

TERRA FIRMA CAPITAL PARTNERS LIMITED
ANNUAL REPORTS AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2020



COMPANY NUMBER: 04219556

TERRA FIRMA CAPITAL PARTNERS LIMITED

COMPANY INFORMATION

Directors

Mr V Ahuja
Mr R Boehringer (appointed 15 October 2019)
Mr A Gezcy (resigned 18 April 2019)
Mrs D Pluck

Secretary

Ms M Lappas

Company Number

04219556

Registered Office

2 More London Riverside
London
SE1 2AP

Auditor

Deloitte LLP
Regency Court
Glatigny Esplanade
St Peter Port
Guernsey
GY1 3HW
Channel Islands

TERRA FIRMA CAPITAL PARTNERS LIMITED

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TERRA FIRMA CAPITAL PARTNERS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

The directors present their report together with the strategic report, auditor's report and accounts for the year ended 31 March 2020.

Principal Activity and Review of Business

Terra Firma Capital Partners Limited ('the company') was incorporated on 18 May 2001 under the Companies Acts. The company has a subsidiary incorporated in Germany, terrafirma GmbH (together 'the group'). The principal activity of the company is that of adviser to the General Partners of Limited Partnerships making private equity investments. The company provides investment advice to the General Partners, including sourcing and advising on investment opportunities and realisation strategies. The directors are of the opinion that the company will continue its principal activity for the foreseeable future.

Financial Risk Management Objectives and Policies

The group's activities expose it to a number of financial risks including foreign exchange risk, credit risk, cash flow risk and liquidity risk. The group does not currently use derivative financial instruments for the management of these risks.

Foreign Exchange Risk

The group's activities expose it only to a very limited extent to the financial risks of changes in foreign currency exchange rates, with the main constituent of this being the translation of the company's foreign subsidiary. Therefore the directors do not consider it appropriate to use foreign exchange forward contracts to hedge these small exposures.

Credit Risk

The group's principal financial assets are bank balances and cash, trade and other receivables and investments. The group's credit risk is primarily attributable to its trade receivables and loan receivables. The credit risk on liquid funds is limited because the counterparties are banks with relatively high credit ratings or backed by the UK government. Trade receivables balances are kept on short maturities to enable reallocation of funds at short notice. Loan receivable arrangements are checked for credit worthiness before being entered into. The group does have significant concentration of credit risk, with exposure spread over a small number of counterparties and customers. However, the directors are satisfied that the risk of a loss event is not significant. There have been no such loss events to date.

Cash Flow Risk and Liquidity Risk

The group has sufficient cash available to manage ongoing operations and holds such cash on short maturities. The group has no need for debt finance.

Going Concern

In forming their opinion of going concern the directors have made sufficient enquiries into Terra Firma Holdings Limited ("TFHL") and its wholly owned subsidiaries, from which the group generates its turnover. The directors have reviewed the forecasts which include the cash support of the TFHL ultimate shareholder and are of the opinion that with this support, the cash will be sufficient to continue to cover the costs of TFHL and therefore the turnover of the Terra Firma Capital Partners Limited for the foreseeable future.

The directors have further considered the impact of Covid-19 on TFHL and even under more severe scenarios, there is expected to be sufficient liquid assets to settle liabilities as they fall due. Terra Firma Capital Partners Limited continues to work remotely and operate on a business as usual basis, as a result the day-to-day operations have not been materially impacted. Accordingly, the directors continue to adopt the going concern basis of preparation for the financial statements.

TERRA FIRMA CAPITAL PARTNERS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

Results and Dividends

The audited accounts for the year ended 31 March 2020 are set out on Pages 7 to 25. The group profit for the year after taxation was £1,167,000 (2019: £1,914,000). During the year ended 31 March 2020 a dividend of £5,000,000 was paid (2019: nil) to London 58 Limited (the "parent"):

Directors

The directors who served during the year and since the end of the year are:

Mr V Ahuja
Mr R Boehringer (appointed 15 October 2019)
Mr A Gezcy (resigned 18 April 2019)
Mrs D Pluck

Directors' Interests

As at 31 March 2020, no director held interests in the shares of the company or any subsidiary undertaking (2019: nil). London 58 Limited, a company ultimately owned by Mr G Hands, held the entire share capital of the company (see note 20).

Directors' Indemnities

The company has made qualifying third-party indemnity provisions for the benefit of its directors which have been in place for some time and remain in force at the date of this report.

Charitable and Political Donations

During the year the group committed to charitable donations of £153,000 (2019: £230,000), through a variety of channels. As in previous years, this amount included donations of 10% of the group's annual profits in aggregate to Impetus – The Private Equity Foundation and the Terra Firma Charitable Trust.

The Terra Firma Charitable Trust, a not-for-profit charitable fund formed and funded by Terra Firma employees and donations from the company, makes charitable donations which will directly benefit the local community in the London Borough of Southwark.

During the year the group made no political donations (2019: nil).

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware;
- (2) the director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of the information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

TERRA FIRMA CAPITAL PARTNERS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

Directors' Responsibilities Statement

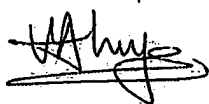
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

By order of the Board,

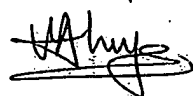


Vivek Ahuja
21 July 2020

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

In the year ended 31 March 2020, the group's turnover decreased by 31% to £15.9m (2019: £23.0m). There was a corresponding decrease in administrative costs, with the result that operating profit for the year was £1.5m (2019: £2.3m). Profit for the financial year was £1.2m (2019: £1.9m).

By order of the Board,



Vivek Ahuja
21 July 2020

TERRA FIRMA CAPITAL PARTNERS LIMITED

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TERRA FIRMA CAPITAL PARTNERS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Terra Firma Capital Partners Limited (the 'parent company') and its subsidiary (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated and parent company statements of cash flows; and
- the related notes 1 to 21.

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 are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company'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.

We have nothing to report in respect of these matters.

Other information

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

TERRA FIRMA CAPITAL PARTNERS LIMITED

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2020

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 of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors 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 directors are responsible for assessing the group's and the parent company'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 directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

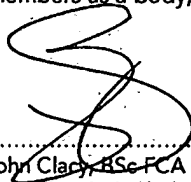
TERRA FIRMA CAPITAL PARTNERS LIMITED

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2020

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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John Clacy, BSc FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
St Peter Port, Guernsey
July 2020

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TERRA FIRMA CAPITAL PARTNERS LIMITED**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 MARCH 2020**

	Note	Year Ended 31 March 2020 £'000	Year Ended 31 March 2019 £'000
Turnover	1	15,890	23,046
Administrative expenses		(14,444)	(20,790)
Operating profit	4	1,446	2,256
Interest receivable and similar income		163	135
Interest payable and similar charges	7	(5)	(7)
Profit on activities before taxation		1,604	2,384
Tax	8	(437)	(470)
Profit for the financial year		1,167	1,914
Currency translation difference on foreign currency investments		2	(11)
Total comprehensive income		1,169	1,903

The above results are derived from continuing operations.

The accompanying notes 1 to 21 are an integral part of these financial statements.

TERRA FIRMA CAPITAL PARTNERS LIMITED
COMPANY NUMBER: 04219556
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

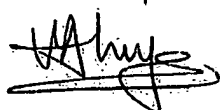
	Note	31 March 2020		31 March 2019	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible fixed assets	9		142		172
Current assets					
Cash at bank		4,471		18,815	
Debtors:					
amounts due falling within one year	12	6,084		1,747	
amounts due falling more than one year	12	4,500		4,500	
		<u>15,055</u>		<u>25,062</u>	
Creditors: amounts falling due within one year	13	<u>(3,245)</u>		<u>(9,451)</u>	
Net current assets			<u>11,810</u>		<u>15,611</u>
Net assets			<u>11,952</u>		<u>15,783</u>
Capital and reserves					
Called up share capital	14		5		5
Share premium	15		5,750		5,750
Profit and loss account	15		<u>6,197</u>		<u>10,028</u>
Shareholder's funds			<u>11,952</u>		<u>15,783</u>

The accompanying notes 1 to 21 are an integral part of these financial statements.

The financial statements of Terra Firma Capital Partners Limited were approved by the board of directors and authorised for issue on 21 July 2020. They were signed on its behalf by:

Vivek Ahuja

Director



21 July 2020

TERRA FIRMA CAPITAL PARTNERS LIMITED
COMPANY NUMBER: 04219556
COMPANY STATEMENT OF FINANCIAL POSITION

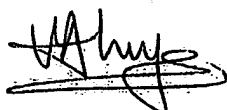
AS AT 31 MARCH 2020

	Note	31 March 2020		31 March 2019	
		£'000	£'000	£'000	£'000
Fixed assets					
Investments	10		152		152
Tangible fixed assets	9		142		172
			<u>294</u>		<u>324</u>
Current assets					
Cash at bank		4,420		18,803	
Debtors:					
amounts falling due within one year	12	6,057		1,666	
amounts falling due more than one year	12	4,500		4,500	
		<u>14,977</u>		<u>24,969</u>	
Creditors: amounts falling due within one year	13	<u>(3,667)</u>		<u>(9,855)</u>	
Net current assets			<u>11,310</u>		<u>15,114</u>
Net assets			<u>11,604</u>		<u>15,438</u>
Capital and reserves					
Called up share capital	14		5		5
Share premium	15		5,750		5,750
Profit and loss account	15		5,849		9,683
Shareholder's funds			<u>11,604</u>		<u>15,438</u>

The accompanying notes 1 to 21 are an integral part of these financial statements.

The financial statements of Terra Firma Capital Partners Limited were approved by the board of directors and authorised for issue on 21 July 2020. They were signed on its behalf by:

Vivek Ahuja



Director

21 July 2020

TERRA FIRMA CAPITAL PARTNERS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

		Called-up share capital £'000	Share premium £'000	Profit and Loss account £'000	Total £'000
As at 31 March 2018		5	5,750	8,125	13,880
Total comprehensive income		-	-	1,903	1,903
As at 31 March 2019		5	5,750	10,028	15,783
Total comprehensive income		-	-	1,169	1,169
Dividend	15	-	-	(5,000)	(5,000)
As at 31 March 2020		5	5,750	6,197	11,952

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

		Called-up share capital £'000	Share premium £'000	Profit and Loss account £'000	Total £'000
As at 1 April 2018		5	5,750	7,769	13,524
Total comprehensive income		-	-	1,914	1,914
As at 31 March 2019		5	5,750	9,683	15,438
Total comprehensive income		-	-	1,166	1,166
Dividend	15	-	-	(5,000)	(5,000)
As at 31 March 2020		5	5,750	5,849	11,604

TERRA FIRMA CAPITAL PARTNERS LIMITED**CONSOLIDATED STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 MARCH 2020**

	Note	Year Ended 31 March 2020	Year Ended 31 March 2019
		£'000	£'000
Net cash flows from operating activities	16	(9,455)	16,535
Cash flows from investing activities			
Purchase of tangible fixed assets		(37)	(2)
Loan interest received		151	136
Net cash flows from investing activities		114	134
Cash flows used in financing activities			
Dividend paid		(5,000)	-
Interest paid		(5)	(7)
Net cash flows used in financing activities		(5,005)	(7)
Effect of foreign exchange on investments		2	(11)
Net movement in cash and cash equivalents		(14,344)	16,651
Cash and cash equivalents at beginning of year		18,815	2,164
Cash and cash equivalents at end of year		4,471	18,815

The accompanying notes 1 to 21 are an integral part of these financial statements.

TERRA FIRMA CAPITAL PARTNERS LIMITED

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	Note	Year Ended 31 March 2020	Year Ended 31 March 2019
		£'000	£'000
Net cash flows from operating activities	16	(9,492)	16,549
Cash flows from investing activities			
Purchase of tangible fixed assets		(37)	(2)
Loan repayments		-	-
Loan interest received		151	136
Net cash flows from investing activities		114	134
Cash flows used in financing activities			
Dividend paid		(5,000)	-
Interest paid		(5)	(6)
Net cash flows used in financing activities		(5,005)	(6)
Net movement in cash and cash equivalents		(14,383)	16,677
Cash and cash equivalents at beginning of year		18,803	2,126
Cash and cash equivalents at end of year		4,420	18,803

The accompanying notes 1 to 21 are an integral part of these financial statements.

TERRA FIRMA CAPITAL PARTNERS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2020

1. Accounting Policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

a. General information and basis of accounting

Terra Firma Capital Partners Limited ('the company') is a company incorporated in the United Kingdom under the Companies Act. The Registered Office is 2 More London Riverside, London SE1 2AP. The company has a subsidiary incorporated in Germany, terrafirma GmbH (together 'the group').

The company is a private company limited by shares and is registered in England and Wales. The group's business activities are set out on page 1. The financial position of the group, its cash flows and liquidity position are shown in the financial statements on pages 7 to 12. In addition the Directors' Report includes the group's objectives, policies and processes for managing its capital: its financial risk management objectives and its exposures to credit risk and liquidity risk.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Terra Firma Capital Partners Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

b. Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertaking, terrafirma GmbH, drawn up to 31 March each year. All intra-group transactions, balances, income and expenses are eliminated on consolidation. In accordance with Section 35 of FRS 102, Section 19 of FRS 102 has not been applied in these financial statements in respect of business combinations.

c. Going concern

In forming their opinion of going concern the directors have made sufficient enquiries into Terra Firma Holdings Limited ("TFHL") and its wholly owned subsidiaries, from which the group generates its turnover. The directors have reviewed the forecasts which include the cash support of the TFHL ultimate shareholder and are of the opinion that with this support, the cash will be sufficient to continue to cover the costs of TFHL and therefore the turnover of the Terra Firma Capital Partners Limited for the foreseeable future.

The directors have further considered the impact of Covid-19 on TFHL and even under more severe scenarios, there is expected to be sufficient liquid assets to settle liabilities as they fall due. Terra Firma Capital Partners Limited continues to work remotely and operate on a business as usual basis, as a result the day-to-day operations have not been materially impacted. Accordingly, the directors continue to adopt the going concern basis of preparation for the financial statements.

TERRA FIRMA CAPITAL PARTNERS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2020

1. Accounting policies (continued)

d. Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Computer equipment and software	-	3 years
Fixtures and fittings	-	3-5 years
Leasehold improvements	-	the shorter of 10 years and the lease term

e. Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when, there exists a legally enforceable right to set off the recognised amounts and the group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

f. Investments

Investments in subsidiaries are shown at cost less any provision for impairment.

g. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each statement of financial position date. If there is objective evidence of impairment, an impairment loss is recognised in the statement of comprehensive income as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

TERRA FIRMA CAPITAL PARTNERS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2020

1. **Accounting policies (continued)**

g. Impairment of assets (continued)

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

h. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid using the tax rates and laws that have been substantially enacted by the statement of financial position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the statement of financial position date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, 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.

i. Turnover

Turnover represents amounts receivable for services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

j. Employee benefits

For defined contribution schemes the amount charged to the statement of comprehensive income in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

Termination benefits arise through the termination of employment contracts before the employees contractual retirement date. The benefits are recognised as a liability and an expense only when the company is demonstrably committed to the termination.

TERRA FIRMA CAPITAL PARTNERS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2020

1. Accounting policies (continued)

k. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are reported at the rates of exchange prevailing at that date. Any gain or loss arising on foreign currency balances is taken to the statement of comprehensive income.

Results of the overseas operation are translated at an average rate of exchange during the year of €1.15 to £1 (2019: €1.14 to £1), and at a closing rate of €1.13 to £1 (2019: €1.16 to £1). Exchange differences arising on the translation of opening net assets are reported in the statement of comprehensive income.

l. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. All of the group's leases have been classified as operating leases.

Rental income from and rentals payable under operating leases are recognised on a straight-line basis over the term of the relevant lease. In the event that lease incentives are given or received, these are recognised as a liability or an asset. The aggregate detriment or benefit of incentives is recognised as a reduction of rental income or expense on a straight-line basis.

m. Employee bonuses

Certain employees are entitled to bonuses on the satisfaction of various conditions. Such arrangements are accrued for only once it is deemed probable that the contractual conditions for payment may be satisfied and the amount of the future payment can be reliably measured.

The amount recognised as an accrual is the best estimate of the consideration required to settle the employee bonuses at the statement of financial position date, taking into account the risk and uncertainties surrounding the obligation.

TERRA FIRMA CAPITAL PARTNERS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2020

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, which are described in note 1, the directors are required to make judgements, 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 the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

In the opinion of the directors there are no material critical accounting judgements.

Key sources of estimation uncertainty

Employee bonuses

As at 31 March 2020, there was an accrual in relation to employee bonuses which are based on the satisfaction of various conditions. In order to determine the value of the accrual, the directors took into account the minimum contractual payments expected and the likelihood of the conditions being satisfied. For the year ending 31 March 2020 £1,379,000 (2019: £3,874,000) has been accrued in respect of these arrangements.

In the opinion of the directors there are no material sources of estimation uncertainty other than stated above.

3. Parent company

The Terra Firma Capital Partners Limited profit after tax for the period was £1,166,000 (2019: £1,914,000). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent company.

TERRA FIRMA CAPITAL PARTNERS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2020

4. Profit before taxation

	Year Ended 31 March 2020	Year Ended 31 March 2019
GROUP	£'000	£'000
Profit before taxation is stated after charging:		
Depreciation	67	86
The analysis of auditor's remuneration is as follows:		
Fees payable to the company's auditor for the audit of the company's annual accounts	58	38
Total audit fees	<u>58</u>	<u>38</u>
Other services:		
Taxation services	<u>18</u>	<u>33</u>
Total non-audit fees	<u>18</u>	<u>33</u>

5. Employee costs

	Year Ended 31 March 2020	Year Ended 31 March 2019
GROUP & COMPANY	£'000	£'000
Employee costs including directors, consist of:		
Wages, salaries and other employee benefits	8,361	13,656
Social security	936	1,271
Pension costs	370	486
	<u>9,667</u>	<u>15,413</u>
	<i>Number</i>	<i>Number</i>
The average number of employees, including directors, during the year was:	52	67

All pension costs relate to defined contribution schemes. Certain employees are entitled to bonuses on the satisfaction of various conditions. Such arrangements are accrued for only once it is deemed probable that the contractual conditions for payment may be satisfied and the amount of the future payment can be reliably measured. For the year ending 31 March 2020 £1,379,000 (2019: £3,874,000) has been accrued in respect of these arrangements.

TERRA FIRMA CAPITAL PARTNERS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2020

6. Directors' remuneration

	Year Ended 31 March 2020	Year Ended 31 March 2019
	£'000	£'000
Fees	17	15
Emoluments	1,566	2,582
Company contributions to money purchase pension schemes	16	30
Benefits in kind	6	7
	<u>1,605</u>	<u>2,634</u>

The payments made to the highest paid director were as follows:

	£'000	£'000
Emoluments	1,140	1,090
Pension contributions	10	10
Benefits in kind	5	2
	<u>1,154</u>	<u>1,102</u>

All pension contributions were to defined contribution schemes.

In accordance with FRS 102, it has been concluded that key management personnel comprise directors only and, therefore, the required FRS 102 disclosures are satisfied by the above Companies Act disclosures.

7. Interest payable and similar expenses

	Year Ended 31 March 2020	Year Ended 31 March 2019
	£'000	£'000
Bank charges	<u>5</u>	<u>7</u>
	<u>5</u>	<u>7</u>

TERRA FIRMA CAPITAL PARTNERS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2020

8. Tax on profit on ordinary activities

The tax charge is based upon the results of the company and its subsidiary and is due to the following taxation authorities:

	Year Ended 31 March 2020	Year Ended 31 March 2019
	£'000	£'000
Tax		
United Kingdom HM Revenue & Customs	223	439
Adjustments in respect of prior years (United Kingdom)	-	-
Total current tax charge	223	439
Deferred tax	214	31
Total tax charge for the year	437	470

	Year Ended 31 March 2020	Year Ended 31 March 2019
	£'000	£'000
Current Tax		
Profit on ordinary activities before tax	1,604	2,384
United Kingdom corporation tax at 19% (2019: 19%)	305	452
Effects of:		
Expenses not deductible	148	18
Depreciation shortfall of capital allowances	-	(2)
Movement in short-term timing differences	18	(29)
Prior period	(35)	-
Current tax charge for the period	437	439
Deferred tax	-	31
Total tax charge for the year	437	470

DEFERRED TAX	Year Ended 31 March 2020 £'000	Year Ended 31 March 2019 £'000
Accelerated depreciation	73	83
Accrued pension contributions	6	6
Accrued charitable donations	29	41
Deferred bonus	-	191
Deferred tax asset	108	321

During the year beginning 1 April 2020, the net reversal of deferred tax asset is expected to decrease the corporation tax charge for the year by £41,000. This is due to the payments of charitable donations of £153,000 and defined pension contributions of £29,000 which are all expected to be paid in the year and excess of capital allowances over depreciation of £33,000.

TERRA FIRMA CAPITAL PARTNERS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2020

8. Tax on profit on ordinary activities (continued)

UK corporation tax is calculated at 19% (2019: 19%) of the estimated assessable profits for the year. Legislation was introduced in Finance (No. 2) Act 2015 to reduce the main rate of corporation tax from 20% to 19% with effect from 1 April 2017.

9. Tangible fixed assets

GROUP & COMPANY	Leasehold improvements	Fixtures and fittings	Computer equipment and software	Total
	£'000	£'000	£'000	£'000
Cost				
At 31 March 2019	2,475	1,291	880	4,646
Additions	-	0	37	37
At 31 March 2020	2,475	1,291	917	4,683
Depreciation				
At 31 March 2019	(2,392)	(1,234)	(848)	(4,474)
Charge for the year	(15)	(22)	(30)	(67)
At 31 March 2020	(2,407)	(1,256)	(878)	(4,541)
Net book value				
At 31 March 2020	68	35	39	142
At 31 March 2019	83	57	32	172

10. Investments

COMPANY	Subsidiary £'000
Shares at cost	
At 31 March 2020 and 2019	152

On 27 March 2002, the company acquired the entire share capital (1 ordinary share) of terrafirma GmbH, a company incorporated in Germany, whose principal trade is advising the company.

TERRA FIRMA CAPITAL PARTNERS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2020

11. Financial instruments

	GROUP		COMPANY	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Carrying amount of financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>9,817</u>	<u>4,965</u>	<u>9,789</u>	<u>4,885</u>
Carrying amount of financial liabilities				
Financial liabilities measured at amortised cost	<u>1,354</u>	<u>1,379</u>	<u>1,777</u>	<u>1,792</u>

12. Debtors

	GROUP		COMPANY	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade debtors	5,267	428	5,239	348
Other debtors	103	110	104	109
Prepayments and accrued income	556	793	556	793
Corporation Tax		58		58
Deferred tax asset (see note 8)	108	321	108	321
Loan receivable (see note 19)	<u>50</u>	<u>37</u>	<u>50</u>	<u>37</u>
	<u>6,084</u>	<u>1,747</u>	<u>6,057</u>	<u>1,666</u>
Amounts falling due more than one year				
Loan receivable (see note 19)	<u>4,500</u>	<u>4,500</u>	<u>4,500</u>	<u>4,500</u>
	<u>4,500</u>	<u>4,500</u>	<u>4,500</u>	<u>4,500</u>

13. Creditors: amounts falling due within one year

	GROUP		COMPANY	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade creditors	555	979	555	975
Accruals and deferred income	1,830	8,072	1,827	8,063
Corporation tax	62	-	62	-
Other payables	<u>798</u>	<u>400</u>	<u>1,223</u>	<u>817</u>
	<u>3,245</u>	<u>9,451</u>	<u>3,667</u>	<u>9,855</u>

TERRA FIRMA CAPITAL PARTNERS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2020

14. Called up share capital and reserves

	2020 £'000	2019 £'000
Authorised shares		
100,000 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and paid up shares		
5,402 allotted, called up and fully paid ordinary shares of £1 each (2019: 5,402)	<u>5</u>	<u>5</u>

The ordinary shares have attached to them full voting rights and the right to receive dividends.

	2020 <i>Number</i>	2019 <i>Number</i>
Ordinary shares		
At 1 April	<u>5,402</u>	<u>5,402</u>
At 31 March	<u>5,402</u>	<u>5,402</u>

15. Reserves

Called up share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on the issue of share capital.

Profit and loss account includes all current and prior years' retained profits and losses inclusive of other comprehensive income.

During the year ended 31 March 2020 a dividend of £5,000,000 was paid (2019: nil) to London 58 Limited (the "parent").

TERRA FIRMA CAPITAL PARTNERS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2020

16. Reconciliation of operating profit to operating cashflows

GROUP	Year Ended 31 March 2020	Year Ended 31 March 2019
	£'000	£'000
Operating profit	1,446	2,256
Depreciation	67	86
(Increase)/decrease in operating debtors	(4,596)	9,983
(Decrease)/increase in creditors	(6,269)	5,341
UK corporation tax paid	(103)	(1,131)
Net cash flows from operating activities	(9,455)	16,535

COMPANY	Year Ended 31 March 2020	Year Ended 31 March 2019
	£'000	£'000
Operating profit	1,444	2,254
Depreciation	67	86
(Increase)/decrease in operating debtors	(4,651)	9,982
(Decrease)/increase in creditors	(6,249)	5,358
UK corporation tax paid	(103)	(1,131)
Net cash flows from operating activities	(9,492)	16,549

17. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

20. Operating lease commitments

	2020		2019	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
GROUP & COMPANY				
Up to one year	710	8	710	31
Greater than one year and less than five years	-	-	709	8
	710	8	1,419	39

TERRA FIRMA CAPITAL PARTNERS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2020

18. Related party transactions

The ultimate controlling party, Mr G Hands, is the ultimate controlling party of Terra Firma Holdings Limited, a Guernsey registered company. Terra Firma Holdings Limited controls various other Guernsey registered companies from whom the company generates turnover. These entities are predominantly the General Partners of Terra Firma Limited Partnerships whom the company advises in conducting its principal activity. Due to their common control, the directors consider these entities to be related parties. The table below shows details of turnover generated during the year as well as year-end debtor and creditor balances.

	GROUP TURNOVER		DEBTOR / (CREDITOR)	
	Year Ended 31 March 2020 £'000	Year Ended 31 March 2019 £'000	At 31 March 2020 £'000	At 31 March 2019 £'000
Terra Firma Investments (GP) 2 Limited	392	1,141	(425)	(817)
Terra Firma Investments (GP) 3 Limited	6,111	8,897	1,958	(1,161)
Terra Firma Investments (GP) DA Limited	71	103	(46)	(59)
Terra Firma Investments (GP) DA II Limited	8	11	(5)	(7)
Terra Firma Investments (Special Opportunities Fund I) Limited	1,567	2,281	502	(298)
Terra Firma Investments (Special Opportunities Fund IV) Limited	783	570	283	(74)
Terra Firma Investments Limited	5,954	8,669	1,928	(1,132)
Terra Firma Investments (Support Capital) Limited	783	1,141	252	(149)

The total remuneration for key management personnel is shown in note 6.

19. Directors' transactions

Directors' transactions include a brought forward secured loan including interest totalling £4,550,000 (2019: £4,537,000) which attracted interest of 4% and which is expected to be settled in cash. As at 31 March 2020, £50,000 (2019: £37,000) is due within one year (see note 12), with the remaining amounts due in more than one year. As of 18 April 2019, the director resigned from his responsibilities as a director of Terra Firma Capital Partners Limited.

20. Controlling company and ultimate controlling party

The immediate parent undertaking is London 58 Limited, a Guernsey registered company. The ultimate parent undertaking is Julian Holdings Limited, a Guernsey registered company. The ultimate controlling party is Mr G Hands.

21. Subsequent events

Terra Firma Capital Partners Limited's employees have been able to work remotely and continue business as usual since the beginning of the Covid-19 pandemic.

The directors have reviewed the group forecasts which include the support of the TFHL ultimate shareholder and are of the opinion that with this support, even under more severe circumstances resulting from the Covid-19 pandemic, TFHL is able to cover its costs as they fall due and therefore the turnover of the Terra Firma Capital Partners Limited for the foreseeable future. In the opinion of the directors, there have been no material events after the statement of financial position date that require disclosure or adjustment.