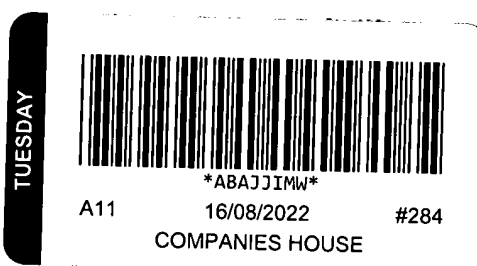


**PALLINGHURST ADVISORS LLP**

(REGISTRATION NUMBER: OC315855)

**ANNUAL REPORT  
AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 DECEMBER 2021**



# Pallinghurst Advisors LLP

(Registration number OC315855)

Annual Report and financial statements for the year ended 31 December 2021

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## **Pallinghurst Advisors LLP**

(Registration number OC315855)

Annual Report and financial statements for the year ended 31 December 2021

### **MEMBERS, REGISTERED OFFICE AND AUDITOR**

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#### **MEMBERS**

Arne H. Frandsen

Andrew Willis

Chris Powell (appointed 30 November 2021)

#### **FORMER MEMBERS**

Brian Gilbertson (retired 23 March 2021)

Chris Shepherd (retired 15 June 2021)

#### **REGISTERED OFFICE**

70 Pall Mall

St James's

London

SW1Y 5ES

#### **INDEPENDENT AUDITOR**

RSM UK Audit LLP

Chartered Accountants

25 Farringdon Street

London

EC4A 4AB

# Pallinghurst Advisors LLP

(Registration number OC315855)

Annual Report and financial statements for the year ended 31 December 2021

## MEMBERS' REPORT

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The Members submit the annual report (the "Annual Report") and the audited financial statements of Pallinghurst Advisors Limited Liability Partnership ("PALLP", the "Partnership" or the "limited liability partnership") for the year ended 31 December 2021.

### Principal activities

PALLP's principal activity is the provision of advisory and administrative services. PALLP is registered under number OC315855.

### Review of the business and future developments

The Members consider that the results for the year show a true and fair view of the business and that the activity of the business will not materially change in the immediate future.

### Members' drawings, contributions and repayments

Members contribute a certain amount as fixed capital when entering the Partnership. Certain Members may draw a fixed amount as remuneration on a monthly basis, as an advance against a future allocation of profit. The Management Committee may allocate further amounts of profit to Members during the year. Any remaining profit is allocated at the discretion of the Management Committee, subsequent to the year-end.

In the event of PALLP being wound up, Members' funds rank equally with other unsecured creditors in accordance with current UK law.

### Going concern

The Designated Members have a reasonable expectation that PALLP has adequate resources to continue in its activities for the foreseeable future, and the financial statements have been prepared on the going concern basis. In reaching this conclusion, the Designated Members have considered the current trading position and balance sheet, and budgeted income and profits for the 12 months from the signing of these financial statements.

### Members

The Members of the Partnership during the year and up to the date of this report were as follows:

Arne H. Frandsen

Andrew Willis

Chris Powell (appointed 30 November 2021)

Brian Gilbertson (resigned 23 March 2021)

Chris Shepherd (resigned 15 June 2021)

### Key management personnel

The highest paid Member is considered to be key management personnel for the Partnership. No other partners or employees are considered to be key management personnel. The remuneration of the highest paid Member is disclosed in Note 5 *Particulars of Members*.

### Statement of Members' Responsibilities

The members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the members to prepare financial statements for each financial year. Under that law the Members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and applicable law). Under company law, the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and of the profit or loss of the partnership for that year.

## Pallinghurst Advisors LLP

(Registration number OC315855)

Annual Report and financial statements for the year ended 31 December 2021

### MEMBERS' REPORT

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS102 Section 1A 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;
- present information, including accounting policies, in a manner that provides relevant, reliable, understandable and comparable information;
- provide additional disclosures when compliance with the specific requirements in FRS102 Section 1A are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the limited liability partnership will continue in business.

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

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

#### Statement of disclosure of information to the Auditor

So far as the members are aware, there is no information needed by the Partnership's auditors in connection with preparing their report of which the Partnership's auditors are unaware.

The Designated Members who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the Auditor is unaware. Each member has taken all the steps that they ought to have taken as a member in order to make themselves aware of any such relevant audit information and to establish that the Partnership's auditors are aware of that information.

#### Independent auditors

The auditors, RSM UK Audit LLP, have indicated their willingness to be appointed again. This will be considered by the Management Committee in due course.

By order of the Members.



Chris Powell  
Designated Member

Date: 26 April 2022

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PALLINGHURST ADVISORS LLP**

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### **Opinion**

We have audited the financial statements of Pallinghurst Advisors LLP (the 'limited liability partnership') for the year ended 31 December 2021 which comprise of the statement of comprehensive income, statement of financial position, reconciliation of members interests, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2021 and of its profit for the year then ended.
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

In auditing the financial statements, we have concluded that the members' 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 limited liability partnership'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 members with respect to going concern are described in the relevant sections of this report.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The members are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PALLINGHURST ADVISORS LLP (CONTINUED)**

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

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

- adequate accounting records have not been kept by the parent limited liability partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent limited liability partnership financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.
- the members were not entitled to prepare the financial statements in accordance with the small limited liability partnerships regime.

### **Responsibilities of members**

As explained more fully in the Members' Responsibilities Statement 2-3, the members 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 members 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 members are responsible for assessing the limited liability 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 members either intend to liquidate the limited liability partnership 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.

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PALLINGHURST ADVISORS LLP (CONTINUED)**

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In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework the limited liability partnership operates in and how the limited liability partnership is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud having obtained an understanding of the effectiveness of the control environment.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006, the Statement of Recommended Practice *Accounting by Limited Liability Partnerships* (sixth edition, published 14 December 2018) and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to FCA compliance. We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these law and regulations and inspected correspondence with the FCA.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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 limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the limited liability partnership's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Malcolm Pirouet*

MALCOLM PIROUET (Senior Statutory Auditor)  
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London, EC4A 4AB  
Date: 26/04/22



# Pallinghurst Advisors LLP

(Registration number OC315855)

Annual Report and financial statements for the year ended 31 December 2021

## STATEMENT OF COMPREHENSIVE INCOME

		2021 £	2020 £
	Notes		
Turnover	2	1,596,735	1,821,500
Staff costs	4	(565,956)	(973,059)
Depreciation		(10,539)	(9,533)
Other operating expenses		(716,681)	(628,045)
<b>Operating profit before Members' remuneration and profit shares</b>	3	<b>303,559</b>	<b>210,863</b>
Foreign exchange gain / (loss)		10,879	(134)
<b>Profit before Members' remuneration and profit shares</b>		<b>314,438</b>	<b>210,729</b>
Members' remuneration charged as an expense	5	(225,725)	(58,036)
<b>Profit for the year available for discretionary division between the Members</b>		<b>88,713</b>	<b>152,693</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>88,713</b>	<b>152,693</b>

All of the Partnership's activities were in respect of continuing operations.

The accompanying notes on page 13 – 20 form an integral part of these Financial Statements.

# Pallinghurst Advisors LLP

(Registration number OC315855)

Annual Report and financial statements for the year ended 31 December 2021

## STATEMENT OF FINANCIAL POSITION

	Notes	2021 £	2020 £
Fixed assets			
Tangible fixed assets	6	8,892	11,408
Investment in subsidiary	7	66	66
		<u>8,958</u>	<u>11,474</u>
Current assets			
Debtors	8	693,172	1,019,968
Cash at bank and in hand		188,182	113,312
		<u>881,354</u>	<u>1,133,280</u>
Creditors: amounts falling due within one year	9	(342,584)	(460,983)
Net current assets		<u>538,770</u>	<u>672,297</u>
Net assets attributable to Members		<u>547,728</u>	<u>683,771</u>
Members' other interests:			
Members' capital		41,000	230,000
Members' other reserves		88,713	152,693
		<u>129,713</u>	<u>382,693</u>
Members' total interests:			
Members' other interests		129,713	382,693
Loans and other amounts due to Members		418,015	301,078
		<u>547,728</u>	<u>683,771</u>

All of the Partnership's activities were in respect of continuing operations. The accompanying notes on page 13 – 20 form an integral part of these Financial Statements. The Financial Statements have been approved by the Management Committee and are signed by:

*Chris Powell*

Chris Powell  
Designated Member

Date: 26 April 2022

# Pallinghurst Advisors LLP

(Registration number OC315855)

Annual Report and financial statements for the year ended 31 December 2021

## STATEMENT OF CASH FLOWS

	2021 £	2020 £
<b>Operating activities</b>		
Transactions with non-members:		
Profit for the year for discretionary division between Members	314,438	210,729
Adjustments to reconcile profit to net cash		
Provided by operating activities:		
Depreciation of tangible assets	10,539	9,533
Gain on disposal of tangible fixed assets	(318)	(2,294)
Changes in operating assets and liabilities:		
Decrease / (increase) in debtors	326,796	(333,516)
(Decrease) / increase in creditors	(155,090)	163,447
<b>Net cash generated from operating activities</b>	<b>496,364</b>	<b>47,899</b>
<b>Investing activities</b>		
Transactions with non-members:		
Purchase of tangible assets	(8,023)	(4,587)
Proceeds on disposal of tangible fixed assets	318	-
Investment in subsidiary	-	(59)
<b>Net cash used in investing activities</b>	<b>(7,706)</b>	<b>(4,646)</b>
<b>Financing activities</b>		
Transactions with Members and former Members:		
Capital introduced	1,000	50,000
Repayment of Capital	(190,000)	-
Drawings	(224,789)	(90,883)
<b>Net cash used in financing activities</b>	<b>(413,789)</b>	<b>(40,883)</b>
<b>Net increase in cash and cash equivalents</b>	<b>74,870</b>	<b>2,371</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>113,312</b>	<b>110,941</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>188,182</b>	<b>113,312</b>

# Pallinghurst Advisors LLP

(Registration number OC315855)

Annual Report and financial statements for the year ended 31 December 2021

## RECONCILIATION OF MOVEMENTS IN MEMBERS' OTHER AND MEMBERS' TOTAL INTERESTS FOR THE YEAR ENDED 31 DECEMBER 2021

31 December 2021

	EQUITY			DEBT	
	Members' Capital (classified as equity) £	Members' other reserves £	Total £	Loans from and other amounts due to / (from) Members £	Total Members' Interests £
Balance at 1 January 2021	230,000	152,693	382,693	301,078	683,771
Members' remuneration charged as an expense	-	-	-	225,725	225,725
Profit for the financial year available for discretionary division among Members	-	88,713	88,713	-	88,713
Members' interests after profit for the year	230,000	241,406	471,406	526,803	998,209
Allocation of profit	-	(152,693)	(152,693)	152,693	-
Withdrawn by Members	(190,000)	-	(190,000)	-	(190,000)
Introduced by Members	1,000	-	1,000	-	1,000
Reallocation of liability owed to Former Member	-	-	-	(36,691)	(36,691)
Drawings	-	-	-	(224,789)	(224,789)
Balance at 31 December 2021	41,000	88,713	129,713	418,015	547,728

# Pallinghurst Advisors LLP

(Registration number OC315855)

Annual Report and financial statements for the year ended 31 December 2021

## RECONCILIATION OF MOVEMENTS IN MEMBERS' OTHER AND MEMBERS' TOTAL INTERESTS FOR THE YEAR ENDED 31 DECEMBER 2020 - RESTATED

31 December 2020

	EQUITY			DEBT	
	Members' Capital (classified as equity)	Members' other reserves	Total	Loans from and other amounts due to / (from) Members	Total Members' Interests
	£	£	£	£	£
Balance at 1 January 2020	180,000	-	230,000	333,925	513,925
Members' remuneration charged as an expense	-	-	-	58,036	58,036
Profit for the financial year available for discretionary division among Members	-	152,693	152,693	-	152,693
Members' interests after profit for the year	180,000	152,693	332,693	391,961	724,654
Introduced by Members	50,000	-	50,000	-	50,000
Drawings	-	-	-	(90,883)	(90,883)
Balance at 31 December 2020	230,000	152,693	382,693	301,078	683,771

# Pallinghurst Advisors LLP

(Registration number OC315855)

Annual Report and financial statements for the year ended 31 December 2021

## NOTES TO THE FINANCIAL STATEMENTS

---

### 1. Accounting policies

#### General information

Pallinghurst Advisors LLP is a Limited Liability Partnership and is incorporated in Great Britain. The address of the registered office is presented on the Designated Members, Registered Office and Auditor page within the financial statements. The principal activity and nature of business is disclosed in the Members' report on page 3.

Pallinghurst Advisors LLP has presented the financial statements in sterling, rounded to the nearest pound.

#### Basis of preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with generally accepted accounting practice in the United Kingdom, including *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS102") and the requirements of the Statement of Recommended Practice *Accounting by Limited Liability Partnerships* (sixth edition, published 14 December 2018). The principle accounting policies are set out below and have been consistently applied throughout the year.

#### Going concern

The Partnership has adequate financial resources and as a consequence the Partners believe that it is well-placed to manage its business risks successfully. The Partners have a reasonable expectation that the Partnership has adequate financial resources to continue in operational existence and meet its liabilities as they fall due for at least the next 12 months from the date of this report. Accordingly, the going concern basis has been adopted in preparing the financial statements.

#### Turnover

Turnover represents fees receivable for investment advice, recognised on an accruals basis, as services are performed.

#### Foreign currencies

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

#### Tangible fixed assets

Fixed assets are stated at historic cost.

Depreciation is provided on all tangible fixed assets, at rates calculated to write each asset down to its estimated residual value over its expected useful life, as follows:

Computer equipment	50% straight line
Fixtures & fittings	33% straight line

# Pallinghurst Advisors LLP

(Registration number OC315855)

Annual Report and financial statements for the year ended 31 December 2021

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

---

### 1. Accounting policies (continued)

#### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or are capitalised as an intangible fixed asset or a tangible fixed asset.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when PALLP is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **Leased assets and obligations**

All the Partnership's leases are operating leases and annual rentals are charged to the profit and loss account on a straight-line basis.

#### **Taxation**

The taxation payable on the partnership profits is solely the personal liability of the individual members and consequently neither partnership taxation nor related deferred taxation arising in respect of the partnership are accounted for in these financial statements.

#### **Financial instruments**

The LLP 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.

Financial instruments are recognised in the Partnership's balance sheet when the Partnership becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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 the liability simultaneously.

#### **Financial assets**

##### *Trade debtors and other debtors*

Trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss, that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

# Pallinghurst Advisors LLP

(Registration number OC315855)

Annual Report and financial statements for the year ended 31 December 2021

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

---

### 1. Accounting policies (continued)

#### **Financial liabilities and equity**

Financial instruments are classified as liabilities and equity instruments 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 PALLP after deducting all of its liabilities.

#### *Trade creditors and accruals*

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

#### *Equity instruments*

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

#### *Derecognition of financial assets and liabilities*

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

#### **Members' allocation of profits**

A Members' share in the profit or loss for the period is accounted for as an allocation of profit. Where such profit shares are allocated automatically (i.e. they are not discretionary), these allocations are treated as *Members' remuneration charged as an expense* in the statement of comprehensive income. Discretionary allocations of profit are recognised when formally approved by the Management Committee and are treated as an appropriation of equity. Any amounts that have been allocated as profits, but not paid, or any drawings in excess of allocations of profit, are included within *Loans from and other amounts due to / (from) Members* on the balance sheet. Any profits for the year that remain after deducting Partners' remuneration charged as an expense and any discretionary allocations, which have not yet been divided among the Partners are shown as *Members' other reserves* on the balance sheet, pending a decision on the division of those profits.

In the event of a winding up, loans and other debts due to members will rank equally with unsecured creditors.

The Reconciliation of Movements in Members' Other and Members' Total Interests for the year ended 31 December 2020 has been restated. The restatement is to reflect a more accurate allocation of profits between members' remuneration charged as an expense (or amounts guaranteed to be paid to the relevant member) and discretionary allocations of profit (which are not guaranteed). These allocations were previously included as a single amount. The change has not had any impact on the net assets of PALLP.



# Pallinghurst Advisors LLP

(Registration number OC315855)

Annual Report and financial statements for the year ended 31 December 2021

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2. Turnover

PALLP's turnover is derived from its principal activity. All turnover is derived from the office in the United Kingdom.

### 3. Operating profit before Members' remuneration and profit share

	2021 £	2020 £
Operating profit is stated after charging:		
Depreciation on tangible fixed assets:		
Owned assets	10,539	9,533
Gain on disposal of tangible fixed assets	(318)	(2,294)
Auditors' remuneration:		
Fees payable to auditors for audit of financial statements	16,500	14,750
Amounts paid on operating leases:		
Land and buildings	184,343	184,506
Insurance proceeds	-	(156)

### 4. Staff costs

The average monthly number of persons (excluding Members) employed by PALLP during the year was:

	2021	2020
Finance and administration	7	8

	2021 £	2020 £
Staff costs for above persons:		
Wages and salaries	426,485	805,531
Social security costs	77,548	92,468
Pension contributions (salary sacrifice)	61,922	75,060
	565,956	973,059

### 5. Particulars of Members

	2021	2020
Average number of Members	3	3

The largest entitlement to profit of any Member for 2021 was £131,750 (2020: £71,157).

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 6. Tangible fixed assets

	Computer equipment £	Fixtures & fittings £	Total £
<b>COST</b>			
At 1 January 2021	48,630	7,116	55,745
Additions	8,023	-	8,023
Disposals	(24,705)	-	(24,705)
At 31 December 2021	31,948	7,116	39,063
<b>ACCUMULATED DEPRECIATION</b>			
At 1 January 2021	40,551	3,786	44,337
Charge for the year	8,437	2,102	10,539
Disposals	(24,705)	-	(24,705)
At 31 December 2021	24,283	5,889	30,171
<b>NET BOOK VALUE</b>			
At 31 December 2021	7,665	1,227	8,892
<b>NET BOOK VALUE</b>			
At 31 December 2020	8,079	3,329	11,408

### 7. Investments in subsidiaries and sub-advisory fees

	2021 £	2020 £
Cost:		
Pallinghurst Advisors Proprietary Ltd	7	7
Pallinghurst Advisors Canada Ltd	59	59
	66	66

On 23 March 2009, PALLP invested 100 South African rand (£7) for 100 equity shares in Pallinghurst Advisors Proprietary Ltd ("PAPTY"), constituting 100% of the issued share capital. PALLP is not required to prepare group accounts as it is a "small" group, per the Companies Act 2006.

PAPTY is incorporated in South Africa and provides administration services to PALLP. The aggregate amount of PAPTY's capital and reserves at 31 December 2021 is ZAR3,508,897 (or £163,102) (2020: ZAR3,074,871 (or £153,741)), and its profit for the year ended 31 December 2021 after taxation was ZAR377,984 (or £18,329) (2020: ZAR295,064 (or £13,987)). These amounts are derived from management accounts. The exchange rate from 31 December 2021, £1:ZAR21.51 (2020 £1:ZAR20.00) was used for capital and reserves, and for profit, the 2021 financial year average exchange rate, £1:ZAR20.62 (2020 £1:ZAR21.10).

During the year, PALLP paid PAPTY a sub-advisory fee of £240,619 (ZAR5,017,498) (2020: £257,688 or ZAR5,437,919) which is included within operating expenses. This amount includes £143,680 (ZAR3,090,345) (2020: £150,946 or ZAR3,018,960) which has not yet been paid and is included within creditors falling due within one year at 31 December 2021. No amounts have been prepaid at 31 December 2021 (2020: £nil). The amounts stated were calculated using the actual exchange rates received upon translation of the payments made.

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 7. Investment in subsidiaries and sub-advisory fees (continued)

On 9 October 2020, PALLP invested 100 Canadian Dollars (£59) for 100 equity shares in Pallinghurst Advisors Canada Ltd ("PACL"), constituting 100% of the issued share capital.

PACL is incorporated in Canada and provides advisory services to PALLP. The aggregate amount of PACL's capital and reserves at 31 December 2021 is CAD44,586 (or £25,991) (2020: CADnil (or £nil)), and its profit for the year ended 31 December 2021 after taxation was CAD44,486 (or £25,794) (2020: CADnil (or £nil)). These amounts are derived from management accounts.

The exchange rate from 31 December 2021, £1:CAD1.72 was used for capital and reserves, and for profit, the 2021 financial year average exchange rate, £1:CAD1.73.

During the year, PALLP paid PACL a sub-advisory fee of £105,143 (CAD189,985) (2020: £nil (CADnil)) which is included within operating expenses. No amounts were owing at 31 December 2021 (2020: £nil) and no amounts have been prepaid at 31 December 2021 (2020: £nil). The amounts stated were calculated using the actual exchange rates received upon translation of the payments made.

PALLP incurred costs of £27,894 (2020: £4,498) on behalf of PACL during the year of which all had been repaid by 31 December 2021. No amounts were owing to PALLP at 31 December 2021.

PALLP is not required to prepare group accounts as it is a "small" group, per the Companies Act 2006. These accounts are not group accounts and therefore provide information about PALLP as an individual entity and not as a group.

#### 8. Debtors

	2021 £	2020 £
Trade debtors	598,327	797,245
Other debtors	66,131	167,165
VAT asset	11,438	13,554
Prepayments and accrued income	17,276	42,004
	<u>693,172</u>	<u>1,019,968</u>

Other debtors includes £31,500 (2020: £35,134) which has been secured against the payments due under operating leases on rental properties.

	2021 £	2020 £
Rent deposit: 70 Pall Mall, St James's, London, SW1Y 5ES	<u>31,500</u>	<u>35,134</u>

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

	2021 £	2020 £
Trade creditors	186,685	179,734
Other taxes and social security costs	87,236	77,550
Other creditors	37,985	1,410
Accruals and provisions	30,678	202,289
	<b>342,584</b>	<b>460,983</b>

#### 10. Financial instruments

	2021 £	2020 £
<b>Financial assets</b>		
Debt instruments measured at amortised cost	670,709	964,468
Equity instruments measured at cost less impairment	66	7
	<b>670,775</b>	<b>964,475</b>
<b>Financial liabilities</b>		
Held at amortised cost	261,600	383,432

#### 11. Controlling party

PALLP is controlled by its Members and does not have a single controlling party.

#### 12. Related party transactions

PALLP provides administration and advisory services to an investment manager, Pallinghurst GP Limited. (the "Investment Manager"). Certain members of PALLP are directors of Pallinghurst GP Limited. PALLP charged £798,367 to the Investment Manager during 2021 (2020: £1,821,500). This amount includes £6,251 (2020: £nil) which has been deferred and is included within creditors falling due within one year at 31 December 2021 (2020: £744,441 was receivable, included within trade debtors).

PALLP also provides administration and advisory services to a second investment manager, The Pallinghurst Group General Partner Limited. ("TPG GP Limited"). Certain Members of PALLP are directors of TPG GP Limited. PALLP charged £798,367 to TPG GP Limited during 2021 (2020: £nil). This revenue has been invoiced but not yet paid in full and £598,327 is included within trade debtors at 31 December 2021 (2020: £nil).

PALLP incurred costs of £94,193 on behalf of the Investment Manager during the year (2020: £139,073). The amount of costs reimbursed by the Investment Manager during 2021 was £146,079 (2020: £16,295). In 2021, the Investment Manager incurred costs of £29,084 (2020: £72,391) on behalf of PALLP which was set off against the balance owing to PALLP. At 31 December 2021, trade debtors included an amount for costs of £nil (2020: £51,886) that had not been reimbursed by the Investment Manager. PALLP had no outstanding balances due to the Investment Manager at 31 December 2021 (2020: £nil).

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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#### 12. Related party transactions (continued)

In addition to the above, during the year, PALLP also entered into the following transactions with related parties:

	2021 £	2020 £
Total costs incurred on behalf of related parties	<u>84,300</u>	<u>11,117</u>
Amounts owed by related parties at year end	<u>26,516</u>	<u>77,985</u>

These are related parties of PALLP because of common control exercised by some or all of the Partnership's Members.

Related party transactions with Members:

Other debtors includes £4,845 (2020: £52,240) owing by the Members to PALLP.

#### 13. Operating lease commitments

At 31 December 2021 the partnership had annual commitments under non-cancellable operating leases, all expiring between one and five years, as follows:

	2021 £	2020 £
Land and buildings	<u>277,588</u>	<u>83,629</u>

The Partnership's lease for 70 Pall Mall was renewed on 19 May 2021 for a further twenty six months, expiring on 19 July 2023.