

**Par Equity LLP**

**LLP registration number SO301563**

**Members' Report and Consolidated Financial statements**

**For the year ended 31 March 2021**



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**PAR EQUITY LLP**  
**Members' Report and Financial Statements**  
**For the year ended 31 March 2021**

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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 2021. 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 is to provide investment management services to investment funds and individual clients. The Group also undertakes certain activities outwith the financial services arena. All of the Group's principal activities are undertaken through the LLP's 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 in addition to this it holds a number of proprietary investments in high growth potential companies. As a holding entity, the LLP doesn't conduct significant levels of business in its own right. Its revenues are in the form of expense recoveries from group companies and, where circumstances warrant, dividend distributions from group companies. It may also realise sale proceeds from the disposal of investments.

#### Key Performance Data - Group

	31 March 2021 £	31 March 2020 £
Turnover	2,059,693	1,589,701
Profit on ordinary activities before taxation and members' remuneration charged as an expense	636,371	355,232

Although the year saw a 30% increase in turnover, it also saw significant increases in expenditure in various areas as the Group continued to improve both its product and service offering as well as its infrastructure. This expenditure should, it is hoped, help the Group to accelerate further the growth in its investor base.

During the year the Group deployed £18.3 million (2020: £12 million) in venture capital investments on behalf of investors and co-investment partners, attracting a further £31.5 million (2020: £26.8 million) in investment into portfolio companies from third parties. Par Residential Investments II LP continued to distribute proceeds from asset sales to investors with the final properties belonging to the fund disposed post year-end in June 2021. Par Residential Investments III LP, having previously reached the end of its investment period is gradually realising its property interests. Par Forestry Partners LP reached the end of its investment period in November 2019 and is currently holding and managing its forestry assets until they are realised in future years.

The members continue to monitor the situation with regards to COVID-19 and the further impact it could have on investors, the staff and the group's financial stability. All venture capital investments expected to be made post year end have successfully closed. The Group's cash position has strengthened during the year.

#### Future developments

The Group's five year plan calls for it to increase its assets under management. To that end, it's seeking to introduce further investment funds to the market in the next financial year, focused on commercial forestry and venture capital. In terms of investment appetite from individual investors, the Par Investor Network remains active and inflows into the Par EIS Fund since the year end are running ahead of the equivalent period in both 2020/21 and 2019/20. Investment into new and existing portfolio companies continues post year end and the outlook for the current 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 (retired 30/09/2021)

Members:

- Paul Atkinson
- Simon Best (retired 30/09/2021)
- Robert Higginson
- James Kilcullen (retired 30/09/2021)
- Malcolm McPherson (retired 30/09/2021)
- Paul Munn (designated member from 30/09/2021)

#### **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 private limited companies 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**

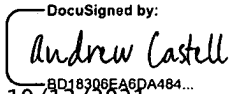
**Members' Report (continued)**

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**

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 2021 and signed on their behalf by:

DocuSigned by:  
  
BD18306EA6DA484...  
10/12/2021  
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 LLP") and its subsidiaries ("the Group") for the year ended 31 March 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the LLP Balance Sheet, the Consolidated Reconciliation of Members' Interests, LLP Reconciliation of Members' Interests, the Consolidated Statement of Cash Flows and the 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".

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the LLP's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

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 Group's or the LLP'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.

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 other information comprises the information included in the annual report other than the financial statements and our Auditor's report thereon. The members are responsible for the other information contained within the annual report. 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.

## **PAR EQUITY LLP**

### **Independent Auditor's Report to the members**

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

In the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Members' report.

We have nothing to report in respect of the following matters where 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 set out on page 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 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 Group and LLP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the Group or LLP or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities 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.

#### **Extent to which the audit was considered 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 and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the Group, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the Group is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the Group that were contrary to applicable laws and regulations, including fraud.

## PAR EQUITY LLP

### Independent Auditor's Report to the members

#### Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the Group and LLP through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

#### Use of our report

This report is made solely to the LLP'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 LLP's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's members, as a body, for our audit work, for this report, or for the opinions we have formed.

*Azets Audit Services*

Paul Hutchison BSc ACA, (Senior Statutory Auditor)  
For and on behalf of Azets Audit Services,  
Statutory Auditor  
Exchange Place 3  
Semple Street  
Edinburgh  
EH3 8BL

10 December 2021



## PAR EQUITY LLP

Consolidated Income Statement  
For the year ended 31 March 2021

	Note	31 March 2021	31 March 2020
		£	£
Turnover		2,059,693	1,589,701
Other operating income		116,407	150,251
Other expenses		(229,382)	(197,240)
Administrative expenses		(1,460,141)	(1,249,847)
Operating profit	3	486,577	292,865
Bank and other interest		(21,320)	(13,411)
Realised gain on investments		158,103	8,442
Unrealised gain on revaluation of investments		13,011	67,336
Profit on ordinary activities before taxation and members' remuneration charged as an expense		636,371	355,232
Taxation	6	-	-
		636,371	355,232
Members' remuneration charged as an expense		(276,000)	(276,000)
Attributable to minority interest		(28,068)	(1,201)
Profit for the financial year available for discretionary division among members		332,303	78,031

All amounts are in respect of continuing operations.

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

**PAR EQUITY LLP**

**Consolidated Statement of Comprehensive Income  
For the year ended 31 March 2021**

	<b>31 March 2021 £</b>	<b>31 March 2020 £</b>
Profit for the financial year available for discretionary division among members	<u>332,303</u>	<u>78,031</u>
<b>Total comprehensive income for the year</b>	<u><u>332,303</u></u>	<u><u>78,031</u></u>

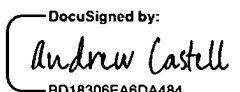
*The notes on pages 16 to 25 form part of these financial statements*

## PAR EQUITY LLP

Consolidated Balance Sheet  
at 31 March 2021

	Note	31 March 2021 £	31 March 2020 £
Investments	10	386,933	601,993
Tangible fixed assets	9	12,985	14,660
Current assets		399,918	616,653
Debtors	11	491,485	225,463
Cash at bank		908,706	205,459
Creditors: amounts falling due within one year	12	1,400,191 (506,302)	430,922 (254,139)
Net current assets		893,889	176,783
Total assets less current liabilities		1,293,807	793,436
Creditors: amounts falling due after more than one year	12	(300,000)	(160,000)
Total assets attributable to members		993,807	633,436
Represented by:			
Members' other interests			
Members' capital classified as equity		241,800	241,800
Fair value reserve		220,504	300,550
Other reserves		528,968	116,619
Minority interest		991,272 2,535	658,969 (25,533)
Memorandum of members' total interests		993,807	633,436
Loans and other debts to members		-	-
Members' other interests		993,807	633,436
Members' total interests		993,807	633,436

The financial statements were approved and authorised for issue by the members on 10 December 2021 and were signed on their behalf by:

DocuSigned by:  
  
 Andrew Castell  
 Designated Member  
 10/12/2021

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

## PAR EQUITY LLP

LLP Balance Sheet  
at 31 March 2021

	Note	31 March 2021 £	31 March 2020 £
Investments	10	244,006	530,647
Tangible fixed assets	9	-	-
		<u>244,006</u>	<u>530,647</u>
Current assets			
Debtors	11	644,183	347,433
Cash at bank		106,606	27,749
		<u>750,789</u>	<u>375,182</u>
Creditors: amounts falling due within one year	12	(20,119)	(20,623)
Net current assets		<u>730,670</u>	<u>354,559</u>
Total assets attributable to members		<u>974,676</u>	<u>885,206</u>
Represented by:			
Members' other interests			
Members' capital classified as equity		241,800	241,800
Fair value reserve		146,933	298,571
Other reserves		585,943	344,835
		<u>974,676</u>	<u>885,206</u>
Memorandum of members' total interests			
Loans and other debts to members		-	-
Members' other interests		974,676	885,206
Members' total interests		<u>974,676</u>	<u>885,206</u>

The financial statements were approved and authorised for issue by the members on 10 December 2021 and were signed on their behalf by:

DocuSigned by:  
  
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 Andrew Castell  
 Designated Member  
 10/12/2021

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

## PAR EQUITY LLP

## Consolidated Reconciliation of members' Interests

	Members' Capital (Classified as Equity) £	Other Reserves £	Fair Value Reserve £	Members' Total Interests £	Minority Interest £	Total Assets £
At 1 April 2020	241,800	116,619	300,550	658,969	(25,533)	633,436
Drawings	-	-	-	-	-	-
Profit for the year available for discretionary division among members	-	161,189	-	161,189	28,068	189,257
Changes in fair value	-	-	13,012	13,012	-	13,012
Realisation of fair value	-	251,160	(93,058)	158,102	-	158,102
At 31 March 2021	<u>241,800</u>	<u>528,968</u>	<u>220,504</u>	<u>991,272</u>	<u>2,535</u>	<u>993,807</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 16 to 25 form part of these financial statements*

## PAR EQUITY LLP

## Consolidated Reconciliation of members' Interests

	Members' Capital (Classified as Equity) £	Other Reserves £	Fair Value Reserve £	Members' Total Interests £	Minority Interest £	Total Assets £
At 1 April 2019	241,800	12,571	326,567	580,938	(26,734)	554,204
Drawings	-	-	-	-	-	-
Profit 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			-			
			<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 16 to 25 form part of these financial statements

## PAR EQUITY LLP

## LLP Reconciliation of members' Interests

	Members' Capital (Classified as Equity) £	Fair Value Reserve £	Other Reserves £	Total members' Other Interest £	Loans and Other Debts £	Members' Total Interests £
At 1 April 2020	241,800	298,571	344,835	885,206	-	885,206
Drawings	-	-	-	-	-	-
Loss for the year available for discretionary division among members	-	-	(10,063)	(10,063)	-	(10,063)
Changes in fair value	-	(58,570)	-	(58,570)	-	(58,570)
Realisation of fair value	-	(93,068)	251,171	158,103	-	158,103
At 31 March 2021	<u>241,800</u>	<u>146,933</u>	<u>585,943</u>	<u>974,676</u>	<u>-</u>	<u>974,676</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 16 to 25 form part of these financial statements*

## PAR EQUITY LLP

## LLP Reconciliation of members' Interests

	Members' Capital (Classified as Equity) £	Fair Value 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 16 to 25 form part of these financial statements*



## PAR EQUITY LLP

Consolidated Statement of Cash Flows  
For the year ended 31 March 2021

	Notes	31 March 2021 £	31 March 2020 £
<b>Cash flows from operating activities</b>			
Profit for the financial year		486,577	292,865
Adjustments for:			
Members' remuneration		(276,000)	(276,000)
Taxation		-	18,846
Depreciation of tangible assets		13,268	23,790
Decrease in debtors		(266,022)	108,594
Increase/(decrease) in creditors		252,163	(125,056)
<b>Net cash inflow from operating activities</b>		<b>209,986</b>	<b>43,039</b>
<b>Cash flows from investing activities</b>			
Interest received		355	244
Purchase of tangible fixed assets		(11,593)	(3,601)
Sale of investments proceeds		392,290	89,373
Purchase of investments		(6,116)	(8,200)
<b>Net cash flow from investing activities</b>		<b>374,936</b>	<b>77,816</b>
<b>Cash flows from financing activities</b>			
Interest paid		(21,675)	(13,655)
Net proceeds from loan note issue		140,000	-
<b>Net cash flow from financing activities</b>		<b>118,325</b>	<b>(13,655)</b>
<b>Increase in cash and cash equivalents</b>		<b>703,247</b>	<b>107,200</b>
<b>Effect of exchange rates on cash and cash equivalents</b>		<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at 1 April 2020</b>		<b>205,459</b>	<b>98,259</b>
<b>Cash and cash equivalents at 31 March 2021</b>	<b>1a</b>	<b>908,706</b>	<b>205,459</b>

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

	1 April 2020 £	Cashflows £	31 March 2021 £
Cash at bank	205,459	703,247	908,706

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

## PAR EQUITY LLP

### Notes to the Financial Statements for the year ended 31 March 2021

#### 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 2021.

##### (b) Going concern

The members have prepared budgets and cash flow projections extending beyond the year ending 31 March 2022. These budgets and projections reflect the members' anticipation of improved trading in the year ended 31 March 2022 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 financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

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 2021 (continued)

#### 1. Accounting Policies (continued)

##### (g) Deferred taxation

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

##### (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 3-10 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 or decrease 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.

# PAR EQUITY LLP

## Notes to the Financial Statements for the year ended 31 March 2021 (continued)

### 1. Accounting Policies (continued)

#### (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.

#### (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 (pro rata based on working hours), 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 2021	31 March 2020
	£	£
Auditor's remuneration - audit	38,926	28,269
Auditor's remuneration - tax and non-audit services	12,034	12,918
Depreciation of tangible fixed assets	13,268	23,790
Operating lease rentals - land and buildings	42,751	42,092
Operating lease rentals - other	1,752	1,314

## PAR EQUITY LLP

Notes to the Financial Statements  
for the year ended 31 March 2021 (continued)

## 4. Staff costs - Group

	31 March 2021 £	31 March 2020 £
Employment costs comprise:		
Salaries and bonuses	807,045	647,761
Pension costs	33,984	53,139
Social security and other costs	95,405	81,318
	<u>936,434</u>	<u>782,218</u>

The average number of employees during the period, calculated on a month-by-month basis was 17 (31 March 2020: 15).

## 5. Information in relation to members

	31 March 2021	31 March 2020
The average number of members during the period was	8	8

## 6. Taxation

	31 March 2021 £	31 March 2020 £
The Group tax charge is made up as follows:		
UK taxation	-	-
Total current tax charge for the year	<u>-</u>	<u>-</u>
Profit on ordinary activities before tax	<u>360,371</u>	<u>79,232</u>
Profit multiplied by standard tax rate of 19% (2020: 19%)	68,470	15,056
Effects of:		
Adjustment to tax charge in respect of previous periods	-	-
Expenses not deductible for tax purposes	323	4,012
Income not allowable for tax purposes	(13,601)	-
LLP profit attributable to members	(16,999)	(12,859)
Remeasurement of deferred tax to average of 19%	-	(14,080)
Adjustment to brought forward losses	-	(14)
Deferred tax not recognised	(38,193)	7,681
Income not taxable	-	-
Tax losses carried forward	-	204
Current tax charge for the year	<u>-</u>	<u>-</u>

## PAR EQUITY LLP

Notes to the Financial Statements  
for the year ended 31 March 2021 (continued)

## 7. Consolidated profit

The consolidated profit for the period before drawings amounted to £332,303 (31 March 2020: £78,031).

## 8. Profit attributable to members of the LLP

The profit dealt with in the financial statements of the LLP is £89,470 (31 March 2020: £67,680).

## 9. Tangible fixed assets

	Office Equipment £	Furniture £	Total £
<b>Group</b>			
<u>Cost</u>			
At 1 April 2020	107,860	5,309	113,169
Reallocation of assets	(3,203)	3,203	-
Additions	8,208	3,385	11,593
Disposals	(24,286)	-	(24,286)
At 31 March 2021	88,579	11,897	100,476
<u>Depreciation</u>			
At 1 April 2020	(93,200)	(5,309)	(98,509)
Reallocation of assets	866	(866)	-
Charge for the year	(12,144)	(1,124)	(13,268)
Disposals	24,286	-	24,286
As at 31 March 2021	(80,192)	(7,299)	(87,491)
Net book value at 31 March 2021	8,387	4,598	12,985
Net book value at 1 April 2020	14,660	-	14,660
<b>LLP</b>			
<u>Cost</u>			
At 1 April 2020	26,415	5,309	31,724
Disposals	(24,286)	-	(24,286)
At 31 March 2021	2,129	5,309	7,438
<u>Depreciation</u>			
At 1 April 2020	(26,415)	(5,309)	(31,724)
Disposals	24,286	-	24,286
Charge for the year	-	-	-
As at 31 March 2021	(2,129)	(5,309)	(7,438)
Net book value at 31 March 2021	-	-	-
Net book value at 1 April 2020	-	-	-

## PAR EQUITY LLP

Notes to the Financial Statements  
for the year ended 31 March 2021 (continued)

## 10. Fixed asset investments in portfolio companies and subsidiary undertakings

	Investments in Equities £	Investment in Subsidiary Undertakings £	Total £
<b>Group</b>			
At 1 April 2019	607,377	-	607,377
Additions	47,880	-	47,880
Disposals	(120,600)	-	(120,600)
Changes in fair value	67,336	-	67,336
As at 1 April 2020	601,993	-	601,993
Additions	6,116	-	6,116
Disposals	(234,188)	-	(234,188)
Changes in fair value	13,012	-	13,012
As at 31 March 2021	386,933	-	386,933
	Investments in Equities £	Investment in Subsidiary Undertakings £	Total £
<b>LLP</b>			
At 1 April 2019	536,585	1,000	537,585
Additions	43,680	-	43,680
Disposals	(120,599)	-	(120,599)
Changes in fair value	69,981	-	69,981
As at 1 April 2020	529,647	1,000	530,647
Additions	6,116	-	6,116
Disposals	(234,187)	-	(234,187)
Changes in fair value	(58,570)	-	(58,570)
As at 31 March 2021	243,006	1,000	244,006

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 2021 (continued)****10. Fixed asset investments in portfolio companies and subsidiary undertakings (continued)**

Subsidiary undertakings within the group:

<b>Name of Company</b>	<b>Class of Share</b>	<b>% of Class Held *</b>	<b>Nature of Business</b>
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 (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 Forestry (GP) III Ltd	Ordinary	100%	General partner of Par Forestry III 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.

Par Property GP Limited was dissolved on 22 September 2020. Par Forestry (GP) III Ltd was incorporated on 18 September 2020.



## PAR EQUITY LLP

Notes to the Financial Statements  
for the year ended 31 March 2021 (continued)

## 11. Debtors

	Group		LLP	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	£	£	£	£
Trade debtors	330,720	157,866	-	-
Prepayments and accrued income	91,878	32,767	21,196	13,139
Amount due from related undertakings	-	-	606,987	324,294
Other debtors	68,887	34,830	16,000	10,000
	<u>491,485</u>	<u>225,463</u>	<u>644,183</u>	<u>347,433</u>

## 12. Creditors

	Group		LLP	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	£	£	£	£
Amounts due within one year				
Trade creditors	23,542	28,359	2,558	2,393
Other creditors	34,884	5,306	506	506
Other taxes and social security costs	73,155	73,444	12,055	12,952
Amount due to related undertakings	-	-	-	-
Accruals and deferred income	374,721	147,030	5,000	4,772
	<u>506,302</u>	<u>254,139</u>	<u>20,119</u>	<u>20,623</u>

	Group		LLP	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	£	£	£	£
Amounts due after one year				
Subordinated loan note	300,000	160,000	-	-
	<u>300,000</u>	<u>160,000</u>	<u>-</u>	<u>-</u>

## PAR EQUITY LLP

Notes to the Financial Statements  
for the year ended 31 March 2021 (continued)

## 13. Financial Commitments

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

## Land and buildings (group and LLP)

	Group		LLP	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	£	£	£	£
No later than one year	43,545	42,193	-	-
Later than one year and no later than five years	14,610	55,306	-	-
Later than five years	-	-	-	-
	<u>58,155</u>	<u>97,499</u>	<u>-</u>	<u>-</u>

## Other (group and LLP)

	Group		LLP	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	£	£	£	£
No later than one year	1,752	1,752	-	-
Later than one year and no later than five years	3,942	5,694	-	-
Later than five years	-	-	-	-
	<u>5,694</u>	<u>7,446</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 £345,644 (March 2020: £338,345).

## PAR EQUITY LLP

**Notes to the Financial Statements**  
**for the year ended 31 March 2021 (continued)**

**15. Financial Instruments**

	Group		LLP	
	31 March 2021 £	31 March 2020 £	31 March 2021 £	31 March 2020 £
Financial assets held at fair value	386,933	601,993	243,006	529,647

Financial assets measured at fair value comprise investments in portfolio companies.

**16. 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 Group's year end valuations have been reviewed in September 2021. The investments value will be reviewed again in March 2022.

Par Forestry (General Partner) IV Limited was incorporated post year-end on 24 May 2021.