

# **Passion Capital (GP) Limited**

Report And Financial Statements

*31 March 2020*

Rees Pollock  
Chartered Accountants



**Passion Capital (GP) Limited**

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**COMPANY INFORMATION**

<b>Directors</b>	S Glaenzer E Burbidge R S Dighero
<b>Registered number</b>	07505920
<b>Registered office</b>	Third Floor 65 Clerkenwell Road London EC1R 5BL
<b>Accountants</b>	Rees Pollock 35 New Bridge Street London EC4V 6BW

**DIRECTORS' REPORT**  
**For the Year Ended 31 March 2020**

The directors present their report and the financial statements for the year ended 31 March 2020.

**Principal activity**

The principal activity of the company during the year was that of general partner for the Passion Capital Limited Partnership. This fund constitute a qualifying partnership and in accordance with Statutory Instrument 'The Partnership (Accounts) Regulations 2008 ('SI 2008/569') their financial statements have been appended to these accounts for filing with the Registrar.

**Directors**

The directors who served during the year were:

S Glaenzer  
E Burbidge  
R S Dighero

**Directors' responsibilities statement**

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

**Small companies note**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 29 SEP 2020

and signed on its behalf.

  
R S Dighero  
Director

**STATEMENT OF INCOME AND RETAINED EARNINGS**  
**For the Year Ended 31 March 2020**

	Note	2020 £	2019 £
Turnover		1,376,576	1,745,089
Administrative expenses		(1,376,576)	(1,745,089)
<b>Operating profit</b>		-	-
<b>Profit after tax</b>		-	-
Retained earnings at the beginning of the year		(4,145)	(4,145)
<b>Retained earnings at the end of the year</b>		(4,145)	(4,145)

The notes on pages 4 to 6 form part of these financial statements.

**BALANCE SHEET**  
As at 31 March 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Fixed asset investments		2	2
		<u>2</u>	<u>2</u>
<b>Current assets</b>			
Cash at bank and in hand		300	447
		<u>300</u>	<u>447</u>
Creditors: amounts falling due within one year	3	(4,446)	(4,593)
<b>Net current liabilities</b>		<u>(4,146)</u>	<u>(4,146)</u>
<b>Total assets less current liabilities</b>		<u>(4,144)</u>	<u>(4,144)</u>
<b>Net liabilities</b>		<u>(4,144)</u>	<u>(4,144)</u>
<b>Capital and reserves</b>			
Called up share capital	4	1	1
Profit and loss account		(4,145)	(4,145)
		<u>(4,144)</u>	<u>(4,144)</u>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
*29 SEP 2020*

R S Dighero  
Director

The notes on pages 4 to 6 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 March 2020**

**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

Passion Capital (GP) Limited is a private company limited by shares incorporated in the UK and registered in England and Wales.

The entity's registered address is Third Floor, 65 Clerkenwell Road, London, EC1R 5BL..

The principal activities are documented in the Directors' Report.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. Management do not consider there are any key accounting estimates or assumptions made that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Management are also required to exercise judgment in applying the entity's accounting policies. Due to the straight forward nature of the business management consider that no critical judgements have been made in applying the entity's accounting policies.

The following principal accounting policies have been applied:

**1.2 Turnover**

The turnover shown in the profit and loss account represents the company's General Partner's profit share as a first charge on net income and capital gains of Passion Capital LP, Passion Capital II LP and Passion Capital FS LP.

**1.3 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**1.4 Financial instruments**

Debtors are initially recognised at transaction value, as none contain in substance a financing transaction. Thereafter debtors are reviewed for impairment where there is objective evidence based on observable data that the balance may be impaired. The company does not hold collateral against its trade and other receivables so its exposure to credit risk is the net balance of trade and other debtors after allowance for impairment.

The company's cash holdings comprise on demand balances. All cash is held with banks with strong external credit ratings.

Other creditors are initially recognised at transaction value as none represent a financing transaction. They are only derecognised when they are extinguished.

The company only has short term receivables and payables. Its net current asset position is a reasonable measure of its liquidity at any given time.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 March 2020**

**1. Accounting policies (continued)**

**1.5 Taxation**

Tax is recognised in the Statement of Income and Retained Earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

**2. Fixed asset investments**

	<b>Investments in subsidiary companies £</b>
<b>COST</b>	
At 1 April 2019	2
	<hr/>
At 31 March 2020	2
	<hr/> <hr/>

The company had the following subsidiary undertakings:

The company holds 100% of the capital of Passion Capital II (GP) LLP. The principal activity of the LLP is that of a general partner of a limited partnership. The aggregate capital and reserves at 31 March 2020 was £1 (2019: £1). The profit for the year ending 31 March 2020 was £nil (2019: £nil).

The company holds 100% of the capital of Passion Capital FS (GP) LLP. The principal activity of the LLP is that of a general partner of a limited partnership. The aggregate capital and reserves at 31 March 2020 was £nil (2019: £nil). The profit for the year ending 31 March 2020 was £nil (2019: £nil).

**3. Creditors: Amounts falling due within one year**

	<b>2020 £</b>	<b>2019 £</b>
Amounts owed to group undertakings	4,446	4,593
	<hr/>	<hr/>
	4,446	4,593
	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 March 2020**

**4. Share capital**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
1 (2019 - 1) Ordinary share of £1.00	<b>1</b>	<b>1</b>
	<u><u>1</u></u>	<u><u>1</u></u>

**5. Controlling party**

The company's ultimate parent company at the balance sheet date was Passion Capital Investments LLP, a partnership registered in England and Wales.



**Passion Capital LP**  
Report And Financial Statements  
*31 March 2020*

## Passion Capital LP

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### PARTNERSHIP INFORMATION

<b>General Partner</b>	Passion Capital (GP) Limited
<b>Registered number</b>	LP014323
<b>Registered office</b>	Third Floor 65 Clerkenwell Road London EC1R 5BL
<b>Independent auditors</b>	Rees Pollock 35 New Bridge Street London EC4V 6BW
<b>Founder Partner</b>	Passion Capital (FP) LLP
<b>Preferred Partner</b>	Capital for Enterprise Limited
<b>Manager</b>	Passion Capital Investments LLP Third Floor 65 Clerkenwell Road London EC1R 5BL

**GENERAL PARTNER'S REPORT  
For the Year Ended 31 March 2020**

The General Partner presents its report and financial statements for the year ended 31 March 2020.

**Principal activity**

The principal activity of the Partnership is that of a venture capital fund investing in early-stage technology startups.

**Outlook**

At the very end of the quarter, all of the active portfolio companies began to consider and take preliminary actions to deal with the potential impact of the emerging COVID-19 pandemic. As of the quarter end date, there was only very early data showing various impacts on portfolio company performance, both positive and negative, and very little indication of how long the effects would last or how material these impacts would be. As of 31 March, most portfolio companies had not yet developed fully fledged responses in terms of cost cutting or other measures. However, the manager has thoroughly reviewed the portfolio and elected to make selective provisions against certain portfolio company valuations based on the information currently available, supplemented with experience of how valuations and funding availability can be impacted in recessions.

The initial fund life of ten years will come to an end on 4 April 2021 and an extension of two years will be requested from the Limited Partners in the next few months.

**General Partner**

The General Partner who served during the year was: Passion Capital (GP) Ltd

**General Partner's responsibilities statement**

The General Partner is responsible for preparing the General Partner's report and the financial statements in accordance with applicable law and regulations.

Company law requires the General Partner to prepare financial statements for each financial year. Under that law the General Partner has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the General Partner must not approve the financial statements unless the General Partner is satisfied that he gives a true and fair view of the state of affairs of the partnership and of the profit or loss of the partnership for that period.

In preparing these financial statements, the General Partner is required to:

- select suitable accounting policies for the partnership's financial statements and then apply them consistently;
- make judgments and accounting 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 partnership will continue in business.

The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the partnership's transactions and disclose with reasonable accuracy at any time the financial position of the partnership and enable it to ensure that the financial statements comply with the Companies Act 2006. The General Partner is also responsible for safeguarding the assets of the partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**GENERAL PARTNER'S REPORT  
For the Year Ended 31 March 2020**

**Disclosure of information to auditors**

The General Partner at the time when this General Partner's report is approved has confirmed that:

- so far as it is aware, there is no relevant audit information of which the partnership's auditors are unaware, and
- it has taken all the steps that ought to have been taken as a General Partner in order to be aware of any relevant audit information and to establish that the partnership's auditors are aware of that information.

**Auditors**

The auditors, Rees Pollock, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

**Small companies note**

In preparing this report, the General Partner has taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on **29 JUN 2020** and signed on its behalf.



**R Dighero  
As director of Passion Capital (GP) Limited  
General Partner**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PASSION CAPITAL LP**

### **Opinion**

We have audited the financial statements of Passion Capital LP ('the partnership') for the year ended 31 March 2020, which comprise the profit and loss account, the balance sheet, the statement of changes in net assets attributable to partners 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 United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the partnership's affairs as at 31 March 2020 and of its results 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 as applied to qualifying partnerships.

### **Basis of 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

### **Material uncertainty related to going concern**

We draw attention to note 1.3 in the financial statements, which indicates that the partnership's initial fund life will come to an end on 4 April 2021 and can only be extended if approval is given by the Preferred Partner and a sufficient number of other Limited Partners. The General Partner has not yet requested this extension but is of the belief this will be approved. As stated in note 1.3, these events or conditions, along with the other matters as set forth in note 1.3, indicate that a material uncertainty exists that may cast significant doubt on the LLP's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Other information**

The General Partner is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' 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 appears 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 other 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.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the General Partner's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the General Partner's report have been prepared in accordance with applicable legal requirements.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PASSION CAPITAL LP (CONTINUED)**

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

In the light of the knowledge and understanding of the partnership and its environment obtained in the course of the audit, we have not identified material misstatements in the General Partner's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to qualifying 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
- certain disclosures of General Partner's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the General Partner was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the General Partner's report and from the requirement to prepare a Strategic report.

### **Responsibilities of the General Partner**

As explained more fully in the General Partner's responsibilities statement set out on page 1, the General Partner is 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 General partner determines 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 General Partner is responsible for assessing the partnership'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 General Partner either intends to liquidate the partnership or to cease operations, or have no realistic alternative but to do so.

### **Auditors' 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 Auditors' 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.

### **Use of our report**

This report is made solely to the partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to qualifying partnerships. Our audit work has been undertaken so that we might state to the partnership's members those matters we are required to state to them in an Auditors' 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 partnership and the partnership's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Other matters specified in the Limited Partnership Agreement**

In accordance with section 7.1 of the Limited Partnership Agreement, in our opinion:

- all amounts allocated or distributed to Investors have been so allocated or distributed in accordance with the provisions of the Limited Partnership Agreement; and
- the investments acquired by the Partnership fall within the Investment Policy stated in the Limited Partnership Agreement, insofar as the Investment Policy contains objective criteria for assessment.

Neal Desai (Senior Statutory Auditor)

for and on behalf of

**Rees Pollock**

**Chartered Accountants, Statutory Auditor**

35 New Bridge Street

London

EC4V 6BW

29 June 2020

**PROFIT AND LOSS ACCOUNT**  
**For the Year Ended 31 March 2020**

	Note	2020 £	2019 £
Administrative expenses		(4,327)	(8,667)
<b>Operating loss</b>		<b>(4,327)</b>	<b>(8,667)</b>
Fair value movements		(598,437)	22,505,182
Interest receivable and similar income		1,562	34,690
<b>Profit for the financial year before members' remuneration and profit shares</b>		<b>(601,202)</b>	<b>22,531,205</b>
Partners remuneration charged as an expense - Priority profit share to the General Partner		(513,971)	(532,307)
Partners remuneration charged as an expense - Prioritised return to the Preferred Partner		(976,648)	(1,084,934)
<b>Profit for the financial year available for discretionary division among partners</b>		<b>(2,091,821)</b>	<b>20,913,964</b>

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

**BALANCE SHEET**  
As at 31 March 2020

	Note	£	2020 £	2019 £
<b>Fixed assets</b>				
Investments	4		85,590,675	86,422,487
<b>Current assets</b>				
Debtors	5	417,494	1,049,519	
Cash at bank		119,652	170,538	
		<u>537,146</u>	<u>1,220,057</u>	
<b>Creditors: amounts falling due within one year</b>	6	<u>(135,268)</u>	<u>(68,217)</u>	
<b>Net current assets</b>			<u>401,878</u>	<u>1,151,840</u>
<b>Net assets attributable to partners</b>			<u><u>85,992,553</u></u>	<u><u>87,574,327</u></u>
<b>Represented by:</b>				
Capital contribution accounts	7		1,000	1,000
Partner loan accounts due within one year			32,605,407	32,095,360
Profit and loss account			53,386,146	55,477,967
			<u><u>85,992,553</u></u>	<u><u>87,574,327</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
*29 JUNE 2020*

  
R Dighero  
As director of Passion Capital (GP) Ltd  
General Partner

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



**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO PARTNERS**  
**For the year ended 31 March 2020**

	<b>Capital contribution accounts £</b>	<b>Partner loan accounts due within one year £</b>	<b>Profit and loss account £</b>	<b>Total equity £</b>
At 1 April 2019	1,000	32,095,360	55,477,967	87,574,327
Loss for the year	-	-	(2,091,821)	(2,091,821)
Amounts drawn during the year	-	1,274,958	-	1,274,958
Amounts distributed during the year	-	(764,911)	-	(764,911)
At 31 March 2020	<u>1,000</u>	<u>32,605,407</u>	<u>53,386,146</u>	<u>85,992,553</u>

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO PARTNERS**  
**For the year ended 31 March 2019**

	<b>Capital contribution accounts £</b>	<b>Partner loan accounts due within one year £</b>	<b>Profit and loss account £</b>	<b>Total equity £</b>
At 1 April 2018	1,000	35,303,309	34,564,003	69,868,312
Profits for the year	-	-	20,913,964	20,913,964
Amounts drawn during the year	-	2,730,995	-	2,730,995
Amounts distributed during the year	-	(5,938,944)	-	(5,938,944)
At 31 March 2019	<u>1,000</u>	<u>32,095,360</u>	<u>55,477,967</u>	<u>87,574,327</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 March 2020**

**1. Accounting Policies**

**1.1 General information**

Passion Capital LP is a limited partnership incorporated in the UK and registered in England and Wales.

The partnership's registered address is Third Floor, 65 Clerkenwell Road, London, EC1R 5BL.

The principal activities are documented in the General Partner's Report.

**1.2 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

**1.3 Going concern**

In accordance with the Limited Partnership Agreement the Partnership's initial fund life will come to an end on 4 April 2021. Under the terms of the Limited Partnership Agreement an extension of 2 years can be requested which requires approval from the Preferred Partner and also from a sufficient number of other Limited Partners. The number of other Limited Partners required is such that their total commitments to the Partnership is over 50% of the total commitments to the Partnership excluding the commitments from the Preferred Partner and the Founder Partner. If the extension is not granted then the Partnership will conduct no further business other than the actions necessary for the orderly winding up of the affairs of the Partnership, the protection and realisation of the Partnership's assets and the distribution of the Partnership's assets amongst the Partners. The General Partner is in the process of requesting the extension and is confident that this will be approved. Accordingly the General Partner continues to adopt the going concern basis in preparing the financial statements.

**1.4 Investments**

Investments are initially measured at cost. At each balance sheet date investments are remeasured to market value. Gains and losses on remeasurement are recognised in the profit or loss account.

All investments in portfolio companies are held as a means to benefit from increases in their marketable value and not as a medium through which the business of the partnership is carried out. Accordingly they are not accounted for as either subsidiaries or associates.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 March 2020**

**1. Accounting Policies (continued)**

**1.5 Other financial instruments**

Debtors are initially recognised at transaction value, as none contain in substance a financing transaction. Thereafter debtors are reviewed for impairment where there is objective evidence based on observable data that the balance may be impaired. The partnership does not hold collateral against its trade and other receivables so its exposure to credit risk is the net balance of trade and other debtors after allowance for impairment.

The partnership's cash holdings comprise on demand balances. All cash is held with banks with strong external credit ratings.

Other creditors and accruals are initially recognised at transaction value as none represent a financing transaction. They are only derecognised when they are extinguished.

The partnership only has short term receivables and payables. Its net current asset position after adding back the value of the prioritised return is a reasonable measure of its liquidity at any given time given that the prioritised return can only be paid from net income and capital proceeds from the realisation of investments.

Loan contributions from the limited partners to finance the partnership are initially recognised at transaction value. Amounts payable within one year are measured at the undiscounted amount of amount due.

**1.6 Foreign currencies**

**Functional and presentation currency**

The partnership's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

**1.7 Partner loan account**

Partner loan account represent the loan contributions from the limited partners to finance the partnership. There is no set repayment date for these contributions and they are due to be paid out of net income or capital proceeds the partnership receives from the realisation of its investments. As there is no unconditional right to defer payment beyond twelve months from the balance sheet date they are treated as due within one year.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 March 2020**

**1. Accounting Policies (continued)**

**1.8 Partners' Remuneration**

Partners' remuneration is made up of priority profit share to the General Partner and the prioritised return to the Preferred Partner.

Priority profit share to the General Partner:

The Limited Partnership Agreement provides for a priority profit share ('PPS') to be made for each accounting period to the General Partner. The PPS ranks ahead of any other payments to the partners including the Prioritised return due to the Preferred Partner. If the profit for the year is less than the PPS, any deficiency is treated as an interest free loan. Such loan may only be extinguished by an allocation of future profits and is not recoverable in any other way. On this basis the PPS is treated as partners' remuneration charged as an expense in the profit and loss account.

Prioritised return to the Preferred Partner:

The Limited Partnership Agreement provides for a prioritised return to the Preferred Partner. This is accrued each year and is payable on a cash distribution after payment to the General Partner for its PPS, but ahead of any other payments to partners. The timing of cash distributions is at the General Partner's discretion. On this basis the prioritised return is treated as partners' remuneration charged as an expense in the profit and loss account.

**1.9 Taxation**

No provision for taxation has been made as each partner will be responsible for their own tax liability.

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 March 2020

**2. Judgments in applying accounting policies and key sources of estimation uncertainty**

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. The general partner considers the following are key accounting estimates or assumptions made that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year:

**Valuation of Investments**

Fixed asset investments are included in the balance sheet at a value determined in accordance with International Private Equity and Venture Capital Valuations Guidelines as endorsed by the BVCA.

The basis of valuation in these guidelines include valuing investments at the price at which third party capital has recently been raised, comparative industry price earnings ratios discounted for marketability and performance of the investment, and net asset valuations for asset based investments.

In accordance with the guidelines and given the early stage nature of the investments that the partnership has made, the General Partner has used the price of the most recent third party capital raise as the starting point for measuring fair value for the majority of the investments. The General Partner has then considered whether a provision is required against this amount. In making this judgement the General Partner has considered COVID-19 macro impacts on each investment, the progress of the investment since the most recent third party capital raise against expectation and the current cash runways and funding requirements of the investments.

When considering the impact of COVID-19 on the investments the General Partner has taken the following approach:

- If the impact on the investment of COVID-19 is considered to be only a temporary or short term issue and if the investment is suitably funded then no provision against the investment has been recognised.
- If the impact on the investment of COVID-19 is considered to have a permanent or longer term effect then an appropriate provision against the investment has been recognised.

The General Partner is also required to exercise judgment in applying the partnership's accounting policies. Due to the straight forward nature of the business the general partner considers that no critical judgements have been made in applying the partnership's accounting policies.

**3. Auditors' remuneration**

	2020 £	2019 £
Auditors' remuneration - audit and taxation services	<b>15,750</b>	15,615

**4. Fixed asset investments**

	Unlisted investments £
<b>Valuation</b>	
At 1 April 2019	<b>86,422,487</b>
Additions at cost	<b>791,923</b>
Disposals at valuation	<b>(1,025,298)</b>
Revaluations	<b>(598,437)</b>
At 31 March 2020	<b>85,590,675</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 March 2020**

**4. Fixed asset investments (continued)**

The historical cost of the unlisted investments held at the year end was £24,067,206 (2019: £24,133,110).

**5. Debtors**

	2020 £	2019 £
Trade debtors	-	9,908
Other debtors	417,494	1,039,611
	<u>417,494</u>	<u>1,049,519</u>

Included within other debtors are amounts of £23,032 (2019: £239,489) which are due after more than one year and relate to deferred consideration in relation to disposal of investments.

**6. Creditors: Amounts falling due within one year**

	2020 £	2019 £
Other creditors	14,212	12,835
Prioritised return	121,056	55,382
	<u>135,268</u>	<u>68,217</u>

**7. Capital contribution accounts**

	2020 £	2019 £
Capital contribution accounts	<u>1,000</u>	<u>1,000</u>

**8. Partner loan accounts due within one year**

The Preferred Partner loan account as at 31 March 2020 is £21,790,591 (2019: £21,280,544). The partner loan accounts relating to other partners as at 31 March 2020 is £10,814,816 (2019: £10,814,816).