

Registered No. OC318087

Esprit Capital Partners LLP

**Members' Report and Financial Statements
for the year ended 31 March 2020**

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Esprit Capital Partners LLP

Registered Number: OC318087

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

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Esprit Capital Partners LLP

Registered Number: OC318087

LIMITED LIABILITY PARTNERSHIP INFORMATION

Members

Draper Esprit PLC

Draper Esprit Nominee Limited

LLP Registration No

OC318087

Independent Auditors

PricewaterhouseCoopers LLP

7 More London Riverside

London

SE1 2RT

Registered Office

20 Garrick Street

London

WC2E 9BT

Esprit Capital Partners LLP

Registered Number: OC318087

Members' report

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

Principal activity

The principal activity of Esprit Capital Partners LLP ("the LLP") is the provision of investment management services and consultancy.

Designated Members

Draper Esprit PLC
Draper Esprit Nominee Limited

Business review

The LLP was incorporated on 1 March 2006 and was authorised by the FCA on 27 June 2006 to perform certain regulated activities. The Statement of Comprehensive Income on page 8 shows a profit for the year, before members' remuneration charged as an expense, of £8,701k (2019: £2,333k).

On 15th June 2016, the LLP was acquired by Draper Esprit plc as part of an AIM listing which also included the acquisition of the Esprit Capital III LP fund which Esprit Capital Partners LLP manages.

The LLP reacted quickly to the COVID-19 pandemic to safeguard its interests and monitor the liquidity. The members expect continued growth albeit at a lower targeted rate due to COVID-19 outbreak in the underlying investments.

Members' Capital and Interests

Each member's subscription to the capital of the LLP determines their share of the profit and is non-refundable. Detail of changes in members' capital in the year ended 31 March 2020 are set out in the financial statements.

Members are remunerated from profits of the LLP and are required to make their own provision for pensions. Profits are allocated and divided between members after finalisation of the financial statements. Members draw a proportion of their profit shares monthly during the year in which it is made, with the balance of profit being distributed after the year end, subject to the cash requirements of the business.

Statement of members' responsibilities in respect of the financial statements

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

Company law, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations"), requires the members to prepare financial statements for each financial year. Under that law the members have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law, as applied to limited liability partnerships, 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 of the limited liability partnership and of the profit or loss of the limited liability partnership for that period. 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 FRS 101, 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 limited liability partnership will continue in business.

Esprit Capital Partners LLP

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Members' report (continued)

The members are also responsible for safeguarding the assets of the limited liability 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 limited liability partnership's transactions and disclose with reasonable accuracy at any time the financial position of the limited liability partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to limited liability partnerships by the Regulations.

Other matters

There is no relevant audit information of which the auditors are unaware. The members have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and have ensured that the auditors are aware of that information.

Independent Auditors

PricewaterhouseCoopers LLP have been appointed as auditors for the current year. A proposal to reappoint PricewaterhouseCoopers LLP as auditors for the ensuing year will be considered at the next Members' meeting.

This Members' Report was approved by the members on 23 July 2020 and signed on their behalf by:

DocuSigned by:

Ben Wilkinson

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B D Wilkinson

For and on behalf of Draper Esprit PLC (Designated Member)

23 July 2020

Esprit Capital Partners LLP

Registered Number: OC318087

Independent auditors' report to the members of Esprit Capital Partners LLP

Report on the audit of the financial statements

Opinion

In our opinion, Esprit Capital Partners LLP's financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

We have audited the financial statements, included within the Members' Report and Financial Statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 March 2020, Statement of comprehensive income, and Statement of changes in members' interests for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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 limited liability 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.

Conclusions relating to going concern

Esprit Capital Partners LLP

Registered Number: OC318087

Independent auditors' report to the members of Esprit Capital Partners LLP (continued)

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.

Responsibilities for the financial statements and the audit

Responsibilities of the members for the financial statements

As explained more fully in the Statement of members' responsibilities in respect of the financial statements set out on page 4 and 5, the members 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 members 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 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.

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. 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 members of the limited liability partnership as a body in accordance with the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) 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.

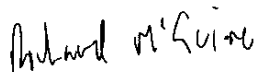
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 as applicable to limited liability 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 limited liability partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Richard McGuire (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
23rd July 2020

Esprit Capital Partners LLP

Registered Number: OC318087

Statement of comprehensive income

for the year ended 31 March 2020

		2020	2019
		£'000s	£'000s
	<i>Notes</i>		
Turnover	8	8,761	4,157
Administration expenses		(60)	(1,824)
Operating profit	9	8,701	2,333
Profit for the financial year before members' remuneration and profit shares		8,701	2,333
Members' remuneration charged as an expense		(8,385)	(2,117)
Profit for the financial year available for discretionary division among members		316	216

All income and expenses have been generated from continuing operations.

There were no other gains or losses other than those included in the Statement of Comprehensive Income for the year. The profit for the financial year available for discretionary division among members is also the total comprehensive income for the year.

The notes on pages 11 to 18 form an integral part of these financial statements.

Esprit Capital Partners LLP

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Statement of financial position

as at 31 March 2020

		2020 £'000s	2019 £'000s
	Notes		
Assets			
Non-current assets			
Property, plant and equipment	11	-	-
Investments	12	4,007	7
Total non-current assets		4,007	7
Current assets			
Trade and other receivables	13	5,273	6,678
Cash at bank and in hand		226	122
		5,499	6,800
Current liabilities			
Creditors falling due within one year	14	(2,724)	(1,828)
		(2,724)	(1,828)
NET ASSETS ATTRIBUTABLE TO MEMBERS		6,782	4,979
REPRESENTED BY:			
Loans and other debts due to members		6,116	4,679
Members' other interests:			
Members' capital classified as equity		350	84
Other Reserves		316	216
		6,782	4,979
TOTAL MEMBERS' INTERESTS:			
Loans and other debts due to members		6,116	4,679
Members' other interests		666	300
		6,782	4,979

The financial statements were approved by the members on 23rd July 2020 and signed on their behalf by:

DocuSigned by:

Ben Wilkinson

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Ben Wilkinson

For and behalf of Draper Esprit PLC

(Designated Member of Esprit Capital Partners LLP)

The notes on pages 11 to 18 form an integral part of these financial statements.

Statement of changes in members' interest**for the year ended 31 March 2020**

	EQUITY			DEBT	
	Members' Capital classified as equity £'000	Other Reserves £'000	Total members' other interests £'000	Loans and other debts due to/(from) Members £'000	Members' total interests £'000
Amounts due to members				4,679	
Amounts due from members				-	
				<u>4,679</u>	
At 1 April 2018	<u>84</u>	<u>-</u>	<u>84</u>	<u>2,562</u>	<u>2,646</u>
Members' remuneration charged as an expense	-	-	-	2,117	2,117
Profit for financial year available for discretionary division among members	-	216	216	-	216
Members' interests after profit for the year	<u>84</u>	<u>216</u>	<u>300</u>	<u>4,679</u>	<u>4,979</u>
Profit allocation	-	-	-	-	-
Drawings	-	-	-	-	-
At 31 March 2019	<u>84</u>	<u>216</u>	<u>300</u>	<u>4,679</u>	<u>4,979</u>
Additions in Members' capital classified as equity	266	(216)	50	-	50
Members' remuneration charged as an expense	-	-	-	8,385	8,385
Profit for financial year available for discretionary division among members	-	316	316	-	316
Members' interests after profit for the year	<u>350</u>	<u>316</u>	<u>666</u>	<u>13,064</u>	<u>13,730</u>
Profit allocation	-	-	-	-	-
Drawings	-	-	-	(6,948)	(6,948)
Amounts due to members					

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Notes to the financial statements

for the year ended 31 March 2020

1. Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 101 – 'The Reduced Disclosure Framework' (FRS 101). The LLP elected to adopt the standard in the year commencing 1 April 2015.

2. Entity information

The principal activity of the LLP is the provision of venture capital management services. The LLP is a UK limited liability partnership headquartered at 20 Garrick Street, London, WC2E 9BT.

3. Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The financial statements are presented in Sterling (£) which is also the functional currency of the LLP. All amounts are rounded to the nearest thousand, unless otherwise stated.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the LLP's accounting policies

4. Going concern

The members have assessed the current financial position of Esprit Capital Partners LLP, along with future cash flow requirements to determine if the LLP has the financial resources to continue as a going concern for the foreseeable future. The conclusion of this assessment is that it is appropriate that the LLP be considered a going concern. For this reason, the members continue to adopt the going concern basis in preparing the financial statements.

5. Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The financial statements do not include any significant judgment or estimates.

6. Parent Company

The LLP is 100% owned by Draper Esprit PLC, which went public on 15 June 2016 and purchased Esprit Capital Partners LLP from the former members. Draper Esprit PLC prepares publicly available consolidated financial statements in accordance with IFRS as adopted by the European Union in which these accounts are included. These accounts are available from 20 Garrick Street, London, WC2E 9BT.

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Notes to the financial statements

for the year ended 31 March 2020

7. Principal accounting policies

Disclosure exemptions adopted

The following disclosure exemptions have been adopted:

- Preparation of a cash flow statement and related notes;
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered between two or more members of the group as they are wholly owned within the group;
- Disclosure of key management personnel compensation;
- Capital management disclosures; and
- Disclosures in respect of standards in issue not yet effective.

The following disclosure exemption has also been adopted as equivalent disclosures are provided in the parent's consolidated financial statements.

- Reduced disclosures relating to the following as equivalent disclosures are provided by the parent entity: IFRS 7, IFRS 13, IAS 1, IAS 16.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales related taxes. All revenue from services is generated within the United Kingdom and is stated exclusive of value added tax. Revenue from services comprises:

a. Fund management services

Fund management fees are either earned at a fixed annual rate or are set at a fixed percentage of funds under management, measured either by commitments or invested cost, depending on the investment stage of the fund being managed. Revenues are recognised as the related services are provided.

b. Portfolio directors' fees

Portfolio directors' fees are charged to an investee company and payable to Esprit Capital Partners LLP as the fund manager. The LLP only charges directors' fees on a limited number of the investee companies. Fees are recognised as the related services are provided.

c. Performance fees

Performance fees are earned on a percentage basis on returns over a hurdle rate in the statement of comprehensive income as per the agreement in place. Amounts are recognised as revenue when it can be reliably measured, and it is probable funds will flow to the partnership. As per the agreement, these fees are due to fixed participants from Encore Ventures LLP and as such an equivalent related party receivable will be recognised.

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Notes to the financial statements

for the year ended 31 March 2020

Members' remuneration and interests

The Members' rights to participate in the profits or losses, or assets of the LLP are analysed between those that give rise to, from the LLP's perspective, either a financial liability or equity, in accordance with the Limited Liability Partnerships (Accounts and Audits) (Application of Companies Act 2006) Regulations 2008. The Members' different participation rights are analysed separately into liability and equity elements.

Members' remuneration

Non-discretionary amounts becoming due to members in respect of participation rights in the profits of the LLP for an accounting year that give rise to liabilities are presented as an expense within the Statement of Comprehensive Income (within the heading Members' remuneration charged as an expense).

Amounts becoming due to members in respect of equity participation rights, following a discretionary division of profits, are debited directly to equity in the accounting year in which the division occurs. Such amounts are not presented as an expense within the Statement of Comprehensive Income. A discretionary division of profits that takes place after the balance sheet date is a non-adjusting event under IAS 10: Non-adjusting events.

Members' interests

Members' capital is accounted for in accordance with the Limited Liability Partnerships (Accounts and Audits) (Application of Companies Act 2006) Regulations 2008. Where the LLP has a contractual obligation to deliver cash or another financial asset to the member, the capital is treated as debt. Where the LLP has an unconditional right to avoid delivering cash or other financial assets to a member in respect of such amounts, (i.e. repayment of the members' capital is discretionary), it is treated as equity.

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Notes to the financial statements
for the year ended 31 March 2020

Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred.

Taxation

Tax to be paid on the profits arising in the LLP are a personal tax liability of the members of the LLP and therefore are not included as a tax charge or provision within these financial statements.

Cash and cash equivalents

Cash comprise cash on hand and demand deposits which is presented as cash at bank and in hand in the statement of financial position.

Cash equivalents comprise short-term, highly liquid investments with maturities of three months or less from inception that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are presented as part of current asset investments in the statement of financial position.

Foreign currency translation

In preparing the financial statements, transactions in currencies other than the functional currency are recognised at the spot rate at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences are recognised in profit or loss in the period in which they arise.

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Notes to the financial statements
for the year ended 31 March 2020

8. Turnover

Revenue is derived solely within the United Kingdom, from continuing operations for all periods.

	2020	2019
	£'000	£'000
Management fees	8,387	3,769
Portfolio directors' fees and other	374	388
	8,761	4,157

9. Operating profit

This is stated after charging:

	2020	2019
	£'000	£'000
Auditors' remuneration:		
Audit fee	14	11
Other assurance services	13	16
Taxation compliance services	-	-

10. Members and employees

The average number of members during the year was 2 (2019: 2).

The profit (including remuneration), that is attributable to the member with the largest entitlement to profit (including remuneration), is £8,701 (2019: £2,333k).

There were no employees in the current and prior year(s).

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Notes to the financial statements

for the year ended 31 March 2020

11. Property, plant & equipment

	IT Equipment £'000s	Furniture & Equipment £'000s	Fixtures & Fittings £'000s	Total £'000s
Cost or valuation				
At 31 March 2019	81	34	73	188
Additions	-	-	-	-
At 31 March 2020	81	34	73	188
Accumulated depreciation				
At 31 March 2019	81	34	73	188
Charge for the year	-	-	-	-
At 31 March 2020	81	34	73	188
Carrying amount				
At 31 March 2019	-	-	-	-
At 31 March 2020	-	-	-	-

12. Investments

Details of the LLP's investments as at 31 March 2020 are as follows:

	Total £
Cost or valuation	
At 31 March 2019	7
Additions	4,000
Disposals	-
Revaluations	-
At 31 March 2020	4,007
Net book value	
At 31 March 2020	4,007
At 31 March 2019	7

The additions in the year relate to the acquisition of Encore Ventures LLP's remaining interest.

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Notes to the financial statements

for the year ended 31 March 2020

Name	Place of incorporation	Nature of business	Proportion of ownership interest %
Encore Ventures LLP	England	Investment Management	100%
Esprit Capital Holdings Limited	England	Dormant	100%

Both of the above are located at 20 Garrick Street, London, WC2E 9BT

13. Trade and other receivables

Amounts falling due in less than one year

	2020	2019
	£'000	£'000
Trade debtors	4,524	105
Amounts owed by group undertakings	743	6,567
Prepayments and accrued income	6	6
	5,273	6,678

There are no balances included that are due greater than one year (2019: £Nil). Amounts owed by group undertakings are unsecured, interest free and repayable on demand. The trade debtors amount include £4,419,071 in relation to management fees which is owed by entities under the Draper Esprit Plc group.

14. Creditors

Amounts falling due within one year

	2020	2019
	£'000	£'000
Trade creditors	-	1
Amounts owed to group undertakings	338	92
Other creditors	150	8
Accruals and deferred income	2,236	1,727
	2,724	1,828

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

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Notes to the financial statements

for the year ended 31 March 2020

15. Capital commitments

The LLP has no capital commitments for the year (2019: Nil).

16. Transactions with related parties

During the year, the partnership received £373,477 (2019: £348,829) from Encore Ventures LLP as the drawings from their holding in the partnership.

On 10 March 2020, the LLP acquired the remaining interest in Encore Ventures LLP - see note 12 for further details.

17. Ultimate controlling party

As at 31 March 2020, the members consider that the LLP's parent and ultimate controlling party is Draper Esprit Plc, headquartered at 20 Garrick Street, London, WC2E 9BT. The parent's financial statements can be obtained from this address. The largest and smallest group in which the results of the LLP are consolidated are headed by the ultimate parent entity.