

Par Equity LLP

LLP registration number SO301563

Members' Report and Consolidated Financial statements

For the year ended 31 March 2020



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PAR EQUITY LLP

Members' Report and Financial Statements

For the year ended 31 March 2020

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PAR EQUITY LLP

Members' Report

The members present their annual report and the audited consolidated financial statements of Par Equity LLP (the "LLP") for the year ended 31 March 2020. In these financial statements, the LLP and its subsidiaries are referred to as the "Group". All figures are shown in GBP unless otherwise stated.

Principal Activities

The principal activity and core business of the Group and LLP is to provide investment management, incorporating both the management of the funds and also the provision of certain services ancillary to this activity. All of the Group's principal activities are undertaken through its subsidiaries. Par Fund Management Limited is an investment management firm, authorised and regulated by the Financial Conduct Authority. Par Advisers Limited provides board-level advice and support to investee companies within its portfolio in the form of access to the Group's investment team as well as members of the Par Investor Network. The function of the LLP is to act as a holding entity and as such it is no longer conducting significant levels of business in its own right, but it holds a number of propriety investments in high growth potential companies. The LLP's revenues are in the form of expense recoveries from group companies and, where circumstances warrant, dividend distributions from group companies.

Key Performance Data

	31 March 2020 £	31 March 2019 £
Turnover	1,589,701	1,467,752
Profit on ordinary activities before taxation and members' remuneration charged as an expense	355,232	220,118

Although the year saw a 8% increase in turnover, it also saw significant increases in expenditure on various areas as we continued to improve both our product and service offering as well as our infrastructure. This expenditure should, we hope, help the Group to accelerate further the growth in its investor base.

During the year we deployed £12 million (2019: £12.3 million) in venture capital investments on behalf of investors and co-investment partners, attracting a further £26.8 million (2019: £18.2 million) in investment into portfolio companies from third parties investing alongside Par Equity. Par Residential Investments II LP, having reached the end of its investment period in previous years, continues to distribute proceeds from asset sales to investors whilst Par Residential Investments III LP reached the end of its investment period in the previous year and is gradually realising its property interests. Par Forestry Partners LP secured further commitments of £1.2 million (2019: £2.01 million) and reached the end of its investment period in November 2019.

The members are closely monitoring the situation with regards to COVID-19 and the effects it could have on investors, the staff and the Company's financial stability. All venture capital investments expected to be made post year end have closed and the Group has also delivered a successful investment exit. Further investments are forecast with currently no significant decline in activity noted, so the government furlough scheme has not been required. The company's cash position is reported weekly to the working members.

Future developments

The Group is focused on increasing its assets under management and thus its revenues through continued growth of the Par EIS Fund. Support from the Par Investor Network has remained strong through the Coronavirus pandemic whilst the impact on the Par EIS Fund is being closely monitored with the overall impact expected to be clearer into quarter four of the next financial year. Investment into new and existing portfolio companies continues and the forecast towards the end of the 2021 financial year is positive.

PAR EQUITY LLP

Members' Report (continued)

Members

The following individuals were the members during the period:

Designated members (as defined by the Limited Liability Partnerships Act 2000):

- Andrew Castell
- Andrew Ley

Members:

- Paul Atkinson
- Simon Best
- Robert Higginson
- James Kilcullen
- Malcolm McPherson
- Paul Munn

Members' Capital and Interests

The LLP's drawings policy allows each member to draw a proportion of their profit share throughout the year, with a priority profit share for those members dedicating substantially all of their time to the business. Each equity member is required to subscribe to a capital proportion linked to their share of the profit.

Principal Risks & Uncertainties

The principal risks to the Group are (i) that its investment performance will fail to satisfy client expectations or (ii) its clients will choose to allocate their assets to other asset classes not catered for by the Group. Either outcome could lead to static or decreased assets under management, reduced turnover, and lower operating profits. The Group does not utilise forward currency contracts to manage its own financial currency risks or other derivative instruments to reduce the volatility of the earnings.

Price risk arises on financial instruments because of changes in, for example, equity prices or foreign exchange rates. The Group maintains investments in a number of privately offered funds which are exposed to price risk. This risk exposure is within the Group's risk appetite.

Members' Statement as to Disclosure of Information to the Auditor

The designated partners, having made enquiries of fellow members and the LLP's auditor, confirm that:

- to the best of each member's knowledge and belief, there is no information relevant to the preparation of their report of which the LLP's auditor is unaware; and
- each member has taken all the steps a member might reasonably be expected to have taken to be aware of relevant audit information and to establish that the LLP's auditor is aware of that information.

Statement of members' Responsibilities

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

Company law, as applied by The Limited Liability Partnership (Accounts and Audit)(Application of Companies Act 2006) Regulations 2008, requires the members to prepare financial statements each year. Under that regulation the designated partners have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under the regulation the designated partners must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and the Group and of the profit or loss of the Group for that period. In preparing the accounts, the designated partners are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the LLP will continue in business.

PAR EQUITY LLP

Members' Report (continued)


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

Auditor

Following the acquisition of Scott-Moncrieff Chartered Accountants by Azets, Scott-Moncrieff Chartered Accountants resigned as auditors and were replaced by Azets Audit serves Limited, trading as Azets Audits Services, a company owned by Azets.

Azets Audit Services have indicated their willingness to continue as auditor and a resolution to reappoint them as auditor will be put forward at the Annual General Meeting.

This report was approved by the members on 10 December 2020 and signed on their behalf by:

DocuSigned by:

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Andrew Castell
Designated Member

PAR EQUITY LLP

Independent Auditor's Report to the members

Opinion

We have audited the financial statements of Par Equity LLP ("the Partnership") and its subsidiaries ("the Group") for the year ended 31 March 2020 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Partnership Balance Sheet, Consolidated Reconciliation of members' Interests, Partnership Reconciliation of members' Interests, Consolidated Statement of Cash Flows and related notes, 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 Group's and the Partnership's affairs as at 31 March 2020 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.

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 Group 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 audit 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 Group's or Partnership's 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.

However because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group or Partnership's ability to continue as a going concern. For example, the ongoing effect of COVID-19 on financial stability worldwide is ever-changing and therefore is difficult to evaluate all the potential implications on the Group's trade, customers, suppliers and the wider economy.

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, 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.

PAR EQUITY LLP

Independent Auditor's Report to the members

Matters on which we are required to report by exception

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 the members

As explained more fully in the members' responsibilities statement on pages 2, 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 directors 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 Group and 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 Group or Partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

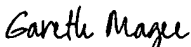
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 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. The description forms part of our Auditor's Report.

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 to limited liability partnerships. Our audit work has been undertaken so that we might state to the limited liability partnership's members, as a body, 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 limited liability 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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Gareth Magee, Senior Statutory Auditor
For and on behalf of Azets Audit Services,
Chartered Accountants
Exchange Place 3
Sempie Street
Edinburgh
EH3 8BL

10 December 2020

PAR EQUITY LLP

Consolidated Income Statement
For the year ended 31 March 2020

	Note	31 March 2020	31 March 2019
		£	£
Turnover		1,589,701	1,467,752
Other operating income		150,251	264,812
Other expenses		(197,240)	(340,378)
Administrative expenses		(1,249,847)	(1,197,975)
Operating profit	3	<u>292,865</u>	<u>194,211</u>
Bank and other interest		(13,411)	(12,950)
Realised gain on investments		8,442	-
Unrealised gain on revaluation of investments		67,336	38,857
Profit on ordinary activities before taxation and members' remuneration charged as an expense		<u>355,232</u>	<u>220,118</u>
Taxation	6	-	-
		<u>355,232</u>	<u>220,118</u>
Members' remuneration charged as an expense		(276,000)	(240,000)
Attributable to minority interest		(1,201)	4,672
Profit/(loss) for the financial year available for discretionary division among members		<u><u>78,031</u></u>	<u><u>(15,210)</u></u>

All amounts are in respect of continuing operations.

The notes on pages 15 to 23 form part of these financial statements

PAR EQUITY LLP

**Consolidated Statement of Comprehensive Income
For the year ended 31 March 2020**

	31 March 2020 £	31 March 2019 £
Profit/(loss) for the financial year available for discretionary division among members	78,031	(15,210)
Total comprehensive profit/(loss) for the year	78,031	(15,210)

The notes on pages 15 to 23 form part of these financial statements

PAR EQUITY LLP

Consolidated Balance Sheet
at 31 March 2020

	Note	31 March 2020 £	31 March 2019 £
Investments	10	601,993	607,377
Tangible fixed assets	9	14,660	34,849
Current assets		616,653	642,226
Debtors	11	225,463	352,914
Cash at bank		205,459	98,259
Creditors: amounts falling due within one year	12	430,922 (254,139)	451,173 (379,195)
Net current assets		176,783	71,978
Total assets less current liabilities		793,436	714,204
Creditors: amounts falling due after more than one year	12	(160,000)	(160,000)
Total assets attributable to members		633,436	554,204
Represented by:			
Members' other interests			
Members' capital classified as equity		241,800	241,800
Revaluation reserve		300,550	326,567
Other reserves		116,619	12,571
Minority interest		658,969 (25,533)	580,938 (26,734)
		633,436	554,204
Memorandum of members' total interests			
Loans and other debts to members		-	-
Members' other interests		633,436	554,204
Members' total interests		633,436	554,204

The financial statements were approved and authorised for issue by the members on 10 December 2020 and were signed on their behalf by:

DocuSigned by:

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 Andrew Castell
 Designated Member


The notes on pages 15 to 23 form part of these financial statements

PAR EQUITY LLP

LLP Balance Sheet
at 31 March 2020

	Note	31 March 2020 £	31 March 2019 £
Investments	10	530,647	537,585
Tangible fixed assets	9	-	-
		<hr/> 530,647	<hr/> 537,585
Current assets			
Debtors	11	347,433	286,479
Cash at bank		27,749	6,530
		<hr/> 375,182	<hr/> 293,009
Creditors: amounts falling due within one year	12	(20,623)	(13,068)
		<hr/> 354,559	<hr/> 279,941
Net current assets		<hr/> 354,559	<hr/> 279,941
Total assets attributable to members		<hr/> <hr/> 885,206	<hr/> <hr/> 817,526
Represented by:			
Members' other interests			
Members' capital classified as equity		241,800	241,800
Revaluation reserve		298,571	321,943
Other reserves		344,835	253,783
		<hr/> 885,206	<hr/> 817,526
Memorandum of members' total interests			
Loans and other debts to members		-	-
Members' other interests		885,206	817,526
		<hr/> 885,206	<hr/> 817,526
Members' total interests		<hr/> <hr/> 885,206	<hr/> <hr/> 817,526

The financial statements were approved and authorised for issue by the members on 10 December 2020 and were signed on their behalf by:

DocuSigned by:

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Andrew Castell
Designated Member

The notes on pages 15 to 23 form part of these financial statements

PAR EQUITY LLP

Consolidated Reconciliation of members' Interests

	Members' Capital (Classified as Equity) £	Other Reserve £	Revaluation Reserves £	Members' Total Interests £	Minority Interest £	Total Assets £
At 1 April 2019	241,800	12,571	326,567	580,938	(26,734)	554,204
Drawings	-	-	-	-	-	-
Loss for the year available for discretionary division among members	-	2,253	-	2,253	1,201	3,454
Changes in fair value	-	-	67,336	67,336	-	67,336
Realisation of fair value	-	101,795	(93,353)	8,442	-	8,442
At 31 March 2020	<u>241,800</u>	<u>116,619</u>	<u>300,550</u>	<u>658,969</u>	<u>(25,533)</u>	<u>633,436</u>
Amounts due from members			-			
Amounts due to members			-			

Loans and other debts due to members rank equally with debts due to ordinary creditors in the event of a winding up

The notes on pages 15 to 23 form part of these financial statements

PAR EQUITY LLP

Consolidated Reconciliation of members' Interests

	Members' Capital (Classified as Equity) £	Other Reserve £	Revaluation Reserves £	Members' Total Interests £	Minority Interest £	Total Assets £
At 1 April 2018	241,800	(305,049)	659,397	596,148	(22,062)	574,086
Drawings	-	-	-	-	-	-
Loss for the year available for discretionary division among members	-	(54,067)	-	(54,067)	(4,672)	(58,739)
Changes in fair value	-	-	38,857	38,857	-	38,857
Realisation of fair value	-	371,687	(371,687)	-	-	-
At 31 March 2019	<u>241,800</u>	<u>12,571</u>	<u>326,567</u>	<u>580,938</u>	<u>(26,734)</u>	<u>554,204</u>
Amounts due from members			-			
Amounts due to members			-			

Loans and other debts due to members rank equally with debts due to ordinary creditors in the event of a winding up

The notes on pages 15 to 23 form part of these financial statements

PAR EQUITY LLP
LLP Reconciliation of members' Interests

	Members' Capital (Classified as Equity) £	Revaluation Reserve £	Other Reserves £	Total members' Other Interest £	Loans and Other Debts £	Members' Total Interests £
At 1 April 2019	241,800	321,943	253,783	817,526	-	817,526
Drawings	-	-	-	-	-	-
Loss for the year available for discretionary division among members	-	-	(10,743)	(10,743)	-	(10,743)
Changes in fair value	-	69,981	-	69,981	-	69,981
Realisation of fair value	-	(93,353)	101,795	8,442	-	8,442
At 31 March 2020	<u>241,800</u>	<u>298,571</u>	<u>344,835</u>	<u>885,206</u>	<u>-</u>	<u>885,206</u>
Amounts due from members					-	
Amounts due to members					-	

Loans and other debts due to members rank equally with debts due to ordinary creditors in the event of a winding up.

The notes on pages 15 to 23 form part of these financial statements

PAR EQUITY LLP

LLP Reconciliation of members' Interests

	Members' Capital (Classified as Equity) £	Revaluation Reserve £	Other Reserves £	Total members' Other Interest £	Loans and Other Debts £	Members' Total Interests £
At 1 April 2018	241,800	653,688	(103,003)	792,485	-	792,485
Drawings	-	-	-	-	-	-
Loss for the year available for discretionary division among members	-	-	(14,901)	(14,901)	-	(14,901)
Changes in fair value	-	39,942	-	39,942	-	39,942
Realisation of fair value	-	(371,687)	371,687	-	-	-
At 31 March 2019	<u>241,800</u>	<u>321,943</u>	<u>253,783</u>	<u>817,526</u>	<u>-</u>	<u>817,526</u>
Amounts due from members					-	
Amounts due to members					-	
					<u>-</u>	

Loans and other debts due to members rank equally with debts due to ordinary creditors in the event of a winding up.

The notes on pages 15 to 23 form part of these financial statements

PAR EQUITY LLP

Consolidated Statement of Cash Flows
For the year ended 31 March 2020

	Notes	31 March 2020 £	31 March 2019 £
Cash flows from operating activities			
Profit for the financial year		292,865	194,211
Adjustments for:			
Members' remuneration		(276,000)	(240,000)
Taxation		18,846	-
Depreciation of tangible assets		23,790	22,197
Decrease/(increase) in debtors		108,594	(32,824)
Decrease in creditors		(125,056)	(373,541)
Profit on sale of investments		-	(256)
Net cash inflow/(outflow) from operating activities		43,039	(430,213)
Cash flows from investing activities			
Interest received		244	191
Purchase of tangible fixed assets		(3,601)	(8,322)
Sale of investments proceeds		89,373	372,085
Purchase of investments		(8,200)	(29,170)
Net cash flow from investing activities		77,816	334,784
Cash flows from financing activities			
Interest paid		(13,655)	(13,141)
Net cash flow from financing activities		(13,655)	(13,141)
Increase/(decrease) in cash and cash equivalents		107,200	(108,570)
Effect of exchange rates on cash and cash equivalents		-	-
Cash and cash equivalents at 1 April 2019		98,259	206,829
Cash and cash equivalents at 31 March 2020	1a	205,459	98,259

Note 1a – Analysis of cash and cash equivalents including changes in net debt

	1 April 2019 £	Cashflows £	31 March 2020 £
Cash at bank	<u>98,259</u>	<u>107,200</u>	<u>205,459</u>

The notes on pages 15 to 23 form part of these financial statements

PAR EQUITY LLP

**Notes to the Financial Statements
for the year ended 31 March 2020**

1. Accounting Policies

(a) Statement of compliance

Par Equity LLP is a limited liability partnership registered in Scotland. The Registered Office is 3a Dublin Meuse, Edinburgh EH3 6NW.

The Group's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Group for the year ended 31 March 2020.

(b) Going concern

The members have prepared budgets and cash flow projections extending beyond the year ending 31 March 2020. These budgets and projections reflect the members' anticipation of improved trading in the year ended 31 March 2020 and beyond with sufficient capital and liquid resources should the group make an additional loss. The members are therefore of the opinion that the accounts should be prepared on a going concern basis.

(c) 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, 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" (SORP) issued in January 2017.

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 LLP's accounting policies (see note 3).

(d) Basis of consolidation

The Group financial statements consolidate the accounts of the LLP and its subsidiary undertakings and the LLP has taken advantage of the exemption contained within Section 408 of the Companies Act 2006 not to present its own profit and loss account.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities.

In the LLP's financial statements, investments in subsidiaries are accounted for at cost less impairment.

(e) Turnover

Turnover comprises revenue recognised by the Group in respect of services supplied when the right to consideration in exchange for its performance is obtained, exclusive of value added tax. Fees are accrued and recognised in the income statement as earned.

(f) Taxation

A provision has been included for taxation in the financial statements in respect of tax payable by the subsidiary companies. No provision has been made for taxation in respect of Par Equity LLP. Each member is individually liable for any tax liabilities arising out of their interest in the LLP. Tax is assessed on the individual members and not on the LLP.

PAR EQUITY LLP

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

1. Accounting Policies (continued)

(g) Deferred taxation

Deferred tax is provided in respect of the tax effect of all timing differences that have originated but not reversed at the balance sheet date.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis, at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

(h) Significant judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

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 is the fair value of investments. The group holds equity instruments that are not quoted in active markets. The group's accounting policy on fair value measurements is outlined in the investments accounting policy below.

(i) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such costs include costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life of three years.

De minimis amounts of expenditure on fixed assets are depreciated in full in the month of addition.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

(j) Investments

Investments in portfolio companies are stated at fair value, which is based on the most recent equity issuance (if any) by the company concerned or other third party evidence such as indications of value by potential third party acquirers. Where no such indications of value exist, the investments will be valued at cost less any provisions for impairment, or, in isolated cases, where current trading and prospects support an increase in valuation.

Investments in subsidiary undertakings are stated at cost less impairment.

(k) Cash and cash equivalents

Cash and cash equivalents in the balance sheet and statement of cash flows comprise cash at banks and short term deposits with an original maturity date of three months or less.

(l) Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

PAR EQUITY LLP**Notes to the Financial Statements
for the year ended 31 March 2020 (continued)****1. Accounting Policies (continued)****(m) Foreign currency**

Foreign currency transactions are translated to the Group's functional currency at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange prevailing at the balance sheet date, and any differences arising are taken to the income statement.

Assets and liabilities of subsidiaries are denominated in foreign currencies and translated into functional currency at the rate of exchange prevailing at the balance sheet date. Revenue and expense items of such subsidiaries are translated at the average monthly exchange rate during the year. The resulting exchange differences are recognised in the statement of comprehensive income.

(n) Members' profit allocations

All profit allocations are made pursuant to the terms of the LLP's partnership agreement, which provides for an annual priority allocation of profit to working members of £60,000 each, with allocations of any surplus profits to partners pro rata to their capital contributions thereafter.

(o) Leases

Rentals paid under the operating leases are charged to the income statement on a straight line basis over the term of the lease. Lease incentives are recognised over the lease term on a straight line basis.

2. Turnover

The whole of the turnover is attributable to the principal activity of the Group. Turnover represents the amounts derived from the provision of services which fall within the Group's ordinary activities. The Group has a single principal activity, being the provision of investment management. All turnover was generated in the United Kingdom.

3. Operating profit

This is stated after charging

	31 March 2020	31 March 2019
	£	£
Auditor's remuneration – audit	28,269	27,139
Auditor's remuneration – tax and non-audit services	12,918	12,947
Depreciation of tangible fixed assets	23,790	21,590
Operating lease rentals – land and buildings	42,092	33,226

PAR EQUITY LLP

Notes to the Financial Statements
for the year ended 31 March 2020 (continued)

4. Staff costs

	31 March 2020 £	31 March 2019 £
Employment costs comprise:		
Salaries and bonuses	647,761	594,818
Pensions and private health insurance	53,139	50,050
Social security and other costs	81,318	69,199
	<u>782,218</u>	<u>714,067</u>

The average number of employees during the period, calculated on a month by month basis was 15 (31 March 2019: 13).

5. Information in relation to members

	31 March 2020	31 March 2019
The average number of members during the period was	8	8

6. Taxation

	31 March 2020 £	31 March 2019 £
The Group tax charge is made up as follows:		
UK taxation	-	-
Total current tax charge for the year	<u>-</u>	<u>-</u>
Loss on ordinary activities before tax	<u>79,232</u>	<u>(19,882)</u>
Profit multiplied by standard tax rate of 19% (2019: 19%)	15,056	(3,777)
Effects of:		
Adjustment to tax charge in respect of previous periods	-	(48)
Expenses not deductible for tax purposes	4,012	11,276
LLP profit attributable to members	(12,859)	(4,758)
Remeasurement of deferred tax to average of 19%	(14,080)	-
Adjustment to brought forward losses	(14)	-
Deferred tax not recognised	7,681	-
Income not taxable	-	(487)
Tax losses carried forward	204	(2,206)
Current tax charge for the year	<u>-</u>	<u>-</u>

PAR EQUITY LLP

**Notes to the Financial Statements
for the year ended 31 March 2020 (continued)**

7. Consolidated loss

The consolidated profit for the period before drawings amounted to £78,031 (31 March 2019: loss of £15,210).

8. Profit attributable to members of the LLP

The profit dealt with in the financial statements of the LLP is £67,680 (31 March 2019: £25,042).

9. Tangible fixed assets

	Office Equipment £	Furniture £	Total £
Group			
<u>Cost</u>			
At 1 April 2019	104,259	5,309	109,568
Additions	3,601	-	3,601
	<hr/>	<hr/>	<hr/>
At 31 March 2020	107,860	5,309	113,169
	<hr/>	<hr/>	<hr/>
<u>Depreciation</u>			
At 1 April 2019	(69,410)	(5,309)	(74,719)
Charge for the year	(23,790)	-	(23,790)
	<hr/>	<hr/>	<hr/>
As at 31 March 2020	(93,200)	(5,309)	(98,509)
	<hr/>	<hr/>	<hr/>
Net book value at 31 March 2020	14,660	-	14,660
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book value at 1 April 2019	34,849	-	34,849
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LLP			
<u>Cost</u>			
At 1 April 2019	26,415	5,309	31,724
	<hr/>	<hr/>	<hr/>
At 31 March 2020	26,415	5,309	31,724
	<hr/>	<hr/>	<hr/>
<u>Depreciation</u>			
At 1 April 2019	(26,415)	(5,309)	(31,724)
Charge for the year	-	-	-
	<hr/>	<hr/>	<hr/>
As at 31 March 2020	(26,415)	(5,309)	(31,724)
	<hr/>	<hr/>	<hr/>
Net book value at 31 March 2020	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book value at 1 April 2019	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

PAR EQUITY LLP

Notes to the Financial Statements
for the year ended 31 March 2020 (continued)

10. Fixed asset investments in portfolio companies and subsidiary undertakings

	Investments in Equities £	Investment in Subsidiary Undertakings £	Total £
Group			
At 1 April 2018	911,179	-	911,179
Additions	29,170	-	29,170
Disposals	(371,830)	-	(371,830)
Changes in fair value	38,858	-	38,858
	<hr/>	<hr/>	<hr/>
As at 1 April 2019	607,377	-	607,377
	<hr/>	<hr/>	<hr/>
Additions	47,880	-	47,880
Disposals	(120,600)	-	(120,600)
Changes in fair value	67,336	-	67,336
	<hr/>	<hr/>	<hr/>
As at 31 March 2020	601,993	-	601,993
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	Investments in Equities £	Investment in Subsidiary Undertakings £	Total £
LLP			
At 1 April 2018	868,473	1,000	869,473
Disposals	(371,830)	-	(371,830)
Changes in fair value	39,942	-	39,942
	<hr/>	<hr/>	<hr/>
As at 1 April 2019	536,585	1,000	537,585
	<hr/>	<hr/>	<hr/>
Additions	43,680	-	43,680
Disposals	(120,599)	-	(120,599)
Changes in fair value	69,981	-	69,981
	<hr/>	<hr/>	<hr/>
As at 31 March 2020	529,647	1,000	530,647
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Investments in subsidiaries are not listed and are held at cost less impairment.

PAR EQUITY LLP

**Notes to the Financial Statements
for the year ended 31 March 2020 (continued)**

10. Fixed asset investments in portfolio companies and subsidiary undertakings (continued)

Subsidiary undertakings within the group:

Name of Company	Class of Share	% of Class Held *	Nature of Business
Par Equity Holdings Limited	Ordinary	89.6%	Intermediate holding company
Par Fund Management Limited	Ordinary	100%	Investment management
Par Advisers Limited	Ordinary	100%	Business advisory, management consultancy and employment agency services
Par Nominees Limited	Ordinary	100%	Nominee company
Par Innovation Fund I (General Partner) Limited	Ordinary	100%	General partner of Par Innovation Fund I LP
Par Property GP Limited	Ordinary	100%	General partner of Par Residential Investments LP
Par Property (General Partner) Limited	Ordinary	100%	General partner of Par Residential Investments II LP
Par Property III GP Limited	Ordinary	100%	General partner of Par Residential Investments III LP
Par Forestry (General Partner) Limited	Ordinary	100%	General partner of Par Forestry Partners LP
Par Syndicate Limited	Ordinary	Limited by Guarantee	Dormant
Par Equity (US) Management LLC	-	-	Dormant

* The percentage given under “% of Class Held” is the percentage held by the immediate parent company. Par Equity Holdings Limited is the immediate parent of all the other subsidiaries excluding Par Nominees Limited of which Par Syndicate Limited is the immediate parent company. Par Equity LLP therefore controls 89.6% of the share capital of all the above subsidiaries.

Each subsidiary undertaking trades from and has its registered office at 3a Dublin Meuse, Edinburgh EH3 6NW with the exception of Par Equity (US) Management LLC which is registered in the United States of America and has no share capital.

Post year end Par Property GP Limited was dissolved on the 22 September 2020.

PAR EQUITY LLP

Notes to the Financial Statements
for the year ended 31 March 2020 (continued)

11. Debtors

	Group		LLP	
	31 March	31 March	31 March	31 March
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	157,866	201,232	-	-
Prepayments and accrued income	32,767	21,339	10,000	10,000
Amount due from related undertakings	-	-	324,294	267,059
Other debtors	34,830	110,681	13,139	9,420
S455 tax repayable	-	19,662	-	-
	<u>225,463</u>	<u>352,914</u>	<u>347,433</u>	<u>286,479</u>

12. Creditors

	Group		LLP	
	31 March	31 March	31 March	31 March
	2020	2019	2020	2019
	£	£	£	£
Amounts due within one year				
Trade creditors	28,359	53,873	2,393	339
Other creditors	5,306	35,723	506	505
Other taxes and social security costs	73,444	78,186	12,952	7,836
Amount due to related undertakings	-	-	-	-
Accruals and deferred income	147,030	211,413	4,772	4,388
	<u>254,139</u>	<u>379,195</u>	<u>20,623</u>	<u>13,068</u>

	Group		LLP	
	31 March	31 March	31 March	31 March
	2020	2019	2020	2019
	£	£	£	£
Amounts due after one year				
Subordinated loan note	160,000	160,000	-	-
	<u>160,000</u>	<u>160,000</u>	<u>-</u>	<u>-</u>

PAR EQUITY LLP**Notes to the Financial Statements
for the year ended 31 March 2020 (continued)****13. Financial Commitments**

Total rentals payable under non-cancellable operating leases are as follows:

Land and buildings (group and LLP)

	31 March 2020	31 March 2019
	£	£
No later than one year	42,193	41,907
Later than one year and no later than five years	55,306	101,031
Later than five years	-	-
	<u>97,499</u>	<u>142,938</u>

Other (group and LLP)

	Group		LLP	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	£	£	£	£
No later than one year	2,102	2,102	-	-
Later than one year and no later than five years	6,306	7,884	-	-
Later than five years	-	-	-	-
	<u>8,408</u>	<u>9,986</u>	<u>-</u>	<u>-</u>

14. Related Party Transactions

Balances and transactions between the LLP and its subsidiary *Par Equity Holdings Limited*, which is a related party of the LLP, have been eliminated on consolidation and are not disclosed in this note.

All members who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration in respect of these individuals during the period was £338,345 (March 2019: £289,068).

15. Post balance sheet events

Following the emergence and spread of the COVID-19 virus since early 2020, markets worldwide have been in decline and there is increased uncertainty when predicting long-term results. Investments held by the Group are unlisted, and as such, no regular valuation information is available. The Groups year end valuations have been reviewed in September 2020. The investments value will be reviewed again in March 2021.

Par Property GP Limited a wholly owned subsidiary was dissolved on the 22 September 2020.