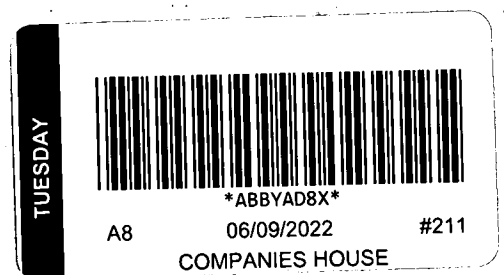




Registered Number: OC388668

## **PSC CREDIT HOLDINGS LLP**

**MEMBERS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**



**PSC CREDIT HOLDINGS LLP**  
**REGISTERED NUMBER: OC388668**

**PARTNERSHIP INFORMATION**

<b>Designated Members</b>	PSC Credit Limited L McMurray J W Scott I M C Gascoigne M J P England C A Palmer M J Potter H I Garland
<b>LLP Registered Number</b>	OC388668
<b>Registered Office</b>	11-12 Hanover Square London W1S 1JJ
<b>Independent Auditors</b>	BDO LLP 55 Baker Street London W1U 7EU

**PSC CREDIT HOLDINGS LLP**  
**REGISTERED NUMBER: OC388668**

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**MEMBERS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

The members present their report together with the audited financial statements of PSC Credit Holdings LLP ("the Partnership") for the year ended 31 December 2021.

**Principal activities and review of the business**

PSC Credit Holdings LLP is an independent asset manager with a credit strategy which possesses a strong and consistent track record within the financial and business services sectors.

The credit strategy provides capital to the growing specialty finance market, which the Partnership believes is underserved by the banking industry, capital markets and more generalist credit funds. The strategy is supported by changes in the focus of mainstream lenders together with the implementation of new models that utilise data, analytics and technology more effectively. It provides an opportunity to deliver better products to borrowers while generating attractive returns for investors. During the year, the Partnership successfully raised an additional £80m for the existing SMA bringing total commitments to £160m. The Partnership plans to launch additional private credit funds in 2022, as well as growing the AUM of the existing fund.

The Partnership employs the staff and maintains systems that are necessary to discharge all its regulatory obligations. PSC Service Company Limited, a fellow subsidiary, employs staff and maintains systems relating to general business development and activities that are not subject to regulation.

**Principal risks and uncertainties**

The Partnership is subject to a range of risks including business risk, operational risk, credit risk and liquidity risk. The members are responsible for oversight of these risks and has established a risk management framework to ensure that the Partnership has adequate capital and liquidity resources to meet its liabilities as they fall due. The principal elements of the framework include:

- The members have established a risk appetite and risk limits to control the exposure to risk. These limits were established to ensure that the Partnership maintains capital and liquidity resources in excess of the minimum regulatory requirements. These limits are monitored on a monthly basis.
- A risk management function has been established that is responsible for oversight of risk on a day to day basis and has a reporting line directly to the members.
- The members conduct a formal review of the Partnership's exposure to risk by way of an Internal Capital Adequacy Assessment Process ("ICAAP") and a similar assessment for liquidity. These assessments are performed on an annual basis.
- From January 2022, the Company is subject to the new MIFIDPRU prudential regulations and as such will perform an Internal Capital and Risk Assessment process (the "ICARA" process)

The balance sheet remains robust with £0.7m (2020: £0.4m) of cash and £0.6m (2020: £0.5m) of total members' interests at 31 December 2021.

**PSC CREDIT HOLDINGS LLP**  
**REGISTERED NUMBER: OC388668**

**MEMBERS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**Designated members**

The designated members of the Partnership during the period were:

PSC Credit Limited  
L McMurray  
J W Scott  
I M C Gascoigne  
M J P England  
C Palmer  
M J Potter  
H I Garland

**Members' capital and interests**

Policies for members' drawings, subscriptions and repayment of member's capital are governed by the Partnership Agreement. Profit allocations are recognised on a discretionary basis when formally approved by the members of the Partnership.

**Results**

The profit for the period available for division amongst members amounted to £143,369 (2020: profit of £2,305) as set out in the Statement of Comprehensive Income on page 12. Total members' interests at the year end amounted to £642,827 (2020: £499,458).

**Going concern**

The members have a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months from the date that this report and financial statements will be approved. Accordingly, the members continue to adopt the going concern basis in preparing the members' report and financial statements.

**Ukraine**

Tensions between Russia, the U.S., and UK and a number of European states have heightened significantly as a result of Russia's unprovoked invasion of Ukraine. Although Pollen Street and the funds that it manages have limited exposure to the region, the current conflict has the potential to escalate further and this could result in elevated geopolitical instability, trade restrictions, disruptions to global supply chains, increases in energy prices with flow-on global inflationary impacts, and a potential adverse impact on markets and a downturn in the global economy. Beginning in February 2022, the EU, UK and the U.S., in a coordinated effort joined by several other countries, imposed a variety of new sanctions with respect to Russia and various Russia-related parties as a result of Russia's invasion of Ukraine, which may have a negative impact on the regional and global economic environment, leading to adverse effects for the performance of Honeycomb and the Pollen Street Funds.

**PSC CREDIT HOLDINGS LLP**  
**REGISTERED NUMBER: OC388668**

**MEMBERS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**Key performance indicators**

Given the straightforward nature of the business, the members are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

**Regulatory disclosures**

In accordance with the rules of the FCA, the Partnership has published information on its risk management objectives and policies on its regulatory capital requirements and resources. This information is available on the Pollen Street Capital website: <https://www.pollencap.com/pillar-iii/>. These disclosures are unaudited.

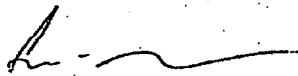
**UK stewardship code disclosures**

The UK stewardship code disclosures of the Partnership as required by the FCA Prudential Sourcebook for Banks, Buildings Societies and Investment Firms (BIPRU) COBS 2.2.3 - Disclosure of commitments to the Financial Reporting Council's Stewardship Code, are available on the Pollen Street Capital website: <https://www.pollencap.com/terms-and-conditions/>. These disclosures are unaudited.

**Disclosure of information to auditor**

Each of the persons who are members at the time when this Members' Report is approved has confirmed that:

- so far as that member is aware, there is no relevant audit information of which the Partnership's auditor is unaware, and
- that member has taken all the steps that ought to have been taken as a member in order to be aware of any relevant audit information and to establish that the Partnership's auditor is aware of that information.



**L McMurray**  
Designated Member  
Date: 27/04/2022

**MEMBERS' RESPONSIBILITIES STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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

Company law, (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008), requires the members to prepare financial statements for each financial year. Under that law the members 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, as applied to LLPs, 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 Partnership and of the profit or loss of the Partnership for that period.

In preparing these financial statements, the members are 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 entity will continue in business.

The members are 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 to 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 Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the Limited Liability Partnership's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008.

We have audited the financial statements of PSC Credit Holdings LLP ("the Limited Liability Partnership") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Reconciliation of Members' Interests, 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 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).

**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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence**

We are independent of the Limited Liability Partnership 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.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Limited Liability Partnership's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.



**INDEPENDENT AUDITORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

Our responsibilities and the responsibilities of the Members with respect to going concern are described in the relevant sections of this report.

**Other Information**

The Members are responsible for the other information. The other information comprises the information included in the members 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

**Other Companies Act 2006 reporting as applied to limited liability partnerships**

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006, 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.

**Responsibilities of Members**

As explained more fully in the Members' Responsibilities Statement, 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 determine 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 Limited Liability 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 Members either intend to liquidate the Limited Liability Partnership or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**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 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.

*Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management;
- testing of journal postings made during the year to identify potential management override of controls;
- review of applicable laws and regulations to ensure no indicators of non compliance
- review of minutes of members meetings throughout the period.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

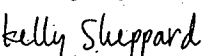
A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**PSC CREDIT HOLDINGS LLP**  
**REGISTERED NUMBER: OC388668**

**INDEPENDENT AUDITORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**Use of our report**

This report is made solely to the Limited Liability Partnership's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006 as applied by 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 Limited Liability Partnership'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 Partnership and the Limited Liability Partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
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Kelly Sheppard (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
London, UK  
Date 27 April 2022

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

**PSC CREDIT HOLDINGS LLP**  
**REGISTERED NUMBER: OC388668**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR TO 31 DECEMBER 2021**

	Notes	2021 £'000	2020 £'000
Turnover	4	746	8,462
Sub-advisory fees and rebates		-	(1,682)
<b>Gross profit</b>		<b>746</b>	<b>6,780</b>
Administrative expenses		(606)	(6,775)
<b>Operating profit</b>		<b>139</b>	<b>5</b>
Foreign exchange gains / (losses)		4	(3)
<b>Profit for the year before members' remuneration and available for discretionary division among members</b>		<b>143</b>	<b>2</b>

The notes on pages 16 to 25 form part of these financial statements.

**PSC CREDIT HOLDINGS LLP**  
**REGISTERED NUMBER: OC388668**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2021**

	Notes	2021 £'000	Restated 2020 £'000
<b>Current assets</b>			
Debtors	9	5,521	5,067
Cash at bank and in hand		729	407
		<u>6,250</u>	<u>5,474</u>
Creditors: amounts falling due within one year	10	(838)	(205)
<b>Net current assets</b>		<u>5,412</u>	<u>5,269</u>
<b>Net assets attributable to members</b>		<u>5,412</u>	<u>5,269</u>
<b>Represented by:</b>			
<b>members' other interests</b>			
Members' capital classified as equity		6,600	6,600
Other reserves classified as equity		(1,188)	(1,331)
		<u>5,412</u>	<u>5,269</u>
<b>Total Members' Interests</b>			
Amounts due from members (included in debtors)		(4,770)	(4,770)
Members' other interests		5,412	5,269
		<u>642</u>	<u>499</u>

The financial statements of PSC Credit Holdings LLP (registered number: OC388668) were approved and authorised for issue by the members and were signed on their behalf by:



**L McMurray**  
Designated Member  
Date: 27/04/2022

The notes on pages 16 to 25 form part of these financial statements.

The statement of financial position as at 31 December 2020 has been restated as per note 14.

RECONCILIATION OF MEMBERS' INTERESTS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Members' capital (classified as equity) £'000	Members' other interests Other Reserves £'000	Total £'000	Amounts due to / (from) members Other amounts £'000	Total members interests Total £'000
Balance at 1 January 2020	6,600	112	6,712	(3,109)	3,603
Prior period adjustment	-	(1,333)	(1,333)	1,333	-
Restated Balance at 1 January 2020	6,600	(1,221)	5,379	(1,776)	3,603
Profit for the year available for division among members	-	2	2	-	2
Members' interests after profit for the year	6,600	(1,219)	5,381	(1,776)	3,605
Other division of profits	-	(112)	(112)	112	-
Other movements	-	-	-	(3,106)	(3,106)
<b>Restated Balance at 31 December 2020</b>	<b>6,600</b>	<b>(1,331)</b>	<b>5,269</b>	<b>(4,770)</b>	<b>499</b>
Profit for the year available for division among members	-	143	143	-	143
Members' interests after profit for the year	6,600	(1,188)	5,412	(4,770)	642
Other division of profits	-	-	-	-	-
Other movements	-	-	-	-	-
<b>Balance at 31 December 2021</b>	<b>6,600</b>	<b>(1,188)</b>	<b>5,412</b>	<b>(4,770)</b>	<b>642</b>

The notes on pages 16 to 25 form part of these financial statements.

There are no existing restrictions or limitations which impact the ability of the members of the Partnership to reduce the amount of Members' other interests.

Loans and other debts due to members are unsecured and would rank pari passu with other unsecured creditors in the event of winding up.

The reconciliation of members' interest as at 31 December 2020 has been restated as per note 14.

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	<b>2021 £'000</b>	<b>2020 £'000</b>
<b>Cash flows from operating activities</b>		
Profit for the financial year	143	2
<b>Adjustments for:</b>		
Decrease in debtors	879	8,708
Decrease in creditors	(700)	(6,841)
<b>Net cash generated from operating activities</b>	<b>322</b>	<b>1,867</b>
<b>Cash flows from financing activities</b>		
Distribution paid to members	-	(3,106)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(3,106)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>322</b>	<b>(1,237)</b>
Cash and cash equivalents at beginning of year	407	1,644
<b>Cash and cash equivalents at the end of year</b>	<b>729</b>	<b>407</b>

The notes on pages 16 to 25 form part of these financial statements.

**PSC CREDIT HOLDINGS LLP**  
**REGISTERED NUMBER: OC388668**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**1 GENERAL INFORMATION**

These financial statements are presented in Pounds Sterling (GBP), which is the Partnership's functional and presentational currency.

PSC Credit Holdings LLP is a limited liability partnership incorporated and domiciled in the United Kingdom. Its registration number is OC388668. The address of its registered office is 11-12 Hanover Square, London, England, W1S 1JJ.

A description of the nature of the Partnership's operations and its principal activities are included in the members' report, which is not part of the financial statements.

**2 ACCOUNTING POLICIES**

**2.1 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 Financial Reporting Standard 102 ("FRS 102"), the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006 and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships".

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Partnership's accounting policies (see note 3).

The following principal accounting policies have been applied.

**2.2 Going concern**

The members have a reasonable expectation that the Partnership will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the members continue to adopt the going concern basis in preparing the members' report and financial statements.

**2.3 Turnover**

Turnover which is stated net of Value Added Tax, represents fees receivable for investment fund management and advisory services provided during the year and arising from continuing activities in the UK and is recognised on an accruals basis when the Partnership obtains the right for consideration in exchange for its performance. Turnover also includes performance fees which are recognised on an accruals basis when the Partnership obtains the right for consideration in exchange for its performance.



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**2.4 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.5 Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**2.6 Creditors**

These amounts represent liabilities for goods and services provided to the Partnership prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**2.7 Financial instruments**

The Partnership only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

**2.8 Taxation**

No provision has been made for UK taxation in the financial statements. Each member is exclusively liable for any tax liabilities arising out of their interest in the Partnership, which will be assessed on the individual members and not on the Partnership.

**2.9 Members' capital**

Members' capital is classified as equity in accordance with the Partnership Agreement. It is not automatically repayable on retirement and is not interest bearing.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021

**3 JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Partnership's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both the current and future periods.

There were no judgment or material estimation uncertainties affecting the reported financial performance in the current or prior year.

**4 ANALYSIS OF TURNOVER**

Analysis of turnover by class of business:

	2021 £'000	2020 £'000
Management fees	746	8,462
Performance fees	-	-
	<u>746</u>	<u>8,462</u>

Analysis of turnover by origin:

	2021 £'000	2020 £'000
UK	-	5,279
Europe	746	137
Rest of the world	-	3,046
	<u>746</u>	<u>8,462</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021

**5 AUDITORS' REMUNERATION**

	2021 £'000	2020 £'000
Fees payable to the Partnership's auditor for the audit of the Partnership's annual financial statements	20	19
<b>Non-audit services:</b>		
Non-audit consultancy	-	-
Taxation services	5	5

**6 EMPLOYEES**

Staff costs were as follows:

	2021 £'000	2020 £'000
Wages and salaries	9	186
Social security costs	1	26
	<u>10</u>	<u>212</u>

The average monthly number of persons (including members with contracts of employment) employed during the year was as follows:

	2021 No.	2020 No.
Administration and compliance	2	2
	<u>2</u>	<u>2</u>

**7 KEY MANAGEMENT REMUNERATION**

No key management personnel received emoluments from the Partnership. Key management personnel are remunerated through PSC Service Company Limited, a fellow subsidiary.

The average number of key management personnel in the period was 7 (2020: 7).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021

8. INFORMATION IN RELATION TO MEMBERS

	2021 Number	2020 Number
The average number of members during the year was	8	8

	2021 £'000	2020 £'000
The amount of profit attributable to the member with the largest entitlement	143	2

The amount disclosed above is the actual profit allocated to that member during the year.

9. DEBTORS

	2021 £'000	Restated 2020 £'000
Trade debtors	701	103
Amounts owed by group undertakings	46	190
Other debtors	1	1
Prepayments and accrued income	3	3
Amounts due from members	4,770	4,770
<b>Total</b>	<b>5,521</b>	<b>5,067</b>

The debtors amount as at 31 December 2020 has been restated as per note 14.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £'000	2020 £'000
Trade creditors	200	5
Amounts owed to group undertakings	521	-
Other creditors	2	165
Accruals and deferred income	115	35
<b>Total</b>	<b>838</b>	<b>205</b>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021

11 FINANCIAL INSTRUMENTS

	2021 £'000	2020 £'000
<b>Financial assets</b>		
Financial assets measured at amortised cost	<u>6,247</u>	<u>5,470</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(838)</u>	<u>(205)</u>

Financial assets measured at amortised cost comprise cash, trade debtors, amounts owed from group undertakings, other debtors and amounts due from members and excludes prepayments and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, amounts owed to group undertakings and accruals and excludes other taxation and social security and deferred income

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**12 FINANCIAL RISK MANAGEMENT**

The Partnership's business is exposed to a variety of financial risks. The financial risks are mainly categorised as business risk, credit risk, operational risk, market risk and liquidity risk. The objective of the Partnership's risk management framework is to identify and assess the risks facing the Partnership and to minimise the potential adverse effects of these risks on the Partnership's financial performance. Financial risk management is overseen by the members.

**Business risk**

Business risk is the risk that the firm may not be able to carry out its business plan or strategy. The Partnership operates a relatively simple business model with much of the income and expenditure stable. The risk is mitigated by managing its income and controlling its expenditure on a frequent basis.

**Credit risk**

Credit risk is the risk of suffering financial loss should the Partnership's customers, clients or counterparties fail to fulfil their contractual obligations to the Partnership. The Partnership does not undertake lending activity. Its credit risk therefore arises from non-payment by trade debtors or default by banking counterparties. No debtors are currently overdue.

**Operational risk**

Operational risk is the risk that the firm suffers a loss as a result of the failure of internal systems, processes or procedures caused by either external or internal factors. The Partnership has undertaken a detailed risk assessment process, by business area and risk area, identified their potential impact, potential mitigation and the residual risk impact, along with any future actions that can improve the overall risk position. Operational risk is mitigated because the Partnership has insurance policies to protect it from a number of these risk events such as civil liability insurance.

**Market risk**

Market risk is the risk that the Partnership suffers a loss as a result of fluctuations in the values of, or income from, assets or in interest or exchange rates. The Partnership's functional currency is Pound Sterling and therefore it can be exposed to the effect of fluctuations in currencies other than Pound Sterling. The Partnership is not subject to material market risk.

**Liquidity risk**

Liquidity risk is the risk that the Partnership will have insufficient liquid resources available to meet its financial obligations as they fall due. The Partnership manages liquidity by maintaining sufficient cash with banks to meet its on-going commitments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021

12 FINANCIAL RISK MANAGEMENT (CONTINUED)

Maturity analysis

	2021 £'000	2020 £'000
<b>Financial assets</b>		
Due in less than 3 months	778	433
Due in less than one year	5,569	5,037
	<u>6,247</u>	<u>5,470</u>
<b>Financial liabilities</b>		
Due in less than 3 months	2	170
Due in less than one year	836	35
	<u>838</u>	<u>205</u>
<b>Net financial assets / (liabilities)</b>		
Due in less than 3 months	776	263
Due in less than one year	4,633	5,002
	<u>5,409</u>	<u>5,265</u>

Capital risk management

The capital structure is managed to be optimal and maintain sound levels of working capital for the continuity of trade, organic growth and therefore, continue as a going concern.

The capital structure of the Partnership consists of members' interest attributable to members of the Partnership, comprising issued capital and reserves

	2021 £'000	2020 £'000
<b>Capital</b>		
Partners' capital	6,600	6,600
Other reserves	(1,188)	(1,331)
Amounts due from members	<u>(4,770)</u>	<u>(4,770)</u>
	<u>642</u>	<u>499</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**13 RELATED PARTY TRANSACTIONS**

The Partnership has taken the exemption available under FRS102 Section 33 to not disclose related party transactions with wholly owned group companies. Details of the debtor and creditor balances held with group companies can be found in notes 9 and 10.

The funds that the Partnership manages or advises are considered to be a related parties of the Partnership. The Partnership had the following transactions with those funds:

<b>Fund</b>	<b>Category</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Pollen Street Secured Lending	Management, Advisory & Performance Fees	-	8,301
	Debtor	-	-
PSC Credit (P)	Management, Advisory & Performance Fees	746	137
	Debtor	700	103

**14 PRIOR YEAR ADJUSTMENT**

The prior year adjustment relates to the incorrect recognition of debtors from the other members of the Partnership which should be derecognised when they are no longer members of the Partnership. In 2019, cash consideration of £348,000 was paid to two members who resigned as final distribution. The change has resulted in net asset attributable to the members at 31 December 2020 decreasing by £1,333,000. The following table summarises the impact on the Partnership financial statements:

**Statement of financial position for the  
year ended 30 December 2020**

	<b>As previously reported £'000</b>	<b>Adjustment £'000</b>	<b>Restated £'000</b>
<b>Equity</b>			
Members' capital classified as equity	6,600	-	6,600
Other reserves classified as equity	2	(1,333)	(1,331)
Members' other interests	6,602	(1,333)	5,269
Amounts due from members (included in debtors)	(6,103)	1,333	(4,770)
<b>Total equity</b>	<b>499</b>	<b>-</b>	<b>499</b>



**PSC CREDIT HOLDINGS LLP**  
**REGISTERED NUMBER: OC388668**

## **15 CONTROLLING PARTY**

PSC Credit Limited, an entity registered at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands is the Partnership's immediate parent entity. The ultimate parent is Pollen Street Capital Holdings Limited, an entity registered at PO Box 255, Trafalgar Court, les Banques, GY1 3QL, Guernsey. The Partnership is not included in any consolidated accounts that are publicly available.

There is not considered to be an ultimate controlling party during the year ended 31 December 2021.

## **16 SUBSEQUENT EVENTS**

On 15 February 2022, Pollen Street announced that it had reached agreement on the terms of a recommended all share combination with Honeycomb Investment Trust plc. Under the terms of the agreement, Honeycomb will acquire the entire issued share capital of Pollen Street Capital Holdings Limited in exchange for shares in the combined group such that the Honeycomb and Pollen Street businesses will be combined into a single business, owned by the shareholders of Honeycomb and Pollen Street. The combination is conditional on shareholder and regulatory approval.