

Passion Capital (GP) Limited

Report And Financial Statements

31 March 2018

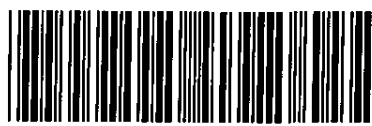
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Rees Pollock
Chartered Accountants

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29/06/2018
COMPANIES HOUSE

COMPANY INFORMATION

Directors	S Glaenzer E Burbidge R S Dighero
Registered number	07505920
Registered office	White Bear Yard 144A Clerkenwell Road London EC1R 5DF
Accountants	Rees Pollock 35 New Bridge Street London EC4V 6BW

DIRECTORS' REPORT
For the Year Ended 31 March 2018

The directors present their report and the financial statements for the year ended 31 March 2018.

Principal activity

The principal activity of the company during the year was that of general partner for the Passion Capital Limited Partnership. This fund constitute a qualifying partnership and in accordance with Statutory Instrument 'The Partnership (Accounts) Regulations 2008 ('SI 2008/569') their financial statements have been appended to these accounts for filing with the Registrar.

Directors

The directors who served during the year were:

S Glaenzer
E Burbidge
R S Dighero

Directors' responsibilities statement

The directors are responsible for preparing the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

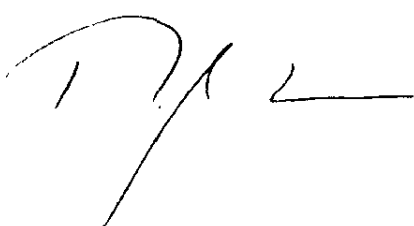
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies 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.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 26/6/2018 and signed on its behalf.

R S Dighero
Director



STATEMENT OF INCOME AND RETAINED EARNINGS
For the Year Ended 31 March 2018

	Note	2018 £	2017 £
Turnover		1,713,096	1,764,636
Administrative expenses		(1,713,096)	(1,766,306)
OPERATING PROFIT/(LOSS)		<u>-</u>	<u>(1,670)</u>
PROFIT/(LOSS) AFTER TAX		<u>-</u>	<u>(1,670)</u>
Retained earnings at the beginning of the year		(4,145)	(2,475)
		(4,145)	(2,475)
Loss for the year		-	(1,670)
RETAINED EARNINGS AT THE END OF THE YEAR		<u>(4,145)</u>	<u>(4,145)</u>

The notes on pages 4 to 6 form part of these financial statements.

BALANCE SHEET
As at 31 March 2018

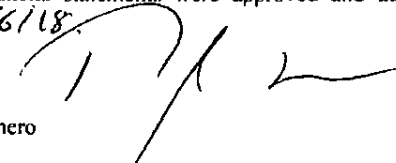
	Note	2018 £	2017 £
FIXED ASSETS			
Investments		2	2
		<u>2</u>	<u>2</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	3	-	253,126
Cash at bank and in hand		542	640
		<u>542</u>	<u>253,766</u>
Creditors: amounts falling due within one year	4	(4,688)	(257,912)
NET CURRENT LIABILITIES		<u>(4,146)</u>	<u>(4,146)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(4,144)</u>	<u>(4,144)</u>
NET LIABILITIES		<u>(4,144)</u>	<u>(4,144)</u>
CAPITAL AND RESERVES			
Called up share capital	5	1	1
Profit and loss account		(4,145)	(4,145)
		<u>(4,144)</u>	<u>(4,144)</u>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

26/6/18

R S Dighero
Director

The notes on pages 4 to 6 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2018

1. ACCOUNTING POLICIES

Basis of preparation of financial statements

Passion Capital (GP) Limited is a private company limited by shares incorporated in the UK and registered in England and Wales.

The entity's registered address is White Bear Yard, 144A Clerkenwell Road, London, EC1R 5DF.

The principal activities are documented in the Directors' Report.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006..

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. Management do not consider there are any key accounting estimates or assumptions made that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Management are also required to exercise judgment in applying the entity's accounting policies. Due to the straight forward nature of the business management consider that no critical judgements have been made in applying the entity's accounting policies.

The following principal accounting policies have been applied:

Turnover

The turnover shown in the profit and loss account represents the company's General Partner's profit share as a first charge on net income and capital gains of Passion Capital LP, Passion Capital II LP and Passion Capital FS LP.

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Financial instruments

Debtors are initially recognised at transaction value, as none contain in substance a financing transaction. Thereafter debtors are reviewed for impairment where there is objective evidence based on observable data that the balance may be impaired. The company does not hold collateral against its trade and other receivables so its exposure to credit risk is the net balance of trade and other debtors after allowance for impairment.

The company's cash holdings comprise on demand balances. All cash is held with banks with strong external credit ratings.

Other creditors are initially recognised at transaction value as none represent a financing transaction. They are only derecognised when they are extinguished.

The company only has short term receivables and payables. Its net current asset position is a reasonable measure of its liquidity at any given time.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2018

1. ACCOUNTING POLICIES (continued)

Taxation

Tax is recognised in the Statement of income and retained earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

2. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
COST	
At 1 April 2017	2
At 31 March 2018	2
NET BOOK VALUE	
At 31 March 2018	2
At 31 March 2017	2

The company had the following subsidiary undertakings:

The company holds 100% of the capital of Passion Capital II (GP) LLP. The principal activity of the LLP is that of a general partner of a limited partnership. The aggregate capital and reserves at 31 March 2018 was £1 (2017: £253,488). The profit for the year ending 31 March 2018 was £nil (2017: £nil).

The company holds 100% of the capital of Passion Capital FS (GP) LLP. The principal activity of the LLP is that of a general partner of a limited partnership. The aggregate capital and reserves at 31 March 2018 was £nil (2017: £nil). The profit for the year ending 31 March 2018 was £nil (2017: £nil).

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2018

3. DEBTORS

	2018	2017
	£	£
Other debtors	-	253,126
	<u>-</u>	<u>253,126</u>
	<u>-</u>	<u>253,126</u>

4. CREDITORS: Amounts falling due within one year

	2018	2017
	£	£
Amounts owed to group undertakings	4,688	257,912
	<u>4,688</u>	<u>257,912</u>
	<u>4,688</u>	<u>257,912</u>

5. SHARE CAPITAL

	2018	2017
	£	£
Shares classified as equity		
Allotted, called up and fully paid		
1 Ordinary share of £1	1	1
	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

6. CONTROLLING PARTY

The company's ultimate parent company at the balance sheet date was Passion Capital Investments LLP, a partnership registered in England and Wales.

Passion Capital LP
Report And Financial Statements
31 March 2018

THESE PARTNERSHIP
ACCOUNTS FORM
PART OF THE ACCOUNTS
OF COMPANY
No. 7505920

Passion Capital LP

PARTNERSHIP INFORMATION

General Partner	Passion Capital (GP) Ltd
Registered number	LP014323
Registered office	White Bear Yard 144a Clerkenwell Road London EC1R 5DF
Independent auditors	Rees Pollock 35 New Bridge Street London EC4V 6BW
Founding Partner	Passion Capital (FP) LLP
Preferred Partner	Capital for Enterprise Limited
Manager	Passion Capital Investments LLP White Bear Yard 144a Clerkenwell Road London EC1R 5DF

GENERAL PARTNER'S REPORT
For the year ended 31 March 2018

The General Partner presents its report and the financial statements for the year ended 31 March 2018.

Principal activity

The principal activity of the Partnership is that of a venture capital fund investing in early-stage technology startups.

General Partner

The General Partner who served during the year was: Passion Capital (GP) Ltd

General Partner's responsibilities statement

The General Partner is responsible for preparing the General Partner's Report and the the financial statements in accordance with applicable law and regulations.

Company law requires the General Partner to prepare the financial statements for each financial year. Under that law the General Partner has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the General Partner must not approve the financial statements unless the General Partner is satisfied that he gives a true and fair view of the state of affairs of the partnership and of the profit or loss of the partnership for that period.

In preparing these financial statements, the General Partner is required to:

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

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

Disclosure of information to auditors

The General Partner at the time when this General Partner's report is approved has confirmed that:

- so far as it is aware, there is no relevant audit information of which the partnership's auditors are unaware, and
- it has taken all the steps that ought to have been taken as a General Partner in order to be aware of any relevant audit information and to establish that the partnership's auditors are aware of that information.

Auditors

The auditors, Rees Pollock, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Passion Capital LP

GENERAL PARTNER'S REPORT
For the year ended 31 March 2018

Small companies note

In preparing this report, the General Partner has taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 26/6/2018 and signed on its behalf.



R Dighero
As director of Passion Capital (GP) Ltd
General Partner

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PASSION CAPITAL LP**

Opinion

We have audited the financial statements of Passion Capital LP ('the partnership') for the year ended 31 March 2018, which comprise the profit and loss account, the balance sheet, the statement of changes in net assets attributable to partners and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the partnership's affairs as at 31 March 2018 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships.

Basis of 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the General Partner's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the General Partner has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The General Partner is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion 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 General Partner's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the General Partner's report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PASSION CAPITAL LP (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the partnership and its environment obtained in the course of the audit, we have not identified material misstatements in the General Partner's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to qualifying partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of General Partner's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the General Partner was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the General Partner's report and from the requirement to prepare a Strategic report.

Responsibilities of the General Partner

As explained more fully in the General Partner's responsibilities statement, the General Partner is 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 General partner determines 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 General Partner is responsible for assessing the partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the General Partner either intends to liquidate the partnership or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' 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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Use of our report

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 as applied to qualifying partnerships. Our audit work has been undertaken so that we might state to the partnership's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the partnership and the partnership's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Other matters specified in the Limited Partnership Agreement

In accordance with section 7.1 of the Limited Partnership Agreement, in our opinion:

- all amounts allocated or distributed to Investors have been so allocated or distributed in accordance with the provisions of the Limited Partnership Agreement; and
- the investments acquired by the Partnership fall within the Investment Policy stated in the Limited Partnership Agreement, insofar as the Investment Policy contains objective criteria for assessment.

Jonathan Munday (Senior statutory auditor)
for and on behalf of
Rees Pollock
26 June 2018

PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2018

	Note	2018 £	Restated 2017 £
Administrative expenses		(19,843)	(17,752)
OPERATING LOSS		(19,843)	(17,752)
Fair value movements		(1,496,883)	17,701,616
Interest receivable and similar income		22,504	34,274
(LOSS)/PROFIT FOR THE FINANCIAL YEAR BEFORE PARTNERS' REMUNERATION AND PROFIT SHARES		(1,494,222)	17,718,138
Partners remuneration charged as an expense - Priority profit share to the General Partner		(522,829)	(530,132)
Partners remuneration charged as an expense - Prioritised return to the Preferred Partner		(1,056,328)	(990,993)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG PARTNERS		(3,073,379)	16,197,013

The notes on pages 8 to 12 form part of these financial statements.

BALANCE SHEET
As at 31 March 2018

	Note	£	2018 £	Restated 2017 £
FIXED ASSETS				
Investments	4		71,066,335	72,137,230
CURRENT ASSETS				
Debtors	5	33,292		97,312
Cash at bank		111,408		311,475
		<u>144,700</u>		<u>408,787</u>
CREDITORS: amounts falling due within one year	6	<u>(1,342,723)</u>	<u>(2,139,932)</u>	
NET CURRENT LIABILITIES			<u>(1,198,023)</u>	<u>(1,731,145)</u>
NET ASSETS ATTRIBUTABLE TO PARTNERS			<u>69,868,312</u>	<u>70,406,085</u>
REPRESENTED BY:				
Capital contribution accounts	7		1,000	1,000
Partner loan accounts due within one year			35,303,309	32,767,703
Profit and loss account			34,564,003	37,637,382
			<u>69,868,312</u>	<u>70,406,085</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

26/6/18

R Dighero
As director of Passion Capital (GP) Ltd
General Partner

The notes on pages 8 to 12 form part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO PARTNERS

For the year ended 31 March 2018

	Capital contribution accounts £	Partner loan accounts due within one year £	Profit and loss account £	Total equity £
At 1 April 2017(as restated)	1,000	32,767,703	37,637,382	70,406,085
Loss for the year	-	-	(3,073,379)	(3,073,379)
Amounts drawn during the period	-	2,535,606	-	2,535,606
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2018	1,000	35,303,309	34,564,003	69,868,312
	<hr/>	<hr/>	<hr/>	<hr/>

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO PARTNERS

For the year ended 31 March 2017

	Capital contribution accounts £	Partner loan accounts due within one year £	Profit and loss account £	Total equity £
At 1 April 2016 (as restated)	1,000	30,225,337	21,440,369	51,666,706
Profit for the year	-	-	16,197,013	16,197,013
Amounts drawn during the period	-	2,542,366	-	2,542,366
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2017	1,000	32,767,703	37,637,382	70,406,085
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

1. ACCOUNTING POLICIES

1.1 General information

Passion Capital LP is a limited partnership incorporated in the UK and registered in England and Wales.

The partnership's registered address is White Bear Yard, 144a Clerkenwell Road, London, EC1R 5DF.

The principal activities are documented in the General Partner's Report.

1.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

1.3 Going concern

The partnership discloses net current liabilities. However, the prioritised return creditor is only payable on a cash distribution after the partnership has received net income or proceeds from the realisation of the investments and after payment of the General Partner priority profit share. The General Partner therefore adopts the going concern basis when preparing the financial statements

1.4 Investments

Investments are initially measured at cost. At each balance sheet date investments are remeasured to market value. Gains and losses on remeasurement are recognised in the profit or loss account.

All investments in portfolio companies are held as a means to benefit from increases in their marketable value and not as a medium through which the business of the partnership is carried out. Accordingly they are not accounted for as either subsidiaries or associates.

1.5 Other financial instruments

Debtors are initially recognised at transaction value, as none contain in substance a financing transaction. Thereafter debtors are reviewed for impairment where there is objective evidence based on observable data that the balance may be impaired. The partnership does not hold collateral against its trade and other receivables so its exposure to credit risk is the net balance of trade and other debtors after allowance for impairment.

The partnership's cash holdings comprise on demand balances. All cash is held with banks with strong external credit ratings.

Other creditors and accruals are initially recognised at transaction value as none represent a financing transaction. They are only derecognised when they are extinguished.

The partnership only has short term receivables and payables. Its net current asset position after adding back the value of the prioritised return is a reasonable measure of its liquidity at any given time given that the prioritised return can only be paid from net income and capital proceeds from the realisation of investments.

Loan contributions from the limited partners to finance the partnership are initially recognised at transaction value. Amounts payable within one year are measured at the undiscounted amount of amount due.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

1. ACCOUNTING POLICIES (continued)

1.6 Foreign currencies

Functional and presentation currency

The partnership's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary

items measured at fair value are measured using the exchange rate when fair value was determined. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

1.7 Partner loan account

Partner loan account represent the loan contributions from the limited partners to finance the partnership. There is no set repayment date for these contributions and they are due to be paid out of net income or capital proceeds the partnership receives from the realisation of its investments. As there is no unconditional right to defer payment beyond twelve months from the balance sheet date they are treated as due within one year.

1.8 Partners' Remuneration

Partners' remuneration is made up of priority profit share to the General Partner and the prioritised return to the Preferred Partner.

Priority profit share to the General Partner:

The Limited Partnership Agreement provides for a priority profit share ('PPS') to be made for each accounting period to the General Partner. The PPS ranks ahead of any other payments to the partners including the Prioritised return due to the Preferred Partner. If the profit for the year is less than the PPS, any deficiency is treated as an interest free loan. Such loan may only be extinguished by an allocation of future profits and is not recoverable in any other way. On this basis the PPS is treated as partners' remuneration charged as an expense in the profit and loss account.

Prioritised return to the Preferred Partner:

The Limited Partnership Agreement provides for a prioritised return to the Preferred Partner. This is accrued each year and is payable on a cash distribution after payment to the General Partner for its PPS, but ahead of any other payments to partners. The timing of cash distributions is at the General Partner's discretion. On this basis the prioritised return is treated as partners' remuneration charged as an expense in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

1. ACCOUNTING POLICIES (continued)

1.9 Carried interest

The Founder Partner is conditionally entitled to an amount equivalent to 25% of the net income and gains in the partnership after the allocation to the General Partner for its PPS, the Preferred Partner for its prioritised return and the payment of all expenses. This amount is payable only if the partners have received a 4.5% compound return in cash on their investment in the partnership. Carry payments to the Founder Partner are only recognised in these accounts in the year in which they have been triggered by the required return of cash to the partners.

1.10 Taxation

No provision for taxation has been made as each partner will be responsible for their own tax liability.

2. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. The general partner considers the following are key accounting estimates or assumptions made that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year:

Valuation of Investments

Fixed asset investments are included in the balance sheet at a value determined in accordance with the "International Private Equity and Venture Capital Valuations Guidelines" developed by the British Venture Capital Association.

Investments are initially valued on acquisition at the cost of the investment. The investment cost is considered to provide the best indication of fair value for an initial period after the investment has been made. Subsequently, investments are valued at their fair value using methodologies set out in the guidelines, which may include: earnings multiple; the price at which third party capital has recently been raised; or other relevant factors.

The general partner is also required to exercise judgment in applying the partnership's accounting policies. Due to the straight forward nature of the business the general partner considers that no critical judgements have been made in applying the partnership's accounting policies.

3. AUDITORS' REMUNERATION

	2018	2017
	£	£
Auditors' remuneration - audit and taxation services	17,664	13,740

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

4. FIXED ASSET INVESTMENTS

	Unlisted investments £
Valuation	
At 1 April 2017	72,137,230
Additions at cost	2,208,246
Disposals at valuation	(1,782,258)
Revaluations	(1,496,883)
At 31 March 2018	<u>71,066,335</u>

The historical cost of the unlisted investments held at the year end was £25,050,704 (2017: £25,253,705).

5. DEBTORS

	2018 £	2017 £
Trade debtors	31,638	27,049
Other debtors	1,654	70,263
	<u>33,292</u>	<u>97,312</u>

6. CREDITORS: Amounts falling due within one year

	2018 £	Restated 2017 £
Other creditors	15,885	15,421
Prioritised return	1,326,838	2,124,511
	<u>1,342,723</u>	<u>2,139,932</u>

7. CAPITAL CONTRIBUTION ACCOUNTS

	2018 £	2017 £
Capital contribution accounts	<u>1,000</u>	<u>1,000</u>

8. PARTNER LOAN ACCOUNTS DUE WITHIN ONE YEAR

The Preferred Partner loan account as at 31 March 2018 is £23,441,000 (2017: £21,530,364). The partner loan accounts relating to other partner as at 31 March 2018 is £11,862,309 (2017: £11,237,339).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

9. CHANGE IN ACCOUNTING POLICIES

The partnership has restated the comparative figures due to the following changes in accounting policy:

1. The Prioritised return to the Preferred Partner is now being accrued for and is being treated as an expense in the profit and loss account. Previously this was only being recognised when a cash distribution was made.
2. The loans from partners are now being recognised as part of reserves. Previously they were being included within creditors.

The reserves at 1 April 2016 were previously stated as £22,927,506. The restated amount is £51,666,706.

The reserves at 1 April 2017 were previously stated as £39,762,893. The restated amount is £70,406,805.