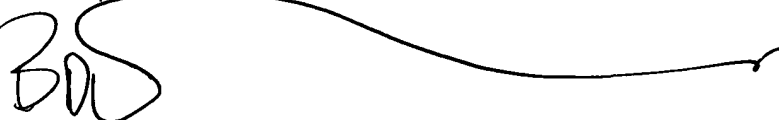
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the LLP's members, as a body, in accordance with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP'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 LLP and the LLP's members as a body, for our audit work, for this report, or for the opinions we have formed.



Russell Field (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
55 Baker Street
London
W1U 7EU
United Kingdom

Date: 24/7/2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CEG Investments III LLP

Statement of comprehensive income for the year ended 31 December 2017

	Note	2017 £	2016 £
Administrative expenses	4	(3,188)	(11,666)
Operating loss		(3,188)	(11,666)
Change in fair value of investments	7	(4,434,363)	(5,366,646)
Distributions receivable from fixed asset investments		6,840,027	7,820,800
Finance revenue	5	1,546,593	1,546,613
Profit on ordinary activities before taxation		3,949,069	3,989,101
Taxation		-	-
Profit and total comprehensive income for the financial period before members' remuneration		3,949,069	3,989,101
Members' remuneration charged as an expense		(1,556,471)	(1,556,438)
Profit and comprehensive income for the period available for discretionary division among members		2,392,598	2,432,663

The notes on pages 9 to 18 form part of these financial statements.

CEG Investments III LLP

Statement of changes in members' interests for the year ended 31 December 2017

	Members' capital £	Revaluation reserve £	Other reserves £	Total £	Loans and other debts due from members £	Total £
Year ended 31 December 2017						
Balance at 1 January 2017	12,941,110	4,529,694	(75,544)	17,395,260	12,976,556	30,371,816
Loan advanced by members	-	-	-	-	11,080	11,080
Distributions to members	-	-	(6,840,027)	(6,840,027)	-	(6,840,027)
Comprehensive income for the year	-	(4,434,363)	6,826,961	2,392,598	-	2,392,598
Balance at 31 December 2017	12,941,110	95,331	(88,610)	12,947,831	12,987,636	25,935,467

	Members' capital £	Revaluation reserve £	Other reserves £	Total £	Loans and other debts due from members £	Total £
Year ended 31 December 2016						
Balance at 1 January 2016	12,941,110	8,493,092	1,345,569	22,779,771	12,966,712	35,746,483
Loan advanced by members	-	-	-	-	9,844	9,844
Distributions to members	-	-	(7,817,174)	(7,817,174)	-	(7,817,174)
Comprehensive income for the year	-	(3,963,398)	6,396,061	2,432,663	-	2,432,663
Balance at 31 December 2016	12,941,110	4,529,694	(75,544)	17,395,260	12,976,556	30,371,816

The notes on pages 9 to 18 form part of these financial statements.

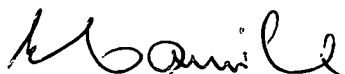
CEG Investments III LLP

Statement of financial position at 31 December 2017

	Note	2017 £	2017 £	2016 £	2016 £
ASSETS					
Non current assets					
Investments	7		13,045,134		17,479,497
Trade and other receivables	8		12,888,279		12,888,279
			<u>25,933,413</u>		<u>30,367,776</u>
Current assets					
Trade and other receivables	8	1,042		237	
Cash and cash equivalents	12	1,012		3,803	
		<u>2,054</u>		<u>4,040</u>	
TOTAL ASSETS			<u>25,935,467</u>		<u>30,371,816</u>
LIABILITIES					
Current liabilities					
Trade and other payables	9		-		-
NET ASSETS			<u>25,935,467</u>		<u>30,371,816</u>
Represented by:					
Loans and other debts due from members			12,987,636		12,976,556
Members' other interests			12,947,831		17,395,260
TOTAL MEMBERS' INTERESTS			<u>25,935,467</u>		<u>30,371,816</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime of the Companies Act 2006 (as applied to small limited liability partnerships).

The financial statements were approved by the members and authorised for issue on 29/3/18



Edward Camilleri
For Dooba Properties Limited
Designated Member

Registered Number OC373321

The notes on pages 9 to 18 form part of these financial statements.

CEG Investments III LLP

Statement of cash flows for the year ended 31 December 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Profit for the financial year		2,392,598	2,432,663
Adjustments for:			
Finance revenue	5	(1,546,593)	(1,546,613)
Members' remuneration charged as an expense		1,556,471	1,556,689
Change in fair value of investments	7	4,434,363	5,366,646
Distributions receivable from fixed asset investments		(6,840,027)	(7,820,800)
Changes in working capital:			
Trade and other receivables	8	(805)	(237)
Trade and other payables	9	-	(136)
Net cash outflows from operating activities		(3,993)	(11,788)
Investing activities			
Finance revenue		1,546,593	1,546,613
Distributions receivable from fixed asset investments		6,840,027	7,820,800
Net cash inflows from investing activities		8,386,620	9,367,413
Financing activities			
Proceeds from borrowings from members			
Distributions to members		(6,840,027)	(7,817,174)
Members' remuneration paid		(1,545,391)	(1,546,845)
Net cash outflows from financing activities		(8,385,418)	(9,364,019)
Net movement in cash and cash equivalents		(2,791)	(8,394)
Cash and cash equivalents at the beginning of the year	12	3,803	12,197
Cash and cash equivalents at the end of the year		1,012	3,803

The notes on pages 9 to 18 form part of these financial statements.

CEG Investments III LLP

Notes to the financial statements for the year ended 31 December 2017

1 Accounting policies

1.1 Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to the periods presented, unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRS"), and with the Statement of Recommended Practice "Accounting by Limited Liability Partnerships (March 2010)".

The financial statements have been prepared on the historical cost basis except that investments are measured at fair value.

The LLP's financial statements are presented in Sterling (GBP), which is the LLP's functional currency and all values are rounded to the nearest pound (£) except where otherwise indicated. The functional currency is the currency of the primary economic environment in which the company operates. Accordingly, the LLP measures its financial results and financial position in Sterling. The reporting currency used for the preparation of the financial statements is Sterling, which is the currency in which the members' capital in the LLP is denominated.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires the members to exercise their judgement in the most appropriate application in applying the LLP's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

These financial statements have been prepared on a going concern basis, which assumes that the LLP will continue to meet its liabilities, as they fall due, for the foreseeable future. The members have prepared cash flow forecasts which indicate that the LLP can continue as a going concern.

1.2 Changes in accounting policies

New standards, interpretations and amendments effective for the current year

There have been no new standards, interpretations or amendments issued by the International Accounting Standards Board (IASB) or the IFRS Interpretations Committee (IFRIC) during the current year that have an impact on the financial statements of the LLP, although an amendment to IAS Statement of Cash Flows has resulted in a reconciliation of liabilities disclosed for the first time in note 12.

Standards and interpretations in issue not yet adopted

The IASB and IFRIC have issued or amended the following standards and interpretations that are mandatory for later accounting periods and which have not been adopted early. The most significant of these are:

	Mandatory effective date (periods commencing from)
• IFRS 15: Revenue from Contracts with Customers	01-Jan-18
• IFRS 9: Financial Instruments	01-Jan-18
• IFRS 16: Leases	01-Jan-19

CEG Investments III LLP

Notes to the financial statements for the year ended 31 December 2017 (*Continued*)

1.2 Changes in accounting policies (*Continued*)

IFRS 15 - Revenue from contracts with customers (effective from 1 January 2018). The new standard replaces a number of previous standards, setting out a five step model for the recognition of revenue and establishing principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The new standard does not apply to rental income, but does apply to service charge income, management and performance fees and investment and trading property disposals. The impact of the new standard on these items of revenue is not expected to have a material impact on the consolidated financial statements of the LLP.

IFRS 9 - Financial Instruments (effective from 1 January 2018). The new standard addresses the classification, measurement and recognition of financial assets and financial liabilities. It simplifies the existing categories of financial instruments, introduces an expected credit loss model and redefines the criteria required for hedge effectiveness. On adoption of the new standard, these changes are not expected to have a material impact on the financial statements of the LLP. There will however be limited changes to presentation and disclosure.

IFRS 16 - Leases (effective from 1 January 2019). For lessees, it will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases will be removed. The accounting for lessors will however not significantly change. As a result on adoption of the new standard, these changes are not expected to have a material impact on the consolidated financial statements of the LLP.

The LLP does not expect any other standards, amendments or interpretations issued by the IASB or IFRIC which are not yet effective to have a material impact on the LLP.

1.3 Revenue recognition

Interest revenue and costs are recognised in the statement of comprehensive income for all interest-bearing instruments on an accruals basis, unless collectability is in doubt.

Investment revenue is recognised when it accrues, unless collectability is in doubt.

1.4 Financial assets

The LLP classifies its financial assets into the category listed below depending on the purpose for which the asset was acquired. The LLP has not classified any of its financial assets as held to maturity.

The LLP's accounting policy is as follows:

Receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through transactions with group entities, but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the LLP will be unable to collect all the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

CEG Investments III LLP

Notes to the financial statements for the year ended 31 December 2017 (Continued)

1.4 Financial assets (continued)

The LLP's receivables comprise other receivables (including amounts due from group undertakings) and cash and cash equivalents in the statement of financial position. Receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of outstanding amounts at the year end. Bad debts are written off during the year in which they are identified.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and for the purpose of the statement of cash flows, bank overdrafts. Cash and cash equivalents are carried in the statement of financial position at face value. Bank overdrafts are shown within loans and borrowings in current liabilities on the statement of financial position.

1.5 Financial liabilities

The LLP classifies its financial liabilities into the category listed below.

Other financial liabilities

Other financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

1.6 Fair value measurement hierarchy

IFRS 13 Fair Value Measurement requires certain disclosures which require the classification of assets and liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement (see note 7). The fair value hierarchy has the following levels:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the fair value asset or liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. Fair value assets and liabilities are classified in their entirety into only one of the three levels.

1.7 Members' capital

Financial instruments issued by the LLP are treated as equity only to the extent that they do not meet the definition of a financial liability.

1.8 Taxation

The financial statements do not incorporate any charge or liability for taxation on the results of the LLP. The relevant income tax is the responsibility of the members of the LLP.

CEG Investments III LLP

Notes to the financial statements for the year ended 31 December 2017 (*Continued*)

1.09 Investment in affiliated entities

Investments by the LLP in affiliated entities are carried at fair value. Where fair value cannot be readily ascertained, the cost method of accounting is applied.

The results of affiliated entities are reflected in the financial statements of the holding LLP only to the extent of distributions receivable.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

2 Critical accounting estimates and judgements

The LLP makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

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.

Estimates and assumptions

(a) Valuation of non-equity accounted investments

Valuations are based on the underlying net asset values which may themselves be based on investment property valuations.

Investment property valuations are performed by external valuers or the LLP's managing agent, Commercial Estates Group Limited (CEG), in order to determine their fair value. These valuations are based upon assumptions including future rental income, anticipated maintenance costs, future development costs and the appropriate discount rate. The valuers also make reference to market evidence of transaction prices for similar properties. Further information in relation to the valuation of investments is disclosed in note 7.

3 Financial instruments - Risk management

3.1 Financial risk factors

The LLP is exposed through its operations to the following financial risk:

- Credit risk
- Liquidity risk

In common with all other businesses, the LLP is exposed to risks that arise from its use of financial instruments. This note describes the LLP's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the LLP's exposure to financial instruments risks, its objectives, policies and processes for managing those risks or the methods used to measure them from the previous period unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the LLP, from which financial instrument risk arises are as follows:

- Trade and other receivables
- Cash at bank

CEG Investments III LLP

Notes to the financial statements for the year ended 31 December 2017 (Continued)

3.1 Financial risk factors (Continued)

A summary of the financial instruments held by category is provided below:

Financial assets – loans and receivables

	2017 £	2016 £
Trade and other receivables – maturity less than one year	724	237
Trade and other receivables – maturity greater than one year	12,888,279	12,888,279
Cash and cash equivalents – maturity within one year	1,012	3,789
	<u>12,890,015</u>	<u>12,892,305</u>

Financial liabilities – at amortised cost

	2017 £	2017 £
Trade and other payables – maturity within one year	-	-
	<u>-</u>	<u>-</u>

The members have overall responsibility for the determination of the LLP's risk management objectives and policies. The members receive quarterly reports through which they review the effectiveness of the processes put in place and the appropriateness of the objectives and policies they set.

The overall objective of the members is to set policies that seek to reduce risks as far as possible without unduly affecting the LLP's competitiveness and flexibility. Further details regarding these policies are set out below:

(i) Credit risk

The LLP's exposure to credit risk arises from the potential financial loss if counterparty to a financial instrument fails to meet its contractual obligations. It relates principally to the LLP's receivables from group undertakings.

(ii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The LLP aims to maintain flexibility in funding by keeping committed credit lines available.

The LLP's liquidity position is monitored on a daily basis. The liquidity position is reviewed quarterly by the members.

3.2 Capital risk management

The members monitor the capital needs of the LLP on an on going basis and formally, on at least a quarterly basis, the equity and overall capital position of the LLP.

CEG Investments III LLP

Notes to the financial statements for the year ended 31 December 2017 (*Continued*)

4 Administrative expenses

	2017 £	2016 £
Bank charges	1,599	714
Legal and professional fees	1,589	9,127
Other expenses	-	1,825
	<u>3,188</u>	<u>11,666</u>

5 Finance revenue

	2017 £	2017 £
Bank interest	-	19
Interest on loans to group undertakings	1,546,593	1,546,594
	<u>1,546,593</u>	<u>1,546,613</u>

6 Operating loss

The auditors' remuneration for the audit of the LLP's financial statements is £1,589 (2016 - £1,550).

The LLP had no employees during the year (2016 - £nil). The average number of members in the year was 5 (2016 - 5) all of whom were designated members. No member received any remuneration during the year (2016 - £nil).

7 Investments

	2017 £	2016 £
<i>Investment in ASE Holdings S.à.r.l</i>		
At start of year	17,479,497	22,846,143
Change in fair value	(4,434,363)	(5,366,646)
	<u>13,045,134</u>	<u>17,479,497</u>

ASE Holdings S.à.r.l is a company incorporated in Luxembourg. The investment represents a 24.44% non-controlling interest. ASE Holdings S.à.r.l is a controlling member of a partnership which owns a portfolio of property and rents it out to earn rental income.

Investment valuations are based on the underlying net asset values which themselves are based on investment property valuations.

CEG Investments III LLP

Notes to the financial statements for the year ended 31 December 2017 (Continued)

8 Trade and other receivables

	2017 £	2016 £
Amounts owed by group undertakings (note 11)	12,888,279	12,888,279
Other debtors	724	237
Total financial assets other than cash and cash equivalents classified as loans and receivables	12,889,003	12,888,516
Tax and social security	318	-
Total trade and other receivables	12,889,321	12,888,516
Less: non-current portion		
Amounts owed by group undertakings	(12,888,279)	(12,888,279)
Current portion	1,042	237

Fair value approximates to book value at 31 December 2017 and 2016 as credit risk has been addressed as part of the impairment provisioning, the receivables not being subject to ongoing fluctuations in market rates as a result of their short term nature and the interest payments on the loans to group undertakings being based on commercial terms and market rates which are not considered to have substantially changed since the loan agreements were entered into.

Amounts owed by group undertakings are unsecured, repayable on 12 June 2022 and attract interest at a rate of 12% per annum.

9 Trade and other payables

	2017 £	2016 £
Accruals	-	-
Total financial liabilities including loans and borrowings classified as financial liabilities measured at amortised cost	-	-
Total trade and other payables	-	-

Due to the short term nature of the payables, they are not subject to ongoing fluctuations in market rates, and so the fair value approximates to book value at 31 December 2017 and 2016.

CEG Investments III LLP

Notes to the financial statements for the year ended 31 December 2017 (Continued)

10 Reserves

<i>Reserves</i>	<i>Description and purpose</i>
Revaluation reserve	Cumulative unrealised revaluation gains and losses recognised in the statement of comprehensive income.
Other reserves	Cumulative realised net gains and losses recognised in the statement of comprehensive income.

Loans from members are unsecured and interest is charged at a rate of 12% (see note 11 for details).

11 Related party transactions

Entities forming part of the group headed by ASE Holdings S.à.r.l are considered by the members to be related parties as the LLP has a beneficial interest in this group.

Transactions with related parties are entered into on a regular basis as a result of normal commercial transactions. The following significant transactions were carried out by the LLP with related parties during the current period:

	Interest due from related parties during the year ended 31 December 2017 £	Amounts owed by related parties as at 31 December 2017 £
ASE Holdings S.à.r.l (Incorporated in Luxembourg)	1,546,593	12,888,279

CEG Investments III LLP

Notes to the financial statements for the year ended 31 December 2017 (Continued)

11 Related party transactions (Continued)

	Interest due from related parties during the period ended 31 December 2016 £	Amounts owed by related parties as at 31 December 2016 £
ASE Holdings S.à.r.l (Incorporated in Luxembourg)	1,546,594	12,888,279

The LLP has also received loans from members as follows:

	Non-discretionary allocation of profits to related parties during the year ended 31 December 2017 £	Amounts owed to related parties as at 31 December 2017 £
Veralda AB (Anders Strom Investering AB)	(300,709)	(2,509,201)
Dooba Properties Limited*	(481,134)	(4,014,722)
Varenne Fastigheter 2011 AB	(288,682)	(2,408,834)
Nunataq AB (Windward Capital AB)	(4,812)	(40,157)
Zimbrine Holding BV^	(481,134)	(4,014,722)

	Non-discretionary allocation of profits to related parties during the year ended 31 December 2016 £	Amounts owed to related parties as at 31 December 2016 £
Veralda AB (Anders Strom Investering AB)	(300,751)	(2,507,060)
Dooba Properties Limited*	(481,202)	(4,011,297)
Varenne Fastigheter 2011 AB	(288,721)	(2,406,779)
Nunataq AB (Windward Capital AB)	(4,813)	(40,123)
Zimbrine Holding BV^	(481,202)	(4,011,297)

Loans from members are unsecured and interest is charged at a rate of 12%.

* Loan provided directly by the main beneficiary of the ultimate controlling party of this member.

^ Loan provided directly by Swedia Capital AB, a related party of Zimbrine Holding BV.

CEG Investments III LLP

Notes to the financial statements for the year ended 31 December 2017 (Continued)

12 Notes supporting statement of cash flows

Cash and cash equivalents for purposes of the statement of cash flows comprises:

	2017 £	2016 £
Cash available on demand	1,012	3,789

Non-cash transactions from financing transactions are shown in the reconciliation of liabilities from financing transactions below:

	Non-current loans and borrowings £ (Note 11)	Total £
At 1 January 2017	12,976,556	12,976,556
Accrued interest	11,080	11,080
At 31 December 2017	12,987,636	12,987,636

13 Controlling party information

CEG Investments III LLP is not controlled by any one entity or individual.

14 Subsequent events

Subsequent to balance sheet date the LLP received distributions from ASE Holdings S.à.r.l totalling £7,576,400 which was distributed to the members of the LLP.