

Nesta PRI Limited

Annual Report and Financial Statements

Year ended 31 March 2020

Company Number 08232090



Nesta PRI Limited
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Year ended 31 March 2020

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Nesta PRI Limited
General Information
Year ended 31 March 2020

Directors

Ravi Gurumurthy (appointed 21 May 2020)
Victoria Sellick (appointed 19 August 2020)
Simon Morrison (resigned 24 August 2020)
Geoff Mulgan (resigned 31 December 2019)

Company Secretary

Corinna Alstromer

Registered Office

58 Victoria Embankment
London
EC4Y 0DS

Registered Number

08232090

Independent Auditor

BDO LLP
2 City Place
Beehive Ring Road
Gatwick
West Sussex
RH6 0PA

Principal Bankers

Lloyds Bank
39 Threadneedle Street
London
EC2R 8AU

Nesta PRI Limited
Directors' Report
Year ended 31 March 2020

The Directors present their report together with the financial statements for the year ended 31 March 2020.

Company information

Nesta PRI Limited is a limited liability company, incorporated in England. The registered office is 58 Victoria Embankment, London, EC4Y 0DS.

Principal activity

The company was incorporated on 27 September 2012. The principal activity of the company during the year was to act as a limited partner of Nesta Impact Investments 1 Limited Partnership ("the Partnership") with a view to advancing the charitable objects of the company's parent company, Nesta (registered charity number 1144091). The Partnership invests in organisations that use innovation and technology to address social challenges in areas of major social need in the UK in line with Nesta's charitable objects and the Charity Commission Guidance on Programme Related Investments.

The company established the Partnership with Nesta GP Limited (CRN 08231985) on 27 September 2012.

COVID-19

COVID-19 has created unprecedented challenges and uncertainty for UK businesses and operations. The investment management team has been in close contact with all the investees and continue to monitor matters carefully. The fair value of the investments as at 31 March 2020 incorporates the Directors' assessment of the financial impact of COVID-19 on the investments using information that was available at the time.

Business review

On 19 October 2012, the company entered into a contract to receive a loan of £8 million from Nesta and subsequently made a commitment of £8 million to the Partnership, Nesta Impact Investments 1 LP, alongside commitments from Big Society Capital Limited and Omidyar Network Fund LLC. As at 31 March 2020, £6.5 million of the £8 million loan from Nesta is repayable to Nesta (2019: £7.0 million), and £7.7 million of the £8 million commitment to Nesta Impact Investments 1 LP had been drawn down to date (2019: £7.0 million). The Partnership is managed by a FCA authorised manager, Nesta Investment Management LLP, which is also a subsidiary of Nesta.

At the Balance Sheet date, 10 investments had been entered into by the Partnership. Revenues are anticipated in the medium term once the investments start to generate returns. The value of the company's investment in the Partnership has been revalued in line with the value of the overall net liabilities at the Balance Sheet date.

During the year, the company oversaw the activities of the Partnership through four quarterly meetings with the manager, including an annual meeting of all Partners and a meeting of the Limited Partners Advisory Committee. The Partnership made 3 investments during the year. The company received quarterly reports on the social impact and financial performance of each investment as well as on the performance of the Partnership overall.

Directors

The directors who held office during the year are shown on page 2.

Disclosure of information to the Auditor

All of the Directors as at the date of this report have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information. The Directors are not aware of any relevant audit information of which the company's auditor is unaware.

Nesta PRI Limited
Directors' Report (continued)
Year ended 31 March 2020

Directors' responsibilities in the preparation of the financial statements

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 group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 year.

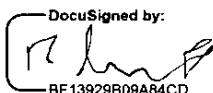
In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the Board of Directors

DocuSigned by:

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Ravi Gurumurthy

Director

Date: 06 October 2020 | 9:00 PM BST

Nesta PRI Limited

Independent Auditor's Report to the members of Nesta PRI Limited

Year ended 31 March 2020

Opinion

We have audited the financial statements of Nesta PRI Limited ("the Company") for the year ended 31 March 2020 which comprise the profit and loss account, the statement of financial position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair review of the state of the Company's affairs as at 31 March 2020 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.

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

Conclusions relating to going concern

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 Directors' use of the going concern basis of accounting in the 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 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.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, 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.

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.

Nesta PRI Limited

Independent Auditor's Report to the members of Nesta PRI Limited (continued)

Year ended 31 March 2020

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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 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 Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were 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 Directors' report and from the requirement to prepare a Strategic report.

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 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 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 at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our Auditor's Report.

Nesta PRI Limited

Independent Auditor's Report to the members of Nesta PRI Limited (continued)

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.

BDO LLP

Fiona Condron (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Gatwick, United Kingdom

Date

8 October 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Nesta PRI Limited
Profit and Loss Account
Year ended 31 March 2020

	Note	2020 £	2019 £
Administrative expenses		(6)	(6)
Operating loss		<u>(6)</u>	<u>(6)</u>
Investment impairments	4	(1,259,506)	(1,175,14)
Loss on ordinary activities before taxation		<u>(1,259,512)</u>	<u>(1,175,14)</u>
Tax on loss on ordinary activities	3	-	-
Net loss for the year		<u>(1,259,512)</u>	<u>(1,175,14)</u>

The company has no recognised gains or losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented.

All of the company's activities are derived from continuing operations.

The accompanying notes on pages 10 to 12 form an integral part of these financial statements.

Nesta PRI Limited
Statement of Financial Position
Year ended 31 March 2020

Company registration No. 08232090

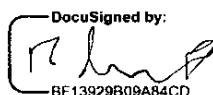
	Note	2020 £	2019 £
Fixed assets			
Investments	4	2,494,177	4,269,890
Current assets			
Cash at bank and in hand		22	27
		<u>22</u>	<u>27</u>
Creditors: amounts falling due within one year	5	(6,458,106)	(6,974,313)
Net current liabilities		<u>(6,458,084)</u>	<u>(6,974,286)</u>
Total assets less current liabilities		<u>(3,963,907)</u>	<u>(2,704,396)</u>
Capital and reserves			
Called up share capital	6	1	1
Profit and Loss account		(3,963,908)	(2,704,397)
		<u>(3,963,907)</u>	<u>(2,704,396)</u>

The accompanying notes on pages 10 to 12 form an integral part of these financial statements.

These accounts have been prepared in accordance with the provision applicable to companies subject to the small companies' regime.

06 October 2020 | 9:00 PM BST

Approved by the Board and authorised for issue onand signed on its behalf by

DocuSigned by:

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Ravi Gurumurthy
 Director

Nesta PRI Limited
Notes to the Financial Statements
Year ended 31 March 2020

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention, modified by the revaluation of financial assets, and in accordance with exemptions stipulated in section 1A of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are presented in Sterling (£).

COVID-19

COVID-19 has created unprecedented challenges and uncertainty for UK businesses and operations. The investment management team has been in close contact with all the investees and continue to monitor matters carefully. The fair value of the investments as at 31 March 2020 incorporates the Directors' assessment of the financial impact of COVID-19 on the investments using information that was available at the time.

Going concern

The financial statements have been prepared on a going concern basis. The parent company, Nesta has confirmed it will continue to support the company for a period of not less than one year from the date of approval of the financial statements on the basis that the company continues to further the charitable objects of Nesta.

Investments

Unquoted investments are stated at fair value by the Directors using valuation guidelines produced by the British Private Equity & Venture Capital Association (BVCA) as follows:

- Investments which have been made within the last twelve months or where the investee company is in the early stage of development will usually be valued at the price of recent investment except where the investee company's performance against plan is significantly different from expectations on which the investment was made in which case a different valuation methodology will be adopted.
- Alternative methods of valuation such as net asset value may be applied in specific circumstances if considered more appropriate.

Cash flow statement

The financial statements do not include a cash flow statement because the Company, is exempt from the requirements to prepare such a statement under Financial Reporting Standard 102 Section 1A.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors' are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The Directors' consider that the only significant judgement and estimate is in relation to the valuation of investment assets as outlined in the accounting policy for Investments.

2. Auditor's remuneration and directors' remuneration

The auditor's remuneration of £1,700 (2019: £1,600) for the year has been borne by Nesta, the ultimate parent company. None of the directors received any emoluments from the company in the year (2019: nil).

Nesta PRI Limited
Notes to the Financial Statements (continued)
Year ended 31 March 2020

3. Taxation

There was no tax or deferred tax charge payable in the year (2019: Nil).

4. Investments

Cost or valuation	2020	2019
	£	£
At 1 April	6,974,017	6,672,559
Additions in the year	567,701	481,640
Disposals in the year	(1,083,908)	(180,182)
At 31 March	6,457,810	6,974,017
Amounts impaired		
At 1 April	2,704,127	1,528,984
Impairment in the year	1,259,506	1,175,143
At 31 March	3,963,633	2,704,127
Net book value		
At 1 April	4,269,890	5,143,575
At 31 March	2,494,177	4,269,890

The directors consider the value of the investments to be supported by their underlying assets.

5. Creditors: amounts falling due within one year

	2020	2019
	£	£
Loan from immediate parent - Nesta	6,457,811	6,974,313
Amounts owed to group undertakings	295	-
	6,458,106	6,974,313

There is a loan facility in place from Nesta up to a maximum amount of £8 million. As at the Balance Sheet date, £6,457,811 (2019: £6,974,312) of this facility had been drawn down to fund investment activity in Nesta Impact Investments 1 LP and remains payable. The loan is interest free, unsecured and has no fixed repayment schedule.

6. Share capital

	2020	2019
	No.	No.
Allotted, called up shares of £1 each	1	1
	1	1

Nesta PRI Limited
Notes to the Financial Statements (continued)
Year ended 31 March 2020

7. Commitments

Investments or contributions to funds that have been contracted but not yet drawn down are shown as commitments below:

	At 1 April 2019	Approved	Contracted	At 31 March 2020
	£	£	£	£
Investment in Nesta Impact Investments 1 LP	690,672	-	(412,572)	278,100

	At 1 April 2018	Approved	Contracted	At 31 March 2019
	£	£	£	£
Investment in Nesta Impact Investments 1 LP	1,327,441	-	(636,769)	690,672

This investment will be funded by future drawdowns from Nesta. For further details see Note 5.

8. Related party transactions

The company is a limited partner in Nesta Impact Investments 1 LP. There were no transactions during the year which require disclosure.

9. Control

The company is controlled by Nesta, which is the ultimate parent company. Nesta is the parent undertaking of the smallest and largest group for which accounts are drawn up, and of which the company is a member. These are available to the public from 58 Victoria Embankment, London, EC4Y 0DS.