

Nesta PRI Limited

Annual Report and Financial Statements

Year ended 31 March 2021

Company Number 08232090



Nesta PRI Limited
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Year ended 31 March 2021

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Nesta PRI Limited
General Information
Year ended 31 March 2021

Directors	Ravi Gurumurthy (appointed 21 May 2020) Victoria Sellick (appointed 19 August 2020) Simon Morrison (resigned 24 August 2020)
Company Secretary	Corinna Alstromer (resigned 20 November 2020) Jacqueline Lewis (appointed 20 November 2020)
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 2021

The Directors present their report together with the financial statements for the year ended 31 March 2021.

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 2021 incorporates the Directors' assessment of the financial impact of COVID-19 on the investments using information that was available at the time. The company did not use any furlough or loan facilities provided by the UK government.

Going concern

The financial statements have been prepared on a going concern basis. The parent company, Nesta, has confirmed it will not call its loans for repayment until the resources of the company permit and until, at the earliest, 31st December 2022, on the basis that the company continues to further the charitable objects of Nesta.

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 2021, £6.5 million of the £8 million loan from Nesta is repayable to Nesta (2020: £6.5 million), and £7.9 million of the £8 million commitment to Nesta Impact Investments 1 LP had been drawn down to date (2020: £7.7 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 2021

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.

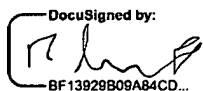
In preparing these financial statements, the Directors are required to:

- 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: 04 November 2021 | 1:52 PM GMT

Nesta PRI Limited

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

Year ended 31 March 2021

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of the Company's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Nesta PRI Limited ('the Company') for the year ended 31 March 2021 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

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

We have nothing to report in this regard.

Nesta PRI Limited

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

Year ended 31 March 2021

Other Companies Act 2006 reporting

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.

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Company and the industry in which it operates, we identified that the principal laws and regulations that directly affect the financial statements to be the Companies Act 2006 and relevant tax legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Nesta PRI Limited

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

Year ended 31 March 2021

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

In addition the Company 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. We identified the following areas as those most likely to have such an effect: taxation, data protection and health and safety legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence if any.

There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

Audit procedures capable of detecting irregularities including fraud performed by the engagement team included:

- discussions with management and internal audit, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility;
- assessing the design and implementation of the control environment to identify any areas of material weakness to focus the design of our testing;
- reviewing, and considering the impact on our audit, items included in the group's fraud and theft database;
- enquiry of entity staff in legal and finance functions to identify any instances of non-compliance with laws and regulations;
- challenging assumptions made by management in their significant accounting estimates, in particular in relation to the valuation of unlisted investments; and
- in addressing the risk of fraud through management override of controls; testing the appropriateness of journal entries and other adjustments, in particular any journals posted by senior management or with unusual accounts combinations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

DocuSigned by:
Paul Clark
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Paul Clark (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London, UK

Date: 10/11/21

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 2021

	Note	2021 £	2020 £
Administrative expenses		(8)	(6)
Upward revaluation/ (impairment)	4	1,224,520	(1,259,506)
Operating profit/ (loss)		1,224,512	(1,259,512)
Profit/ (loss) on ordinary activities before taxation		1,224,512	(1,259,512)
Tax on profit/ (loss) on ordinary activities	3	-	-
Net profit/ (loss) for the year		1,224,512	(1,259,512)

The company has no recognised gains or losses other than those shown above and therefore no separate statement of comprehensive income 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 2021

Company registration No. 08232090

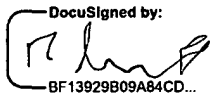
	Note	2021 £	2020 £
Fixed assets			
Investments	4	3,796,173	2,494,177
Current assets			
Cash at bank and in hand		12	22
Total assets		3,796,185	2,494,199
Creditors: amounts falling due within one year	5	(6,535,580)	(6,458,106)
Net liabilities		(2,739,395)	(3,963,907)
Capital and reserves			
Called up share capital	6	1	1
Profit and Loss account		(2,739,396)	(3,963,908)
		(2,739,395)	(3,963,907)

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.

04 November 2021 | 1:52 PM GMT

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 2021

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 2021 incorporates the Directors' assessment of the financial impact of COVID-19 on the investments using information that was available at the time. The company did not use any furlough or loan facilities provided by the UK government.

Going concern

The financial statements have been prepared on a going concern basis. The parent company, Nesta, has confirmed it will not call its loans for repayment until the resources of the company permit and until, at the earliest, 31st December 2022, 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.

Investment assets are valued on an asset by asset basis, and in each case a prudent approach is taken.

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 £1,750 (2020: £1,700) 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 (2020: nil).

Nesta PRI Limited
Notes to the Financial Statements (continued)
Year ended 31 March 2021

3. Taxation

There was no tax or deferred tax charge payable in the year (2020: Nil) as investment revaluations are disallowable for tax purposes.

4. Investments

Cost or valuation	2021	2020
	£	£
At 1 April 2020	6,457,810	6,974,017
Additions in the year	147,118	567,701
Disposals in the year	(69,642)	(1,083,908)
At 31 March 2021	6,535,286	6,457,810
Amounts impaired		
At 1 April 2020	3,963,633	2,704,127
Reversal of impairment/ (impairment) in the year	(1,224,520)	1,259,506
At 31 March 2021	2,739,113	3,963,633
Net book value		
At 1 April 2020	2,494,177	4,269,890
At 31 March 2021	3,796,173	2,494,177

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

5. Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Loan from immediate parent - Nesta	6,535,286	6,457,811
Amounts owed to group undertakings	294	295
	6,535,580	6,458,106

There is a loan facility in place from Nesta up to a maximum amount of £8 million. As at the Balance Sheet date, £7,867,864 (2020: £7,720,746) of this facility had been drawn down to fund investment activity in Nesta Impact Investments 1 LP and £6,535,286 (2020: £6,457,811) remains payable. The loan is interest free, unsecured and has no fixed repayment schedule.

6. Share capital

	2021	2020
	No.	No.
Allotted, called up shares of £1 each (fully paid)	1	1
	1	1

Nesta PRI Limited
Notes to the Financial Statements (continued)
Year ended 31 March 2021

7. Reserves reconciliation

	2021	2020
	£	£
Reserves brought forward	(3,963,907)	(2,704,395)
Net profit/ (loss) for the year	1,224,512	(1,259,512)
Reserves carried forward	<u>(2,739,395)</u>	<u>(3,963,907)</u>

8. Commitments

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

	At 1 April 2020	Approved	Contracted	At 31 March 2021
	£	£	£	£
Investment in Nesta Impact Investments 1 LP	278,100	-	(147,118)	130,982

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

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

9. 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.

10. Control

The company is controlled by Nesta (company number 07706036), 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.