

**Dalmore Capital 34 GP Limited**  
**Annual Report and Financial Statements**  
**31 March 2020**

**Partnership  
Accounts**



**Dalmore Capital 34 GP Limited**  
**Annual Report and Financial Statements**  
**Year Ended 31 March 2020**

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# **Dalmore Capital 34 GP Limited**

## **Officers and Professional Advisers**

### **The Board of Directors**

John McDonagh  
Alistair Ray

### **Company Secretary**

Jennifer McKay

### **Registered Office**

1 Park Row  
Leeds  
United Kingdom  
LS1 5AB

### **Independent Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants & Statutory Auditors  
Level 4  
Atria One  
144 Morrison Street  
Edinburgh  
EH3 8EX

# **Dalmore Capital 34 GP Limited**

## **Directors' Report**

### **Year Ended 31 March 2020**

The directors present their report and the audited Annual Report and Financial Statements of Dalmore Capital 34 GP Limited ("the Company") for the year ended 31 March 2020.

#### **Principal Activities**

The principal activity of the company is to act as the general partner of Dalmore Infrastructure Investments 16 LP, which together with other Dalmore managed partnerships invests in Cory Riverside Energy. A copy of the latest financial statements of Dalmore Infrastructure Investments 16 LP are appended to the financial statements of the Company.

#### **Performance Review**

The result for the financial year, after taxation, amounted to £Nil (2019: £Nil).

The result for the financial year will be transferred to reserves.

The directors are satisfied with the overall performance of the Company and do not foresee any significant change in the Company's activities in the coming financial year.

The directors have considered the impact of Coronavirus (COVID-19) taking into account any impact on underlying investments and based on their risk assessment, are satisfied that this will not directly impact the Company's ability to meet its liabilities as they fall due over the next 12 months.

#### **Directors**

The directors who served the Company during the year and up to the date of this report were as follows:

John McDonagh  
Alistair Ray

#### **Dividends**

The directors do not recommend the payment of a dividend.

#### **Future Developments**

The directors intend for the business to continue to hold its interests in the investments.

#### **Financial Instruments**

In the directors' view the company has no significant risks or uncertainties.

#### **Qualifying Third Party Indemnity Provisions**

The Company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

#### **Small Company Provisions**

Although the Company is part of an ineligible group, it would otherwise meet the definition of a small company and when preparing this report it has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

# Dalmore Capital 34 GP Limited

## Directors' Report *(continued)*

### Year Ended 31 March 2020

#### Disclosure of Information to Auditors

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

- so far as they are aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The auditors, PricewaterhouseCoopers LLP, are deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 4th September 2020 and signed by order of the board by:



John McDonagh  
Director

# **Dalmore Capital 34 GP Limited**

## **Directors' Responsibilities Statement**

### **Year Ended 31 March 2020**

The directors are responsible for preparing the Directors' Report and the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare the Annual Report and Financial Statements for each financial year. Under that law the directors have prepared the Annual Report and Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland ("FRS 102"), and applicable law).

Under company law the directors must not approve the Annual Report and Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period.

In preparing the Annual Report and Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the Annual Report and Financial Statements; and
- prepare the Annual Report and 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.

# **Dalmore Capital 34 GP Limited**

## **Independent Auditors' Report to the Members of Dalmore Capital 34 GP Limited**

**Year Ended 31 March 2020**

### **Report on the Audit of the Financial Statements**

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#### **Opinion**

In our opinion, Dalmore Capital 34 GP Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 March 2020; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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#### **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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

# **Dalmore Capital 34 GP Limited**

## **Independent Auditors' Report to the Members of Dalmore Capital 34 GP Limited** *(continued)*

**Year Ended 31 March 2020**

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### **Reporting on Other Information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### **Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

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### **Responsibilities for the Financial Statements and the Audit**

#### **Responsibilities of the Directors for the Financial Statements**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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.



# **Dalmore Capital 34 GP Limited**

## **Independent Auditors' Report to the Members of Dalmore Capital 34 GP Limited** *(continued)*

**Year Ended 31 March 2020**

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

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

### **Use of This Report**

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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### **Other Required Reporting**

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#### **Companies Act 2006 Exception Reporting**

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

- we have not received all the information and explanations we require for our audit; or
- 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
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

## **Dalmore Capital 34 GP Limited**

### **Independent Auditors' Report to the Members of Dalmore Capital 34 GP Limited** *(continued)*

**Year Ended 31 March 2020**

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#### **Entitlement to Exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Paul Cheshire (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants & Statutory Auditors  
Edinburgh  
4th September 2020

**Dalmore Capital 34 GP Limited**  
**Statement of Comprehensive Income**  
**Year Ended 31 March 2020**

		Year to 31 Mar 20	Period from 16 May 18 to 31 Mar 19
	Note	£	£
<b>Turnover</b>	<b>4</b>	<b>100,273</b>	<b>75,890</b>
<b>Gross profit</b>		<b>100,273</b>	<b>75,890</b>
Administrative expenses		(100,273)	(75,890)
<b>Result before taxation</b>		<b>-</b>	<b>-</b>
Tax on result		-	-
<b>Result for the financial year/period and total comprehensive income</b>		<b>-</b>	<b>-</b>

All the activities of the Company are from continuing operations.

The notes on pages 12 to 17 form part of these Financial Statements.

# Dalmore Capital 34 GP Limited

## Statement of Financial Position

As at 31 March 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Investments	7	1	1
<b>Current assets</b>			
Debtors: amounts falling due within one year	8	24,934	75,892
<b>Creditors: amounts falling due within one year</b>	9	<u>24,933</u>	<u>—</u>
<b>Net current assets</b>		<u>1</u>	<u>75,892</u>
<b>Total assets less current liabilities</b>		<u>2</u>	<u>75,893</u>
<b>Creditors: amounts falling due after more than one year</b>	10	<u>—</u>	<u>75,891</u>
<b>Net assets</b>		<u><u>2</u></u>	<u><u>2</u></u>
<b>Capital and reserves</b>			
Called up share capital	11	2	2
Retained earnings	12	<u>—</u>	<u>—</u>
<b>Total shareholders' funds</b>		<u><u>2</u></u>	<u><u>2</u></u>

The Financial Statements were approved by the board of directors and authorised for issue on 4th September 2020, and are signed on behalf of the board by:



John McDonagh  
Director

Company registration number: 11364632

The notes on pages 12 to 17 form part of these Financial Statements.

## **Dalmore Capital 34 GP Limited**

### **Statement of Changes in Equity**

**Year Ended 31 March 2020**

	Called up share capital £	Retained earnings £	Total £
<b>At 16 May 2018</b>	–	–	–
Result for the financial period		–	–
Issue of shares	<u>2</u>	<u>–</u>	<u>2</u>
<b>Total investments by and distributions to owners</b>	<b>2</b>	<b>–</b>	<b>2</b>
<b>At 31 March 2019</b>	<b>2</b>	<b>–</b>	<b>2</b>
Result for the financial year		–	–
<b>At 31 March 2020</b>	<u><b>2</b></u>	<u><b>–</b></u>	<u><b>2</b></u>

The notes on pages 12 to 17 form part of these Financial Statements.

# **Dalmore Capital 34 GP Limited**

## **Notes to the Annual Report and Financial Statements**

### **Year Ended 31 March 2020**

#### **1. General Information**

Dalmore Capital 34 GP Limited ("the Company") is a private company limited by shares incorporated in the UK and registered in England and Wales. The address of its registered office is 1 Park Row, Leeds, United Kingdom, LS1 5AB.

The principal activity of the company is to act as the general partner of Dalmore Infrastructure Investments 16 LP, which together with other Dalmore managed partnerships invests in Cory Riverside Energy.

The Company's functional and presentation currency is the pound sterling.

As the Company was incorporated on 16 May 2018, a 320 day accounting period was applied in the initial period to 31 March 2019. For this reason the comparative amounts presented in the financial statements (including the related notes) are not entirely comparable to the results of the current year ended 31 March 2020.

#### **2. Statement of Compliance**

The individual financial statements of Dalmore Capital 34 GP Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

#### **3. Accounting Policies**

##### **(a) Basis of preparation**

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed further in the accounting policies.

The accounting policies stated below have been consistently applied to the years presented, unless otherwise stated.

##### **(b) Going concern**

At the time of approving the financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In arriving at this conclusion, the directors have considered the future financial impact to the Company of the Coronavirus and although the likely full impact is unknown and at this stage is not possible to quantify, it is not expected to materially impact on the operations or financial position of the Company.

# **Dalmore Capital 34 GP Limited**

## **Notes to the Annual Report and Financial Statements *(continued)***

### **Year Ended 31 March 2020**

#### **3. Accounting Policies *(continued)***

##### **(c) Disclosure exemptions**

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Dalmore Holdings Limited which can be obtained from the Company Secretary, c/o Dalmore Capital Limited, 2nd Floor, Caledonian Exchange, 19A Canning Street, Edinburgh, United Kingdom, EH3 8EG. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the Company.
- (b) Disclosures in respect of financial instruments have not been presented.

The Company has also taken advantage of the exemption in section 33 of FRS 102 'Related Party Disclosures', that allows it not to disclose transactions with members of the same group.

##### **(d) Judgments and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported. These estimates and judgments are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the view of the directors, there are no critical accounting estimates involved in the preparation of the financial statements.

##### **(e) Revenue recognition**

Turnover represents the Company's priority profit share entitlement under the Limited Partnership Agreement with Dalmore Infrastructure Investments 16 LP ("the Partnership"). This is recognised on an accruals basis.

##### **(f) Equity instruments**

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

##### **(g) Impairment of fixed assets**

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

# Dalmore Capital 34 GP Limited

## Notes to the Annual Report and Financial Statements *(continued)*

### Year Ended 31 March 2020

#### 3. Accounting Policies *(continued)*

##### (h) Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price and subsequently at amortised cost, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Other financial instruments are subsequently measured at fair value, with any changes recognised in the Statement of Comprehensive Income, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in the Statement of Comprehensive Income immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the Statement of Financial Position. Finance costs and gains or losses relating to financial liabilities are included in the Statement of Comprehensive Income. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.



# Dalmore Capital 34 GP Limited

## Notes to the Annual Report and Financial Statements *(continued)*

### Year Ended 31 March 2020

#### 4. Turnover

Turnover arises from:

	Year to 31 Mar 20	Period from 16 May 18 to 31 Mar 19
	£	£
General partner share from investment in the limited partnership	<u>100,273</u>	<u>75,890</u>

The whole of the turnover is attributable to the principal activity of the Company wholly undertaken in the United Kingdom.

#### 5. Auditors' Remuneration

Audit fees of £1,050 (Period from 16 May 2018 to 31 March 2019: £1,000) and tax compliance services of £1,300 (Period from 16 May 2018 to 31 March 2019: £1,225) for the year ended 31 March 2020 were paid to the Company's auditors and were borne by Dalmore Infrastructure Investments 16 LP.

#### 6. Particulars of Employees and Directors

The average number of persons employed by the Company during the financial year, including the directors, amounted to nil (Period from 16 May 2018 to 31 March 2019: nil). The directors did not receive any remuneration from the Company during the year (Period from 16 May 2018 to 31 March 2019: £nil).

#### 7. Investments

	Other loans £
<b>Cost</b>	
At 1 April 2019 and 31 March 2020	<u>1</u>
<b>Accumulated Impairment</b>	
At 1 April 2019 and 31 March 2020	<u>-</u>
<b>Carrying amount</b>	
At 31 March 2020	<u>1</u>
At 31 March 2019	<u>1</u>

On 22 June 2018, the Company made a capital contribution of £1 to Dalmore Infrastructure 16 LP, a limited partnership registered in England and Wales with its registered office at 1 Park Row, Leeds, LS1 5AB. A copy of the latest accounts of this undertaking has been appended to the Company's accounts sent to the Registrar.

# Dalmore Capital 34 GP Limited

## Notes to the Annual Report and Financial Statements *(continued)*

### Year Ended 31 March 2020

#### 8. Debtors: Amounts Falling due Within One Year

	2020	2019
	£	£
Amounts owed by Group undertakings	2	75,892
Other debtors	24,932	—
	<u>24,934</u>	<u>75,892</u>

Amounts owed by Group undertakings are interest free, unsecured and repayable on demand.

#### 9. Creditors: amounts falling due within one year

	2020	2019
	£	£
Amounts owed to undertakings in which the Company has a participating interest	1	—
Accruals and deferred income	24,932	—
	<u>24,933</u>	<u>—</u>

Amounts owed to undertakings in which the Company has a participating interest are interest free, unsecured and repayable on demand.

#### 10. Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Amounts owed to Group undertakings	—	75,891

Amounts owed to Group undertakings are interest free, unsecured and repayable on demand.

#### 11. Called Up Share Capital

##### Issued, called up and fully paid

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

Each ordinary share carries full rights in the Company with respect to voting, dividends and capital distributions. They do not confer any rights of redemption.

#### 12. Reserves

Retained earnings records retained earnings and accumulated losses.

# **Dalmore Capital 34 GP Limited**

## **Notes to the Annual Report and Financial Statements** *(continued)*

### **Year Ended 31 March 2020**

#### **13. Related Party Transactions**

The Company was appointed as the general partner of Dalmore Infrastructure Investments 16 Limited Partnership on 16 May 2018.

During the year the Company was allocated profits of £100,273 (Period from 16 May 2018 to 31 March 2019: £75,890) from Dalmore Infrastructure Investments 16 LP. The amount due from the Limited Partnership as at 31 March 2020 was £Nil (2019: £75,890).

#### **14. Controlling Party**

The immediate parent company is Dalmore GP Holdings Limited, a company incorporated in the United Kingdom and registered in England and Wales.

The ultimate parent and controlling party is Dalmore Holdings Limited which is the parent undertaking of the smallest and largest group to consolidate these financial statements and is incorporated in the United Kingdom and registered in England and Wales. Copies of the financial statements of Dalmore Holdings Limited are available from the Company Secretary, c/o Dalmore Capital Limited, 2nd Floor, Caledonian Exchange, 19A Canning Street, Edinburgh, United Kingdom, EH3 8EG.



**DALMORE CAPITAL**

**Dalmore Infrastructure Investments 16 LP**

Partnership Registration Number: LP019533

Annual Report and Accounts for the year ended 31 March 2020

**LP Information**

<b>Manager</b>	Dalmore Capital Limited
<b>General Partner</b>	Dalmore Capital 34 GP Limited
<b>Limited Partners</b>	A full list of Limited Partners is contained on page 22
<b>Independent Auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Atria One 144 Morrison Street Edinburgh EH3 8EX
<b>Bankers</b>	Lloyds Bank plc 25 Gresham Street London EC2V 7HN
<b>Administrator</b>	Langham Hall UK Services LLP 1 Fleet Place London EC4M 7RA
<b>Depository</b>	NCM Depository Services Limited 7 Melville Crescent Edinburgh EH3 7JA
<b>Registered Office</b>	5 <sup>th</sup> Floor Watling House 33 Cannon Street London EC4M 5SB

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## Strategic Report

Dalmore Capital 34 GP Limited (the 'General Partner') presents its strategic report of Dalmore Infrastructure Investments 16 LP (the "Partnership") for the year ended 31 March 2020.

### Review of the business

The Partnership was established on 25 May 2018 with registration number LP019533.

The aim of the Partnership is to invest in Cory Riverside Energy along with other Dalmore managed partnerships. The strategy is expected to provide a high level of predictability and security over cash flows throughout the life of the investment.

Investment management services are provided by Dalmore Capital Limited (the 'Manager'), an FCA registered entity.

Total comprehensive income for the year amounted to £4,209,705 (2019: £nil).

The Partnership has one Limited Partner that has advanced capital and loans to the Partnership. As at the year end, £25,000,001 (2019: £25,000,001) of the Partnership's Commitment had been drawn down and the fund was fully invested.

### Key performance indicators

As at 31 March 2020 the fund held a net asset position of £28,284,709.

As at 31 March 2020 Dalmore Infrastructure Investments 16 LP's investment in Riverside was fair valued at £28,254,202, this comprises of the investment value per the balance sheet, this represents an increase of 13.5% from the last year where the equivalent fair value was £24,985,916.

### Future developments

The Partnership was fully invested as at 31 March 2020 and the underlying asset will now be held to maturity.

### Principal risks and uncertainties

The risks and uncertainties facing the Partnership relate primarily to the timing and receipt of distributions from the underlying investment. The Manager appoints a representative to the project company board to ensure that performance is closely monitored and issues arising receive the proportionate response in the required timescales.

Specific cost-risks faced by the Partnership are lifecycle and maintenance, insurance and other operating costs of the project. The engagement of technical due diligence advisors during the acquisition process and in the on-going monitoring of the asset greatly reduces risk of under-estimating lifecycle expenditure. The Partnership procures the other services through a portfolio approach which generally results in savings relative to the base case.

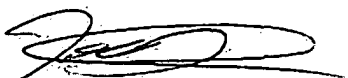
The value of the investment is exposed to general macro-economic factors such as inflation, interest rates and taxation, the most notable of which being inflation. PFI projects are generally positively correlated to inflation but in very low inflation scenarios returns may reduce. This scenario is run as a sensitivity as part of the acquisition process and its potential impact established.

The COVID-19 pandemic started prior to the year end and any impact on valuations as at 31 March 2020 have been reflected in these financial statements.

As the situation continues to evolve, the General Partner continues to consider the impact of the emergence and spread of COVID-19 and the potential implications on future Partnership operations, and the impact on future valuations. The Partnership's investment is held in a low risk, long term hold asset which reduces the effect of the volatility of the current economic climate on the valuation of the investment not only in the short term but also in the longer term. We have considered the impact of Coronavirus (COVID-19) and based on our risk assessment, are satisfied that this will not directly impact the Partnership's ability to meet its liabilities as they fall due over the next twelve months.

For and on behalf of Dalmore Capital 34 GP Limited in its capacity as General Partner of Dalmore Infrastructure Investments 16 LP

Date: 30 July 2020



## Manager's Report

The Manager presents its Annual Report and Audited Accounts for the year ended 31 March 2020.

### Principal activities

The Partnership's principal activity during the year was that of investing in Cory Riverside Energy.

The Manager does not foresee any future changes in the activity of the Partnership.

### Partners' interests

At 31 March 2020, Partners' Commitments to subscribe to capital and loans amounted to £4 (2019: £4) and £24,999,997 (2019: £24,999,997) respectively. At 31 March 2020 £24,999,997 (2019: £24,999,997) of Partners' Loan Commitments had been drawn down.

During the year Partnership made distributions of £737,000 (2019: £60,000).

### Business Review

Total comprehensive income for the year amounted to £4,209,705 (2019: loss of £nil). This comprises amounts available for allocation to the Partners of £951,693 (2019: £22,893) which has been allocated to the Partners' profit accounts and an unrealised gain on the revaluation of investments of £3,358,286 (2019: £nil).

A summary of movements in investments is given in note 7 to the financial statements.

The results of the Partnership for the year are set out in the Statement of Comprehensive Income on page 8.

### Taxation

As a qualifying partnership, the tax payable on profits is the liability of the partners and accordingly no charge for taxation appears in the financial statements.

### Financial Risk Management

The financial risk management objectives, policies and the exposure of the entity to price, credit, liquidity and cash flow risks are detailed in note 11.

### Manager

Dalmore Capital Limited (the "Manager") has responsibility for managing and operating the Partnership and managing its investment portfolio. Dalmore Capital Limited is authorised and regulated by the Financial Conduct Authority.

### Statement of Manager's responsibilities

The manager is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the manager to prepare financial statements for each financial year. Under that law the manager has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the manager 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.



**Manager's Report (continued)**

In preparing the financial statements, the manager are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the qualifying partnership will continue in business.

The manager is also responsible for safeguarding the assets of the qualifying partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The manager is 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.

**Going concern**

The Manager is satisfied that the Partnership has adequate resources to continue to operate for the foreseeable future.

In forming this opinion, the Manager has taken into account the current and forecasted performance of the investment and the impact of the emergence and spread of COVID-19 is likely to have on the Partnership's future operations.

The Partnership's investment is held in a low risk, long term hold asset which reduces the effect of the volatility of the current economic climate on the valuation of the investment not only in the short term but also in the longer term.

Whilst there are significant wider market uncertainties associated with the COVID-19 outbreak which may impact the investment, to date the Partnership's activities have not been significantly impacted and the Manager does not believe this will significantly impact the liquidity of the Partnership over the next 12 months. For this reason, it has adopted the going concern basis for preparing the financial statements.

**Audit information**

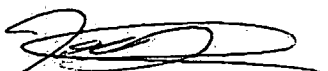
The Manager confirms that:

- (a) so far as it is aware, there is no relevant audit information of which the independent auditors are unaware; and
- (b) it has taken all steps it ought to have taken to make itself aware of any relevant auditors information and to establish that the independent auditors are aware of such information.

**Independent Auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

Signed:



Director of Dalmore Capital

Limited Date: 30 July 2020

# ***Independent auditors' report to the partners of Dalmore Infrastructure Investments 16 LP***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, Dalmore Infrastructure Investments 16 LP's financial statements:

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 March 2020 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); 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.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the statement of financial position as at 31 March 2020; the statement of comprehensive income, the statement of cash flows, statement of changes in Partners' Funds for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the qualifying partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### **Conclusions relating to going concern**

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

- the manager's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the manager has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the qualifying 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the qualifying partnership's ability to continue as a going concern.

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### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The manager is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Manager's Report, we also considered whether the disclosures required by the UK Companies Act 2006 as applied to qualifying partnerships have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### *Strategic Report and Manager's Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Manager's Report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the qualifying partnership and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Manager's Report.

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### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the manager for the financial statements*

As explained more fully in the Statement of Manager's Responsibilities set out on page 4, the manager is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The manager is also 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.

In preparing the financial statements, the manager is responsible for 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 the manager either intends to liquidate the qualifying partnership or to cease operations, or has 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### *Use of this report*

This report, including the opinion, has been prepared for and only for the partners of the qualifying partnership as a body in accordance with the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## **Other required reporting**

### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



Paul Cheshire (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Edinburgh

30 July 2020

**Statement of Comprehensive Income**  
**For the year ended 31 March 2020**

		<b>Year ended 31 March 2020</b>	<b>Period ended 31 March 2019</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
Portfolio income	4	980,938	82,585
Administrative expenses	5	<u>(29,245)</u>	<u>(59,692)</u>
<b>Amount available for allocation among Partners</b>		<b>951,693</b>	<b>22,893</b>
Unrealised gains on the revaluation of investments	17	<u>3,358,286</u>	<u>-</u>
<b>Profit attributable to Partners before Priority Profit Share</b>		<b>4,309,979</b>	<b>22,893</b>
General Partner's Priority Profit Share	9	<u>(100,274)</u>	<u>(22,893)</u>
<b>Total comprehensive income for the period</b>		<b><u>4,209,705</u></b>	<b><u>-</u></b>

All items in the above statement are derived from continuing operations.

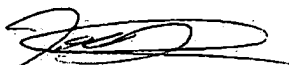
The notes on pages 12 to 23 form an integral part of these financial statements.

**Statement of Financial Position****As at 31 March 2020**

		<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>Fixed assets</b>			
Investments	7	28,254,202	24,895,916
<b>Current assets</b>			
Trade and other receivables	8	24,933	1
Cash and cash equivalents		12,320	977
		<u>37,253</u>	<u>978</u>
<b>Current liabilities</b>			
Trade and other payables	10	(6,746)	(84,890)
		<u>30,507</u>	<u>(83,912)</u>
<b>Net current assets/(liabilities)</b>			
		<u>28,284,709</u>	<u>24,812,004</u>
<b>Total net assets</b>			
		<u>28,284,709</u>	<u>24,812,004</u>
<b>Equity</b>			
Partners' capital	13	4	4
Loan account	14	24,926,419	24,812,000
Profit account	15	-	-
<b>Total Partners' funds</b>		<u>24,926,423</u>	<u>24,812,004</u>
Unrealised reserve	17	<u>3,358,286</u>	<u>-</u>
		<u>28,284,709</u>	<u>24,812,004</u>

For and on behalf of Dalmore Capital 34 GP Limited, in its capacity as General Partner of the Dalmore Infrastructure Investments 16 LP.

Signed:



Authorised signatory on behalf of Dalmore Capital 34 GP

Limited Date; 30 July 2020

The notes on pages 12 to 23 form an integral part of these financial statements.

**Statement of changes in Partners' Funds****For the year ended 31 March 2020**

		<b>Year ended 31 March 2020</b>	<b>Period ended 31 March 2019</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>Opening balance of Partners' accounts</b>	12	24,812,004	-
Capital contributions from Partners	12	-	4
Loan contributions from Partners	12	-	24,999,997
Distributions to Partners	12	(737,000)	(60,000)
		<hr/>	<hr/>
		<b>24,075,004</b>	<b>24,940,001</b>
<b>Profit attributable to Partners before Priority Profit Share</b>		4,309,979	22,893
General Partner's priority profit share	9	(100,274)	(150,890)
Transfer to unrealised reserve	17	(3,358,286)	-
		<hr/>	<hr/>
<b>Closing balance of Partners' accounts</b>		<b>24,926,423</b>	<b>24,812,004</b>

The notes on pages 12 to 23 form an integral part of these financial statements.

**Statement of Cash Flows****For the year ended 31 March 2020**

		<b>Year ended 31 March 2020</b>	<b>Period ended 31 March 2019</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>Cash flows from/(used in) operating activities</b>			
Net cash flow from operating activities	18	949,439	31,892
Purchase of operating investments		-	(24,895,916)
<b>Net cash flow from/(used in) operating activities</b>		<b>949,439</b>	<b>(24,864,024)</b>
<b>Cash flows (used in)/from financing activities</b>			
Capital contributions received from Partners		-	4
Loan contributions from Partners		-	24,999,997
Distributions to Partners		(737,000)	(60,000)
Payment to General Partner on account of Priority Profit Share		(201,096)	(75,000)
<b>Net cash flow (used in)/from financing activities</b>		<b>(938,096)</b>	<b>24,865,001</b>
Net cash inflow in the period		11,343	977
Cash and cash equivalent at the start of the year		977	-
<b>Cash and cash equivalent at the end of the year</b>		<b>12,320</b>	<b>977</b>

The notes on pages 12 to 23 form an integral part of these financial statements.

## Notes to the financial statements

### 1. Reporting Entity

Dalmore Infrastructure Investments 16 LP, a Limited Partnership with registration number LP019533, was established in pursuant to the Limited Partnership Agreement dated 25 May 2018 and subsequently amended and restated Limited Partnership Agreement dated 31 May 2018 (the 'Limited Partnership Agreement' or the 'LPA'). The address of its registered office is 5<sup>th</sup> Floor Watling House, 33 Cannon Street, London, EC4M 5SB.

### 2. Accounting Framework

Under the Partnerships (Accounts) Regulations 2008, the Partnership, as a qualifying partnership, is required to prepare and have audited an annual report and financial statements under the Companies Act 2006 as if the Partnership was a company formed and registered under the Companies Act.

Under the Companies Act, the partners have the choice on whether their financial statements are prepared under that applicable law and either UK Accounting Standards (UK Generally Accepted Accounting Practice) or International Financial Reporting Standards (IFRSs) as adopted by the EU. The partners have decided to apply UK Generally Accepted Accounting Practice including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102").

### 3. Accounting Policies

#### 3.1 Basis of preparation

The financial statements of Dalmore Infrastructure Investments 16 LP have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006 as applicable to qualifying partnerships.

The financial statements are presented in GBP, the functional currency of the Partnership. The majority of the Partnership's business operations are conducted in GBP. Monetary amounts in these financial statements are rounded to the nearest pound.

The preparation of financial statements in conformity with these accounting policies requires the Manager to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis to determine carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These financial statements have been prepared on the going concern basis for the reasons set out in the Manager's Report.



## Notes to the financial statements (continued)

### 3.2 Income recognition

Income is analysed into the following components:

- i Unrealised profits on the revaluation of investments is the movement in carrying value of investments between the start and end of the accounting year. Unrealised profits are recognised in the statement of comprehensive income.
- ii Realised profits on the disposal of investments is the difference between the fair value of the consideration received less any directly attributable costs and the investment's cost. Realised profits are recognised in the statement of comprehensive income and the unrealised portion in reserves is transferred to the profit account.
- iii Portfolio income is recognised to the extent that it is probable that there will be economic benefit arising from the investment and the income can be reliably measured. The following specific recognition criteria must be met before the income is recognised:
  - Income from Eurobond investments is recognised as it accrues by reference to the principal outstanding and the effective interest rate applicable.
  - Dividends from equity investments are recognised when the shareholders' rights to receive payment have been established.
  - Directors fees are recognised as they accrue under a shareholder's agreement or similar legal agreement.

### 3.3 Administrative expenses

All reasonable costs incurred in relation to the administration of the Partnership are charged to the statement of comprehensive income on an accruals basis.

### 3.4 Investments

Investments are recognised and derecognised on the date where the purchase or sale of an investment is under a contract whose terms require the delivery or settlement of the investment. Investments are managed with a view to profiting from the receipt of interest and dividends and changes in the fair value of investments. Investments are designated at fair value through profit and loss upon initial recognition and subsequently carried in the balance sheet at fair value. All investments are initially recognised at the fair value of the consideration given and subsequently revalued in line with the Group's valuation policy as follows:

Unquoted investments are designated at fair value through profit and loss and subsequently carried in the Statement of Financial Position at fair value. Fair value is measured using the International Private Equity and Venture Capital guidelines. Discounted Cash Flow ("DCF") is the primary basis for valuation.

In using the DCF basis, fair value is estimated by deriving the present value of the investment using reasonable assumptions and estimation of expected future cash flows and the appropriate risk-adjusted discount rate that quantifies the risk inherent to the investment. The discount rate will be estimated for each investment derived from the market risk-free rate, a risk-adjusted premium and information specific to the investment or market sector.

### 3.5 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

## Notes to the financial statements (continued)

### 3.6 Other receivables

Assets, other than those specifically accounted for under a separate policy, are stated at their consideration receivable less impairment losses. The carrying value of such assets are considered approximate to their fair value. All assets are reviewed at each balance sheet date to determine whether there is an indication of impairment. If any such indication exists, the asset's recoverable amount is estimated based on expected discounted future cash flows. Any change in the levels of impairment is recognised directly in the statement of comprehensive income. An impairment loss is reversed at subsequent financial reporting dates to the extent that the asset's carrying amount does not exceed its carrying value, had an impairment been recognised.

### 3.7 Loan to General Partner

The General Partner is entitled to a priority profit share calculated as a fixed proportion of the Acquisition cost of the Investments less the Acquisition cost of the investments that have been realised in accordance with the Limited Partnership Agreement. The obligation of the Partnership to settle the priority profit share ranks in advance of the allocation of any profits to the other partners of the Partnership. To the extent that the Partnership generates insufficient realised profits in any financial year from which to settle the General Partner's profit share, payment is made to the General Partner in the form of an interest free loan that can only be settled through the allocation of future income generated by the Partnership.

### 3.8 Other payables

Liabilities, other than those specifically accounted for under a separate policy, are stated based on the amounts which the Manager considers to be payable in respect of services received up to the balance sheet date. The carrying value of other payables is considered to be approximate to their fair value.

### 3.9 Classification of capital

Under the terms of the Partnership Agreement of the Partnership, capital is contributed to the Partnership by the Partners in the form of both capital and loan contributions. The loan contributions are classified as capital in the financial statements. All capital distributions made by the Partnership will reduce the loan contribution balance until such time as the loan contribution has been fully repaid by the Partnership. Following the repayment of the loan contributions, all surplus capital profits are recognised as a capital gain arising from the capital contribution.

### 3.10 Financial instruments

The Partnership has chosen to adopt section 11 and 12 of FRS 102 in respect of financial instruments.

#### *(i) Financial assets*

Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

Investments held at fair value through profit or loss are initially measured at fair value, which is normally the transaction price they are subsequently remeasured at the end of each reporting year, using the revaluation techniques described in note 3.4

**Notes to the financial statements (continued)****3.10 Financial instruments (continued)**

At the end of each reporting year financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

*(ii) Financial liabilities*

Basic financial liabilities, including trade and other payables are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

*(iii) Offsetting*

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously.

**3.11 Critical accounting judgements and estimation uncertainty**

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Areas where assumptions are significant to the financial statements include:

**(i) Valuation of the investment portfolio**

The Fund holds direct investments in the equity issued by Manlove Allott Investments Limited. As the asset has been held for more than 12 months, the investment is carried at fair value using the revaluation techniques described in note 3.4.

**Notes to the financial statements (continued)****4. Portfolio income**

	<b>Year ended 31 March 2020</b>	<b>Period ended 31 March 2019</b>
	<b>£</b>	<b>£</b>
Dividend income	980,891	82,585
Bank interest income	47	-
	<u>980,938</u>	<u>82,585</u>

All income is derived from investment activity in the United Kingdom and from the Partnership's principal activity.

**5. Administrative expenses**

	<b>Year ended 31 March 2020</b>	<b>Period ended 31 March 2019</b>
	<b>£</b>	<b>£</b>
Establishment costs	-	36,102
Ongoing expenses	29,245	23,590
	<u>29,245</u>	<u>59,692</u>

Ongoing expenses include audit fees payable to the Partnership's auditors for the audit of Partnership's annual accounts of £4,830 (2019: £3,500) and non-audit fees for partnership tax returns due to auditors of £2,246 (2019: £2,750).

**6. Income taxes**

No provision for tax has been made as the Partnership is not a taxable entity. Any taxation arising on the income and gains of the Partnership is payable by the individual partners.

**7. Investments**

	<b>Equity Investments</b>	<b>Total Investments</b>
	<b>£</b>	<b>£</b>
Balance as at 1 April 2019	24,895,916	24,895,916
Unrealised gains on revaluation of investments	3,358,286	3,358,286
Balance as at 31 March 2020	<u>28,254,202</u>	<u>28,254,202</u>

The historical cost of the investments as at 31 March 2020 is £24,895,916.

The Partnership holds an equity investment in Manlove Alliot Investments Limited via a structure of holding companies. The valuation is based on the value of the underlying investments. The registered office of Manlove Alliot Investments Limited is 1 Park Row, Leeds, LS1 5AB.

The valuation of Cory is dependent on a number of judgements associated with potential projects which were at varying degrees of progress as at 31 March 2020. These include the REP development of a 650kt EfW facility, and a Data Centre development, both on plots of land adjacent to the existing RRRL facility. Additional resilience work being carried out

**Notes to the financial statements (continued)****7. Investments (continued)**

in 2020 is expected to increase future levels of EBITDA, and exit assumptions have been updated in line with recent transactions seen in the market.

	<b>Equity Investments £</b>	<b>Total Investments £</b>
Balance as at inception	-	-
Additions	24,895,916	24,895,916
Balance as at 31 March 2019	<u>24,895,916</u>	<u>24,895,916</u>

The historical cost of the investments as at 31 March 2019 is £24,895,916.

**8. Trade and other receivables**

	<b>Year ended 31 March 2020 £</b>	<b>Period ended 31 March 2019 £</b>
Prepaid Priority Profit Share	24,932	-
Amounts due from related parties	1	1
	<u>24,933</u>	<u>1</u>

**9. General Partner's Priority Profit Share and loan to General Partner**

The General Partner's share for each quarter is calculated as a fixed percentage of the Acquisition cost of the Investments less the Acquisition cost of the Investments that have been realized, as well as a fixed percentage of uncommitted capital.

	<b>2020 £</b>	<b>2019 £</b>
Interest free loan at beginning of the period	127,997	-
General Partner's Priority Profit Share for the year	100,274	150,890
Satisfied by allocation of income for the year	(228,271)	(22,893)
Interest free loan at 31 March	<u>-</u>	<u>127,997</u>

**Notes to the financial statements (continued)****10. Trade and other payables**

	<b>Year ended 31 March 2020</b>	<b>Period ended 31 March 2019</b>
	<b>£</b>	<b>£</b>
Other accruals	6,746	9,000
Amounts due to related parties	-	75,890
	<u>6,746</u>	<u>84,890</u>

**11. Financial Instruments**

	<b>2020</b>		<b>2019</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Financial assets</b>	<b>Fair Value</b>	<b>Amortised Cost</b>	<b>Fair Value</b>	<b>Amortised Cost</b>
Investments held at fair value through profit or loss	28,254,202	-	24,895,916	-
Trade and other receivables measured at amortised cost	-	1	-	1
Cash and cash equivalents	-	12,320	-	977
	<u>28,254,202</u>	<u>12,321</u>	<u>24,895,916</u>	<u>978</u>

Trade and other receivables are due to be settled within 12 months of the Statement of Financial Position date and therefore held at an undiscounted amount.

	<b>2020</b>		<b>2019</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Financial liabilities</b>	<b>Fair Value</b>	<b>Amortised Cost</b>	<b>Fair Value</b>	<b>Amortised Cost</b>
Trade and other payables measured at amortised cost	-	6,746	-	84,890
	<u>-</u>	<u>6,746</u>	<u>-</u>	<u>84,890</u>

Trade and other payables are due to be settled within 12 months of the Statement of Financial Position date and therefore held at an undiscounted amount.

**Notes to the financial statements (continued)****11. Financial Instruments (continued)****Fair value hierarchy**

The Manager classifies financial instruments measured at fair value in the investment portfolio according to the following hierarchy:

Level	Fair value input description	Financial instruments
Level 1	Quoted prices (unadjusted) from active markets	Quoted equity instruments
Level 2	Inputs other than quoted prices included in Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices)	Debt investments held at fair value
Level 3	Inputs that are not based on observable market data	Unquoted equity instruments and loans and receivables

Unquoted equity and loan instruments are measured in accordance with the International Private Equity Valuation guidelines with reference to the most appropriate information available at the time of measurement.

The Partnership's investment portfolio for equity and loan instruments is classified by the fair value hierarchy as the following:

2020			
	Level 1	Level 2	Level 3
	£	£	£
Investments	-	-	28,254,202
	-	-	28,254,202
2019			
	Level 1	Level 2	Level 3
	£	£	£
Investments	-	-	24,895,916
	-	-	24,895,916

**Level 3 fair value reconciliation**

	2020	2019
	£	£
Opening book value 1 April/inception	24,895,916	-
Additions	-	24,895,916
Revaluations	3,358,286	-
Closing book value 31 March	28,254,202	24,895,916

There have been no reclassifications for assets that have been transferred in or out of Level 3 during the year.

**Notes to the financial statements (continued)****11. Financial Instruments (continued)****Review of the risk profile**

The financial instruments comprise Investments held at fair value through profit and loss, trade and other receivables, cash and cash equivalents and trade and other payables.

The main risks arising from the group's operations are credit risk, liquidity risk, interest rate and market risk. The partners reviews and agrees policies for managing each of these risks and they are summarised below:

**Credit Risk**

The carrying amount of the investments held at fair value best represents the maximum exposure to credit risk for the firm. All financial assets are neither past due and not impaired. No issues have been identified with the credit quality of the financial assets as they are amounts due from the underlying investments which are dependent upon receipt of cash flows from government bodies under service concession arrangements.

**Liquidity Risk**

Liquidity risk is the risk that the company does not have sufficient cash or collateral to make payments to its counterparties and customers as they fall due. Liquidity is of critical importance to financial institutions. Most of the failures of financial institutions have occurred in part due to insufficient liquidity.

The creditors and accruals are the only financial liabilities of the firm which are due on demand.

**Market Risk**

Market risk is the risk of loss in the value of certain other financial assets and financial liabilities, due to changes in market conditions. Categories of market risk include the following:

- Interest rate risk: results from exposures to changes in the level, slope and curvature of yield curves and the volatilities of interest rates.



**Notes to the financial statements (continued)****12. Partners' accounts**

	<b>Partners' capital £</b>	<b>Loan account £</b>	<b>Profit account £</b>	<b>Total £</b>
Total Partners' funds at 1 April 2019	4	24,812,000	-	24,812,004
Distributions to Partners	-	-	(737,000)	(737,000)
Profit attributable to Partners' before Priority Profit Share	-	-	951,693	951,693
General Partner's Priority Profit Share	-	-	(100,274)	(100,274)
Transfer to loan account	-	114,419	(114,419)	-
<b>Total Partners' funds as at 31 March 2020</b>	<b>4</b>	<b>24,926,419</b>	<b>-</b>	<b>24,926,423</b>

As at 31 March 2020 the undrawn commitment of the Limited Partners was £nil.

	<b>Partners' capital £</b>	<b>Loan account £</b>	<b>Profit account £</b>	<b>Total £</b>
Total Partners' funds at inception	-	-	-	-
Capital contributions from Partners	4	-	-	4
Loan contributions from Partners	-	24,999,997	-	24,999,997
Distributions to Partners	-	-	(60,000)	(60,000)
Profit attributable to Partners' before Priority Profit Share	-	-	22,893	22,893
General Partner's Priority Profit Share	-	-	(150,890)	(150,890)
Transfer to loan account	-	(187,997)	187,997	-
<b>Total Partners' funds at 31 March 2019</b>	<b>4</b>	<b>24,812,000</b>	<b>-</b>	<b>24,812,004</b>

As at 31 March 2019 the undrawn commitment of the Limited Partners was £nil.

**Notes to the financial statements (continued)****13. Partners' commitment and contributions**

	Total commitment at 31 March 2020 £	Commitment at 31 March 2020 %	Capital contributions at 31 March 2020 £
<b>General Partner</b>			
Dalmore Capital 34 GP Limited	1	0%	1
<b>Investing Partner</b>			
The Board of The Pension Protection Fund	25,000,000	100%	3
	<u>25,000,001</u>		<u>4</u>

**14. Partners' loan accounts**

	As at 1 April 2019 £	Drawdowns £	Repayments £	Transfer from profit account £	As at 31 March 2020 £
<b>General Partner</b>					
Dalmore Capital 34 GP Limited	(127,997)	-	-	127,997	-
<b>Investing Partner</b>					
The Board of The Pension Protection Fund	24,939,997	-	-	(13,578)	24,926,419
	<u>24,812,000</u>	-	-	<u>114,419</u>	<u>24,926,419</u>

**15. Partners' profit accounts**

	As at 1 April 2019 £	Appropriations £	Distributions £	Transfer to loan account £	As at 31 March 2020 £
<b>General Partner</b>					
Dalmore Capital 34 GP Limited	-	228,271	(100,274)	(127,997)	-
<b>Investing Partner</b>					
The Board of The Pension Protection Fund	-	723,422	(737,000)	13,578	-
	-	<u>951,693</u>	<u>(837,274)</u>	<u>(114,419)</u>	-

**Notes to the financial statements (continued)****16. Capital management**

The partnership's objective when managing capital is to ensure there are sufficient partner commitments to fund the acquisition of investments.

As at 31 March 2020 the fund is fully invested with all partner commitments fully drawn.

**17. Unrealised reserve**

	2020 £	2019 £
Balance as at 1 April/inception	-	-
Unrealised gain on investment	3,358,286	-
Balance as at 31 March	<u>3,358,286</u>	<u>-</u>

**18. Notes to the statement of cash flows**

	Year ended 31 March 2020 £	Period ended 31 March 2019 £
Profit attributed to Partners before Priority Profit Share	4,309,979	22,893
Increase in debtors	-	(1)
(Decrease)/Increase in creditors	(2,254)	9,000
Unrealised movement on revaluation of investments	(3,358,286)	-
Cash flow from operating activities	<u>949,439</u>	<u>31,892</u>

**19. Related parties**

During the year the Partnership entered into transactions, in the ordinary course of business, with certain related parties. Each of these categories of related parties and their impact on the financial statements is detailed below. The Partnership has no key management personnel.

**Limited Partners**

Transactions with Limited Partners in the form of allocations of profit and drawdowns and distributions of cash, including balances at the year end, are detailed in notes 12 to 15.

**General Partner**

The Partnership pays a Priority Profit Share to its General Partner. The Priority Profit Share entitlement for the year was £100,274 (2019: £150,890). To the extent that there is insufficient income to allocate against the General Partner's drawings, the balance takes the form of an interest free loan as detailed in note 9. The amount prepaid in relation to the General Partner's share at the end of the year was £24,932 (2019: accrual of £75,890).

**20. Controlling party**

There were no controlling parties during the year. The Investing Partners are shown on page 22.