

AFM Seed Fund Limited

Registered No. 05303817

Annual report and financial statements

for the year ended 31 March 2021

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**AFM Seed Fund Limited**  
**Annual report and financial statements**  
**Registered No. 05303817**  
**31 March 2021**

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**AFM Seed Fund Limited**  
**Annual report and financial statements**  
**Registered No. 05303817**  
**31 March 2021**

**Company information**

**Directors**

Mr J L Walker  
Mr K Khilosia  
Mr M Borzomato  
Mr M d'Abbadie  
Mrs H Pittaway

**Bankers**

Natwest Bank  
2-8 Church Street  
Liverpool  
L1 3BG

**Registered Office**

2nd Floor  
Exchange Court  
1 Dale Street  
Liverpool  
L2 2PP

**Report of the directors  
for the year ended 31 March 2021**

The directors present their report and accounts for the year ended 31 March 2021.

This report has been prepared in accordance with the special provisions of Part XV of the Companies Act 2006 relating to small companies.

**Principal activities**

The Company is the First General Partner of the Liverpool Seed Fund Limited Partnership and manages a portfolio of investments throughout Merseyside having completed investment of the fund.

The Company was incorporated on 3 December 2004.

The principal activity of the parent company Merseyside Special Investment Fund Limited is to facilitate the investment of venture and loan capital investment funds in small and medium sized enterprises (SMEs) and provide support and monitoring of those investments, thereby assisting to regenerate business in the Merseyside area.

**Financial results**

The company had no income or expenditure during the year and as such no profit and loss account is presented.

**Dividends**

The directors do not recommend payment of a dividend (2020:£Nil) .

**Directors**

The directors who served during the year ended 31 March 2021, and up to the date of signing the financial statements, were as follows:

Mr J O'Brien            - resigned 11 August 2020  
Mr J L Walker  
Mr K Khilosia  
Mr M Borzomato  
Mr M d'Abbadie  
Mrs H Pittaway       - appointed 11 August 2020

No director of the Company has any interest in the Company or the group within the meaning of the Companies Act 2006. The ultimate parent company, Merseyside Special Investment Fund Limited, is limited

**Report of the directors**  
**for the year ended 31 March 2021**  
**(continued)**

**Statement of directors' responsibilities**

The directors are responsible for preparing 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including Section 1A 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

This report was approved by the Board on 30 November  
by

2021 and signed on its behalf



**M Borzomato**  
**Director**

**AFM Seed Fund Limited**  
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**31 March 2021**

**Balance Sheet**  
**as at 31 March 2021**

	Notes	2021 £	2020 £
<b>Fixed assets</b>			
Investments	3	-	-
<b>Current assets</b>			
Debtors	4	28,001	28,001
<b>Total assets less current liabilities</b>		<u>28,001</u>	<u>28,001</u>
<b>Capital and reserves</b>			
Called up share capital	5	1	1
Profit and loss account		28,000	28,000
<b>Equity Shareholders' funds</b>		<u>28,001</u>	<u>28,001</u>

The financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Advantage has been taken of the audit exemption available for small companies conferred by section 479a of the Companies Act 2006 on the grounds:

- a. that for the year ended 31 March 2021 the company was entitled to the exemption from a statutory audit under section 479a of the Companies Act 2006 relating to small companies; and
- b. that no notice has been deposited under section 476 of the Companies Act 2006 in relation to the financial statements for the financial year.

The directors acknowledge their responsibilities for:

- a. ensuring that the company keeps adequate accounting records which comply with section 386 of the Companies Act 2006; and
- b. preparing financial statements which give a true and fair view of the state of the affairs of the company at 31 March 2021 and of its profit or loss for the year then ended in accordance with the requirement of section 394 of the Companies Act 2006, and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements so far as applicable to the company.

The financial statements on pages 4 to 9 were approved by the board of directors on 2021 and were signed on its behalf by



**M Borzomato**  
**Director**

**AFM Seed Fund Limited**  
**Annual report and financial statements**  
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**31 March 2021**

**Statement of Changes in Equity**

	<b>Called up Share capital £</b>	<b>Profit and loss account £</b>	<b>Total equity £</b>
Balance at 1 April 2019	1	28,000	28,001
<b>Total comprehensive income for the year</b>			
Result for the year	-	-	-
<b>Balance at 31 March 2020</b>	<u>1</u>	<u>28,000</u>	<u>28,001</u>

	<b>Called up Share capital £</b>	<b>Profit and loss account £</b>	<b>Total equity £</b>
Balance at 1 April 2020	1	28,000	28,001
<b>Total comprehensive income for the year</b>			
Result for the year	-	-	-
<b>Balance at 31 March 2021</b>	<u>1</u>	<u>28,000</u>	<u>28,001</u>

## **Notes to the financial statements**

### **1 Accounting policies**

AFM Seed Fund Limited (the "Company") is a company limited by shares and incorporated, domiciled and registered in the UK. The registered number is 05303817 and the registered address is 2nd Floor, Exchange Court, 1 Dale Street, Liverpool, L2 2PP.

#### **1.1 Basis of preparation**

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*"). The presentation currency of these financial statements is sterling.

The Company's ultimate parent undertaking Merseyside Special Investment Fund Ltd includes the Company in its consolidated financial statements. The consolidated financial statements of Merseyside Special Investment Fund Ltd are available to the public and may be obtained from the above address. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### **1.2 Measurement convention**

The financial statements are prepared on the historical cost basis.

#### **1.3 Going concern**

The Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus it continues to adopt the going concern basis in preparing the annual financial statements.



**Notes to the financial statements**  
**(continued)**

**1 Accounting policies (continued)**

**1.4 Basic financial instruments**

*Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

**1.7 Taxation**

Tax on the profit or loss for the year comprises current and deferred tax.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**AFM Seed Fund Limited**  
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**Notes to the financial statements**  
**(continued)**

**2 Tax on result on ordinary activities**

<b>2 (a) Tax</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Current tax on income for the period - UK Corporation Tax	-	-
Deferred tax asset not recognised	<u><u>692,168</u></u>	<u><u>692,168</u></u>

**2 (b) Factors affecting tax charge for year**

The tax assessed for the year is equal to (2020: equal to) the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Result on ordinary activities before tax	-	-
Result on ordinary activities multiplied by standard rate of Corporation tax in the UK of 19%	<u>-</u>	<u>-</u>
<i>Effects of:</i>		
Profits/(losses) allocated from partnership	-	-
Adjustments to brought forward values	-	-
Group relief surrendered	-	-
Adjust opening deferred tax to average rate of 19%	-	(72,860)
Adjust closing deferred tax to average rate of 19%	-	-
Deferred tax not recognised	-	72,860
Income accrued but taxable in later accounting periods	<u>-</u>	<u>-</u>
Current tax charge for the period (note 2(a))	<u><u>-</u></u>	<u><u>-</u></u>

**2 (c) Factors affecting the future tax charge**

The deferred tax asset at 31 March 2021 has been calculated based on the latest substantively enacted rate of 19%. A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. In the 3 March 2021 Budget, it was announced that the UK tax rate will increase to 25% from 1 April 2023, and this change was substantively enacted in May 2021 and will increase the company's future tax charge accordingly.

**AFM Seed Fund Limited**  
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**Notes to the financial statements**  
**(continued)**

**3 Investments**

	<b>Other investments</b>
	<b>£</b>
<b>Cost</b>	
At 1 April 2020 and at 31 March 2021	100
Provision at 1 April 2020 and at 31 March 2021	<u>(100)</u>
	<u>-</u>

The investment consists of the company's interest in the Liverpool Seed Fund Limited Partnership in which it acts as the General Partner.

<b>4 Debtors</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Amount owed by group undertakings	<u>28,001</u>	<u>28,001</u>

The amounts owed by group undertakings are unsecured, repayable on demand and at a nil rate of interest.

<b>5 Share capital</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Authorised	<u>1,000</u>	<u>1,000</u>
Issued and Fully Paid Ordinary shares of £1 each	<u>1</u>	<u>1</u>

**6 Related party transactions**

The Company, being a wholly owned subsidiary, has taken advantage of the exemption available under Section 33 of FRS 102 to not disclose transactions with other companies in the group headed by Merseyside Special Investment Fund Limited.

**7 Ultimate parent company**

The Company's immediate parent undertaking is Alliance Fund Managers Limited. The ultimate parent company, the controlling party and the only company to consolidate the results of AFM Seed Fund Limited, is Merseyside Special Investment Fund Limited which is registered in England and Wales. A copy of the consolidated financial statements can be obtained from 2nd Floor, Exchange Court, 1 Dale Street, Liverpool, L2 2PP.

Liverpool Seed Fund Limited Partnership

Registered No. LP010176

Annual report and financial statements

for the year ended 31 March 2021

**Liverpool Seed Fund Limited Partnership**  
**Annual report and financial statements**  
**Registered No. LP010176**  
**31 March 2021**

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**Liverpool Seed Fund Limited Partnership**  
**Annual report and financial statements**  
**Registered No. LP010176**  
**31 March 2021**

**Partnership information**

**Registered Office**

2nd Floor  
Exchange Court  
1 Dale Street  
Liverpool  
L2 2PP

**General Partners**

First General Partner - AFM Seed Fund Limited  
Second General Partner - LVL Seed Fund Limited

**Independent Auditor**

KPMG LLP  
Chartered Accountants and Statutory Auditor  
8 Princes Parade  
Liverpool  
L3 1QH

**Banker**

Natwest Bank  
2-8 Church Street  
Liverpool  
L1 3BG

### **General Partners' report**

The General Partners present their report and the audited financial statements for the year ended 31 March 2021.

Based on its size, the Partnership has met the requirements in the Companies Act 2006 to claim exemption from preparing a strategic report.

### **Principal activities**

Liverpool Seed Fund Limited Partnership ("the Partnership") was established on 17 December 2004 by Merseyside Special Investment Fund Limited.

The Partnership's aim is to establish, support and monitor investment funds which provide equity and loan capital to small and medium sized enterprises (SMEs) operating in the county of Merseyside, thereby assisting to regenerate business in the region. In establishing the Partnership for this purpose, Merseyside Special Investment Fund Limited was supported and part-financed in creating this fund by European Regional Development Funding via the European Community's Objective 1 Programme.

### **Business review**

The Partnership is now fully invested and in its realisation phase.

### **Financial results**

The profit for the year before taxation amounted to £172,335 (2020: £676,233).

### **Going Concern**

The financial statements have been prepared on a going concern basis which the General Partners consider to be appropriate for the reasons set out below.

The nature of the Partnership's business model is such that it has very low and stable levels of expenditure or commitments that are settled in cash and they can be forecast with a high degree of reliability even in reasonably possible downside scenarios. While the impact of Covid-19 on the Partnership's investments is harder to assess, this has no impact on the Partnership's forecast expenditure or commitments that are settled in cash, all of which can be met from existing cash balances. Consequently, the General Partners have not required detailed cashflow forecasts to be prepared but have instead assumed that expenditure is consistent with actual experience in making their going concern assessment, which is for at least 12 months from the signing of these financial statements.

Consequently, the General Partners are confident that the Partnership will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**General Partners' report**  
(continued)

**Partners**

Partners' interests in the capital of the Partnership are shown below:-

Initial Limited Partner - MSIF Seed Fund Limited (99.00%)

First General Partner - AFM Seed Fund Limited (0.50%)

Second General Partner - LVL Seed Fund Limited (0.50%)

AFM Seed Fund Limited is a 100% subsidiary of Alliance Fund Managers Limited (Registered Number 03099944)

LVL Seed Fund Limited is a 100% subsidiary of Merseyside Special Investment Fund Limited (Registered Number 02981031)

The directors who served during the year ended 31 March 2021 and up to the date of signing the financial statements, were as follows:

**Directors of the First General Partner**

**Non Executive Directors**

Mr J O'Brien - resigned 11 August 2020

Mr J L Walker

Mr K Khilosia

Mrs H E Pittaway - appointed 11 August 2020

**Executive Directors**

Mr M Borzomato

Mr M d'Abbadie

**Directors of the Second General Partner**

Ms G Sloan - resigned 10 November 2020

Mr M Borzomato - appointed 4 December 2020

Mr M d'Abbadie - appointed 19 January 2021

**Disclosure of information to auditor**

The General Partners confirm that, so far as they are aware, there is no relevant audit information of which the Partnership's auditor is unaware; and has taken all the steps that it ought to have taken as General Partners to make themselves aware of any relevant audit information and to establish that the Partnership's auditor is aware of that information.

**Political contributions**

The Partnership made no political donations and incurred no political expenditure during the year.

**Auditor**

KPMG LLP are deemed to be reappointed as auditor under section 487 of the Companies Act 2006.

For and on behalf of the First General Partner



M Borzomato  
AFM Seed Fund Limited

2nd Floor Exchange Court  
1 Dale Street  
Liverpool  
L2 2PP  
30 November 2021



**Statement of General Partners' responsibilities in respect of the General Partners' report and financial statements**

The General Partners are responsible for preparing the General Partners' Report and the financial statements in accordance with applicable law and regulations.

The Partnerships (Accounts) Regulations 2008 require the general partners to prepare qualifying partnership financial statements for each financial year in accordance with Part 15 and Chapter 1 of Part 16 of the Companies Act 2006. Under that law the general partners have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the general partners 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 qualifying partnership and of the profit or loss of the qualifying partnership for that period. In preparing these financial statements, the general partners are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the qualifying partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the qualifying partnership or to cease operations, or have no realistic alternative but to do so.

The general partners are responsible for keeping adequate accounting records that are sufficient to show and explain the qualifying partnership's transactions and disclose with reasonable accuracy at any time the financial position of the qualifying partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the qualifying partnership and to prevent and detect fraud and other irregularities.



## **Independent auditor's report to the members of Liverpool Seed Fund Limited Partnership**

### **Opinion**

We have audited the financial statements of Liverpool Seed Fund Limited Partnership ("the qualifying partnership") for the year ended 31 March 2021 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Partners' Capital, Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 March 2021 and of the qualifying partnership's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including section 1A of FRS 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 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The General Partners have prepared the financial statements on the going concern basis as they do not intend to liquidate the qualifying partnership or to cease their operations, and as they have concluded that the qualifying partnership's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the General Partners' conclusions, we considered the inherent risks to the qualifying partnership's business model and analysed how those risks might affect the qualifying partnership's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the General Partners' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the General Partners' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the qualifying partnership's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the qualifying partnership will continue in operation.

### **Fraud and breaches of laws and regulations – ability to detect**

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of General Partners and inspection of policy documentation as to the qualifying partnership's high-level policies and procedures to prevent and detect fraud, including the qualifying partnership's channel for "whistleblowing" as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading board minutes.
- Considering remuneration incentive schemes and performance targets for management.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are few judgmental elements to revenue and revenue recognition is not complex.

We also identified a fraud risk related to the valuation of equity investments in response to possible pressures to enhance the asset position of the Partnership.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the partnership-wide fraud risk management controls.



**Independent auditor's report to the members of Liverpool Seed Fund Limited Partnership**  
**(continued)**

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those with descriptions that could indicate fraudulent posting or unusual journal combinations to investments and cash.
- Reperforming management's fair value calculation for a sample of equity investments, vouching key inputs to supporting documentation and assessing whether the valuation method is appropriate. Discussion with the investment managers and investment panel also formed part of this assessment.

*Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the General Partners and other management (as required by auditing standards), and from inspection of the qualifying partnership's regulatory and legal correspondence and discussed with the General Partners and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the qualifying partnership is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the qualifying partnership is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the qualifying partnership's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, and financial conduct authority regulations recognising the nature of the Partnership's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the General Partners and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

*Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

**General Partners' report**

The General Partners are responsible for the General Partners' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the General Partners' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the General Partners' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the Partnership financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of member's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the general partners were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.



**Independent auditor's report to the members of Liverpool Seed Fund Limited Partnership**  
(continued)

**General Partners' responsibilities**

As explained more fully in their statement set out on page 6, the General Partners are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the qualifying partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the qualifying partnership or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the Partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the qualifying partnership's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the qualifying partnership and the qualifying partnership's members, as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, reading 'Carla Kennaugh'. The signature is fluid and cursive, with a long, sweeping tail on the 'h'.

**Carla Kennaugh (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*  
8 Princes Parade  
Liverpool  
L3 1QH

30 November 2021

**Liverpool Seed Fund Limited Partnership**  
**Annual report and financial statements**  
**Registered No. LP010176**  
**31 March 2021**

**Profit and Loss Account and Other Comprehensive Income**  
**for the year ended 31 March 2021**

	Notes	2021 £	2020 £
<b>Turnover</b>			
Investment income		56,162	33,114
Fees and other income		<u>12,036</u>	<u>10,833</u>
		68,198	43,947
 Administrative expenses	2	 (10,154)	 (5,544)
 Amounts written off investments	4	 (250,000)	 (622,798)
Movement in provision	4	364,290	1,260,628
 <b>Profit for the financial year</b>		 <u><u>172,334</u></u>	 <u><u>676,233</u></u>

The results shown above derive from continuing operations in both the current and preceding year.

The Partnership has no other recognised income other than those included in the results above and therefore no separate Other Comprehensive Income statement has been presented.

The accompanying notes on pages 14 to 18 form part of these financial statements.

**Liverpool Seed Fund Limited Partnership**  
**Annual report and financial statements**  
Registered No. LP010176  
**31 March 2021**

**Balance Sheet**  
**as at 31 March 2021**

	Notes	2021 £	2020 £
<b>Fixed assets</b>			
Investments	4	797,000	864,728
<b>Current assets</b>			
Cash and cash equivalents	9	<u>356,075</u>	<u>110,022</u>
		356,075	110,022
<b>Creditors: amounts falling due within one year</b>	5	<u>(10,988)</u>	<u>(4,999)</u>
<b>Net current assets</b>		345,087	105,023
<b>Net assets</b>		<u><u>1,142,087</u></u>	<u><u>969,751</u></u>
<b>Partners' capital represented by</b>			
Partners' capital accounts	6	17,535,200	17,535,200
Partners' current accounts	6	(16,393,115)	(16,565,449)
<b>Total Partners' equity</b>		<u><u>1,142,085</u></u>	<u><u>969,751</u></u>

These financial statements were approved by the First General Partner on 30 November  
2021 and were signed on its behalf by:



**M Borzomato**  
**for the First General Partner**  
**AFM Seed Fund Limited**

The accompanying notes on pages 14 to 18 form part of these financial statements.

**Liverpool Seed Fund Limited Partnership**  
**Annual report and financial statements**  
Registered No. LP010176  
31 March 2021

**Statement of Changes in partners' capital, loan and income accounts  
for the year ended 31 March 2021**

	<b>Partners' capital £</b>	<b>Partners' current accounts £</b>	<b>Total Partners' equity £</b>
Balance at 1 April 2019	17,535,200	(17,241,682)	293,518
<b>Total comprehensive income for the year</b>			
Profit for the year	-	676,233	676,233
<b>Balance at 31 March 2020</b>	<b>17,535,200</b>	<b>(16,565,449)</b>	<b>969,751</b>

	<b>Partners' capital £</b>	<b>Partners' current accounts £</b>	<b>Total Partners' equity £</b>
Balance at 1 April 2020	17,535,200	(16,565,449)	969,751
<b>Total comprehensive income for the year</b>			
Profit for the year	-	172,334	172,334
<b>Balance at 31 March 2021</b>	<b>17,535,200</b>	<b>(16,393,115)</b>	<b>1,142,085</b>

The accompanying notes on pages 14 to 18 form part of these financial statements.

**Liverpool Seed Fund Limited Partnership**  
**Annual report and financial statements**  
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**31 March 2021**

**Cash Flow Statement**  
**for the year ended 31 March 2021**

	Notes	2021 £	2020 £
<b>Net cash inflow from operating activities and before financing</b>	8	64,033	41,202
<b>Returns on investments and servicing of finance</b>			
Investment Redeemed		182,020	-
<b>Cash flows from financing activities</b>			
Partners loans repaid		-	-
<b>Increase in cash for the year</b>		<b>246,053</b>	<b>41,202</b>
Cash and cash equivalents at 1 April		110,022	68,820
Cash and cash equivalents at 31 March	9	<b>356,075</b>	<b>110,022</b>

The accompanying notes on pages 14 to 18 form part of these financial statements.



**Notes to the financial statements**

**1 Accounting policies**

Liverpool Seed Fund Limited Partnership (the "Partnership") is registered in England as a Limited Partnership under the Limited Partnerships Act 1907. The registered number is LP010176 and the registered address is 2nd Floor, Exchange Court, 1 Dale Street, Liverpool, L2 2PP.

**1.1 Basis of preparation**

These financial statements were prepared in accordance with section 1A of Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

**1.2 Measurement convention**

The financial statements are prepared on the historical cost basis except for equity investments which are stated at their fair value.

**1.3 Going concern**

The financial statements have been prepared on a going concern basis which the General Partners consider to be appropriate for the reasons set out below.

The nature of the Partnership's business model is such that it has very low and stable levels of expenditure or commitments that are settled in cash and they can be forecast with a high degree of reliability even in reasonably possible downside scenarios. While the impact of Covid-19 on the Partnership's investments is harder to assess, this has no impact on the Partnership's forecast expenditure or commitments that are settled in cash, all of which can be met from existing cash balances. Consequently, the General Partners have not required detailed cashflow forecasts to be prepared but have instead assumed that expenditure is consistent with actual experience in making their going concern assessment, which is for at least 12 months from the signing of these financial statements.

Consequently, the General Partners are confident that the Partnership will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**1.4 Basic financial instruments**

*Other debtors/Other creditors*

Other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

*Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Notes to the financial statements  
(continued)

1 Accounting policies (continued)

1.4 Basic financial instruments (continued)

*Investments in preference and ordinary shares*

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognised in profit or loss; such changes are non cash items.

*Fair value measurement*

Fair value is the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction. The following hierarchy is used to estimate fair values:

- (a) The best evidence of fair value is a quoted price for an identical asset in an active market. Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted price is usually the current bid price.
- (b) When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the entity can demonstrate that the last transaction price is not a good estimate of fair value (e.g. because it reflects the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distress sale), that price is adjusted.
- (c) If the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, an entity estimates the fair value by using a valuation technique. The objective of using a valuation technique is to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

The General Partners determine the fair value of the investments with reference to the hierarchy.

*Classification of capital called and loans advanced by the Limited Partners to the Partnership*

In accordance with FRS 102.22 capital called and loans advanced by the Limited Partners to the Partnership are treated as part of the partners' equity as they include no contractual obligations upon the Partnership to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Partnership.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. There are no bank overdrafts.

1.5 Impairment excluding deferred tax assets

*Financial assets (including other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

**Notes to the financial statements  
(continued)**

**1 Accounting policies (continued)**

**1.6 Turnover**

Investment income represents dividends and profit on disposal of fixed asset investments. Fees and other income include fees received for monitoring investments.

**1.7 Judgements and estimates**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities and revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The key judgements and estimates made by the General Partners in the application of these accounting policies are in respect of the valuation of investments.

**1.8 Taxation**

The Partnership is exempt from paying income taxes with the partners being ultimately responsible for any tax

**2 Expenses and auditor's remuneration**

	2021	2020
Included in profit/loss are the following:	£	£
Auditor's remuneration:		
Audit of the company	<u>8,400</u>	<u>5,439</u>

The Partnership has no employees (2020: Nil).

**3 Tax on profit on ordinary activities**

The tax charge in relation to the partners in the Partnership is disclosed within the statutory financial statements for the individual partners.

**Liverpool Seed Fund Limited Partnership**  
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**31 March 2021**

**Notes to the financial statements**  
**(continued)**

**4 Fixed asset investments**

	Equity £	Non-equity £	Total investments £
<b>Cost or valuation</b>			
At 1 April 2020	1,599,006	1,011,515	2,610,521
Investment disposals	(450,000)	-	(450,000)
Written off in year	(100,000)	(150,000)	(250,000)
<b>At 31 March 2021</b>	<b>1,049,006</b>	<b>861,515</b>	<b>1,910,521</b>
<b>Net amounts provided</b>			
At 1 April 2020	734,278	1,011,515	1,745,793
Released on disposal	(267,982)	-	(267,982)
Movement in provision for the year	(45,290)	(319,000)	(364,290)
<b>At 31 March 2021</b>	<b>421,006</b>	<b>692,515</b>	<b>1,113,521</b>
<b>Net book value</b>			
<b>At 31 March 2021</b>	<b>628,000</b>	<b>169,000</b>	<b>797,000</b>
<b>At 31 March 2020</b>	<b>864,728</b>	<b>-</b>	<b>864,728</b>

The General Partners believe that the carrying value of the investments is supported by their underlying net assets.

At 31 March 2021 the Partnership did not hold more than 20% in any investments.

<b>5 Creditors: amounts falling due within one year</b>	<b>2021</b>	<b>2020</b>
	£	£
Amounts owed to group undertakings	908	-
Accruals	10,080	4,999
	<b>10,988</b>	<b>4,999</b>

**6 Partners' accounts**

	At 1 April 2020 £	Capital distributed £	At 31 March 2021 £
<b>Capital accounts</b>			
MSIF Seed Fund Limited	17,535,000	-	17,535,000
AFM Seed Fund Limited	100	-	100
LVL Seed Fund Limited	100	-	100
	<b>17,535,200</b>	<b>-</b>	<b>17,535,200</b>
<b>Current Accounts</b>			
	At 1 April 2020 £	Share of profit for the year £	At 31 March 2021 £
MSIF Seed Fund Limited	(16,565,449)	172,334	(16,393,115)
AFM Seed Fund Limited	-	-	-
	<b>(16,565,449)</b>	<b>172,334</b>	<b>(16,393,115)</b>

**Liverpool Seed Fund Limited Partnership**  
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**Notes to the financial statements**  
**(continued)**

**6 Partners' accounts (continued)**

Any ultimate surpluses would be distributed as follows:-

- 1) Full repayment to the Initial Limited Partner - MSIF Seed Fund Limited
- 2) Thereafter all distributions shall be made in proportion to the respective capital contributions of the partners.

**7 Financial instruments**

The carrying amount of the financial assets include:

	2021	2020
	£	£
Assets measured at fair value through profit or loss	628,000	864,728
Assets measured at cost less impairment	356,075	110,022
Liabilities measured at amortised cost	(10,988)	(4,999)
	<u>973,087</u>	<u>969,751</u>

*Investment in debt and equity securities*

The fair value of financial assets at fair value through profit or loss is determined by reference to an established, and consistently applied, valuation technique.

The objective of using such a valuation technique is to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

**8 Reconciliation of operating profit to net cash inflow from operating activities**

	2021	2020
	£	£
Profit for the year	172,334	676,233
Increase in creditors	5,989	2,799
Net amounts written off investments	250,000	622,798
Movement in provision	(364,290)	(1,260,628)
Net cash inflow from operating activities and before financing	<u>64,033</u>	<u>41,202</u>

**9 Cash and cash equivalents**

	2021	2020
	£	£
Cash at bank and in hand	<u>356,075</u>	<u>110,022</u>

**10 Capital commitments**

The Partnership had capital commitments of £Nil (2020: £Nil).

**11 Related party transactions**

All transactions with the partners that are considered to be related parties are shown in note 6.  
There are no other related party transactions.

**12 Ultimate parent company**

In their opinion the General Partners consider there to be no ultimate parent company.