

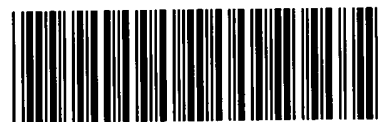
REGISTERED NUMBER OC320937

LYCEUM CAPITAL PARTNERS LLP

ANNUAL REPORT

31 MARCH 2017

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LYCEUM CAPITAL PARTNERS LLP

ANNUAL REPORT

YEAR ENDED 31 MARCH 2017

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LYCEUM CAPITAL PARTNERS LLP

THE MEMBERS' REPORT

YEAR ENDED 31 MARCH 2017

The Members have pleasure in presenting their report and the audited financial statements of Lyceum Capital Partners LLP ("the Partnership") for the year ended 31 March 2017.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Partnership is the provision of venture capital portfolio investment management and advice. The Partnership is authorised and regulated by the Financial Conduct Authority ("FCA").

The firm acts as the Manager for Lyceum Capital Fund II (comprising Lyceum Capital Fund IIA, Lyceum Capital Fund IIB and Lyceum Capital Industrial Partners Fund II) and Lyceum Capital Fund III (comprising Lyceum Capital Fund IIIA Limited Partnership, Lyceum Capital Fund IIIB Limited Partnership and Lyceum Capital Friends & Family III Limited Partnership). Lyceum Capital Fund II held two assets at 31 March 2017 (2016: five); and Lyceum Capital Fund III held nine assets at 31 March 2017 (2016: seven) (ten at the date of these accounts).

Detailed information can be found on the Firm's website (<http://www.lyceumcapital.co.uk/about/>).

RESULTS FOR THE YEAR AND ALLOCATION TO MEMBERS

The profit for the year before Members' remuneration and profit shares was £4,649,922 (2016: £2,838,241).

RISKS AND UNCERTAINTIES

The operational risks faced by the Partnership and its subsidiaries and related entities ("group") are managed from the perspective of the group rather than a statutory entity basis. The group has an established governance framework and organisation structure, with documented responsibilities.

All risks facing the group are assessed regularly by the Partnership Board, together with the effectiveness of existing controls. The nature of the discretionary investment managed activities undertaken by the group means that market risks arising from the underlying assets are borne by the beneficial owners of the underlying funds. These risks are actively managed within the investment mandates given to the group and the regulatory environment within which the group operates.

The Partnership is regulated by the FCA. The standards imposed by the FCA with which the Partnership must demonstrate compliance, are subject to continuous review. New directives may result in a change of reporting requirements, capital requirements or business processes. Failure to comply with the FCA standards could materially affect the Partnership's ability to operate due to the FCA's ability to impose restrictions on trading activity.

The group's revenues are based on profit entitlements that do not have any significant exposure to movements in financial markets or movements in market valuations of assets under management. The majority of the transactions of the group are undertaken in Pounds Sterling and the group had no external borrowings during the year. Therefore, there is no foreign exchange risk or significant exposure to interest rate movement.

The group is exposed to credit risk in respect of profits due from investment funds and from cash held at bank. The latter is managed by minimising cash balances and holding such balances with banks with a high credit rating.

LYCEUM CAPITAL PARTNERS LLP

THE MEMBERS' REPORT (CONTINUED)

YEAR ENDED 31 MARCH 2017

FUTURE PROSPECTS AND GOING CONCERN

The Members are confident about the group's long-term prospects and consider that the activities of both the Partnership and the group will remain unchanged for the foreseeable future.

DESIGNATED MEMBERS

The following were designated Members during the year:

D Adler
A Aylwin
P Buscombe
J Hand
D Harland
S Hitchcock
J Westhead
I Williams
M Rogerson
G Neville
J Bourn

Lyceum Capital (Founders) Limited (Corporate Member)

Lyceum Capital (Investments) Limited

POLICY WITH RESPECT TO MEMBERS' DRAWINGS AND SUBSCRIPTION AND REPAYMENTS OF AMOUNTS SUBSCRIBED OR OTHERWISE CONTRIBUTED BY MEMBERS

Members are permitted to make drawings in anticipation of profits which will be allocated to them. The amount of such drawings is set at the beginning of each financial year, taking into account the anticipated cash needs of the Partnership.

For as long as the Partnership is authorised by the Financial Conduct Authority to conduct regulated activities the Designated Members must ensure that the Partnership has capital at least equal to its Regulatory Capital and all such capital shall be held in a reserve known as the "Regulatory Capital Reserve".

The Partnership Board shall ensure that no distributions or other payments shall be made from or by the Partnership to its Members if, as a result of such distributions, the Partnership would no longer have sufficient Regulatory Capital. Capital may only be repaid to Members provided that Regulatory Capital is maintained by transfers into the Regulatory Capital Reserve by 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 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

LYCEUM CAPITAL PARTNERS LLP

THE MEMBERS' REPORT (CONTINUED)

YEAR ENDED 31 MARCH 2017

STATEMENT OF MEMBERS' RESPONSIBILITIES (CONTINUED)

prepared the Partnership financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 102. 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 Partnership and of the profit or loss of the Partnership for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its Members in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business.

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 enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to limited liability partnerships by the Regulations. They 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.

DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as the Members are aware:

- there is no relevant audit information of which the Partnership's auditors are unaware; and
- the Members have taken all necessary steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006 as modified by the Limited Liability Partnerships Regulations 2008.

Registered office:

First Floor
Brettenham House
2-19 Lancaster Place
London
WC2E 7EN

Signed on behalf of the Members

J Westhead

Designated member

Approved by the Members on 26 July 2017

LYCEUM CAPITAL PARTNERS LLP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LYCEUM CAPITAL PARTNERS LLP YEAR ENDED 31 MARCH 2017

Our opinion

In our opinion, Lyceum Capital Partners LLP's financial statements (the "financial statements"):

- give a true and fair view of the state of the Partnership's affairs as at 31 March 2017 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; 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.
-

What we have audited

The financial statements, included within the Annual Report, comprise:

- the Balance Sheet as at 31 March 2017;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended
- the Statement of Cash Flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Members have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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, 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.

LYCEUM CAPITAL PARTNERS LLP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LYCEUM CAPITAL PARTNERS LLP YEAR ENDED 31 MARCH 2017

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Members

As explained more fully in the Statement of Members' Responsibilities set out on pages 4 and 5, the Members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the Members of the 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.

What an audit of financial statements involves


We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Partnership's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Members; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Members' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Richard McGuire (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 July 2017

LYCEUM CAPITAL PARTNERS LLP
STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2017

	Note	2017	2016
		£	£
TURNOVER	2	9,064,790	6,229,874
Administrative expenses		(4,431,622)	(3,334,457)
OPERATING PROFIT	3	4,633,168	2,895,417
Interest receivable and similar income		170	575
Interest payable and similar charges	5	-	-
Revaluation of investments		16,584	(43,017)
Loss on disposal of fixed assets		-	(14,734)
PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES		4,649,922	2,838,241
Members' remuneration charged as an expense	6	(2,699,002)	(2,305,957)
PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS		1,950,920	532,284
Other comprehensive income		-	-
Total tax on components of other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		1,950,920	532,284

The Partnership's turnover and expenses all relate to continuing operations.

The notes on pages 12 to 26 form part of these financial statements.

LYCEUM CAPITAL PARTNERS LLP

BALANCE SHEET

AS AT 31 MARCH 2017

		2017 £	2016 £
FIXED ASSETS			
Tangible assets	7	870,391	856,986
Investments	8	76,547	190,662
		<u>946,938</u>	<u>1,047,648</u>
CURRENT ASSETS			
Debtors	9	3,543,314	3,483,240
Cash at bank and in hand		1,179,810	162,406
		<u>4,723,124</u>	<u>3,645,646</u>
CREDITORS: Amounts falling due within one year	10	<u>(3,896,646)</u>	<u>(1,513,654)</u>
NET CURRENT ASSETS		<u>826,478</u>	<u>2,131,992</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,773,416</u>	<u>3,179,640</u>
NET ASSETS ATTRIBUTABLE TO MEMBERS		<u>1,773,416</u>	<u>3,179,640</u>
REPRESENTED BY:			
MEMBERS' OTHER INTERESTS			
Members' capital	15	5,000	5,000
Other reserves	15	1,768,416	3,174,640
Total Members' Other Interests		<u>1,773,416</u>	<u>3,179,640</u>
TOTAL MEMBERS' INTERESTS			
Members' other interests	15	1,773,416	3,179,640
Amounts due from Members	9	(625,897)	(1,045,217)
		<u>1,147,519</u>	<u>2,134,423</u>

These financial statements were approved by the Members and authorised for issue on 26 July 2017, and are signed on their behalf by:


J Westhead
Designated Member

Registered Number: OC320937

The notes on pages 12 to 26 form part of these financial statements.

LYCEUM CAPITAL PARTNERS LLP

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2017

	Members' other interests		
	Members' capital (classified as equity)	Other reserves	Total members' other interests
	£	£	£
Balance at 1 April 2015	5,000	4,527,195	4,532,195
Profit for the financial year available for discretionary division among Members	-	532,284	532,284
Members' interests after profit for the year	5,000	5,059,479	5,064,479
Other division of profits	-	(1,884,839)	(1,884,839)
Balance at 31 March 2016	5,000	3,174,640	3,179,640
Profit for the financial year available for discretionary division among Members	-	1,950,920	1,950,920
Members' interests after profit for the year	5,000	5,125,560	5,130,560
Other division of profits	-	(3, 357,144)	(3,357,144)
Balance at 31 March 2017	5,000	1,768,416	1,773,416

The notes on pages 12 to 26 form part of these financial statements.

LYCEUM CAPITAL PARTNERS LLP

STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2017

	Note	2017 £	2016 £
NET CASH FROM OPERATING ACTIVITIES	16	6,772,237	4,610,615
NET CASH GENERATED FROM OPERATING ACTIVITIES		<u>6,772,237</u>	<u>4,610,615</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Investments		(34,519)	-
Purchase of tangible fixed assets		(248,876)	(790,680)
Sale of investments		165,218	-
Interest received		170	575
NET CASH USED IN INVESTING ACTIVITIES		<u>(118,007)</u>	<u>(790,105)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Payment to Members		(5,636,826)	(4,072,921)
NET CASH USED IN FINANCING ACTIVITIES		<u>(5,636,826)</u>	<u>(4,072,921)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		<u>1,017,403</u>	<u>(252,411)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		162,406	414,817
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		<u>1,179,810</u>	<u>162,406</u>

The notes on pages 12 to 26 form part of these financial statements.

LYCEUM CAPITAL PARTNERS LLP
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES

General information

Lyceum Capital Partners LLP ('the Partnership') is a limited liability partnership and is incorporated in United Kingdom. The address of its registered office is First floor, Brettenham House, 2-19 Lancaster Place London, WC2E 7EN.

The principal activity of the Partnership is the provision of private equity portfolio investment management and advice.

Statement of compliance

The financial statements of Lyceum Capital Partners LLP have been prepared have been prepared in compliance with the applicable 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 applied to Limited Liability Partnerships and in compliance with Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' (SORP) along with Limited Liability Partnership Act, 2000 and Limited Liability Partnership (Accounts and Audit) and (Application of Companies Act 2006) Regulations 2008.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with the Companies Act 2006 as applied to Limited Liability Partnerships and in accordance with applicable UK Accounting Standards and the requirements of the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' issued in July 2014.

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 judgement in the process of applying the Partnerships' accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 1(q).

LYCEUM CAPITAL PARTNERS LLP
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES (continued)

(b) Going concern

The Partnership meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty over (a) the level of demand for the Partnerships' management services; and (b) the availability of bank finance for the foreseeable future. The Partnerships' forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Partnership should be able to operate within the level of its current facilities. After making enquiries, the Members have a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future. The Partnership therefore continues to adopt the going concern basis in preparing its financial statements.

(c) Consolidated financial statements

In the opinion of the Members, the Partnership and its subsidiary undertakings comprise a small group. The Partnership has therefore taken advantage of the exemption provided by Section 398 of the Companies Act 2006 as modified by the Limited Liability Partnerships Regulations 2001 not to prepare group financial statements.

(d) Foreign currency

(i) Functional and presentation currency

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

(ii) Transaction and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(e) Turnover

Turnover, which is stated net of Value Added Tax and accounted for on an accruals basis, consists of management fees received from the general partners of the limited partnerships that collectively comprise Lyceum Capital Fund II and Lyceum Capital Fund III, to which the Partnership provides investment advice and fund management services.

Other income, including set up costs and arrangements fees from portfolio companies, is recognised on an accruals basis.

LYCEUM CAPITAL PARTNERS LLP
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES (continued)

(f) Employee benefits

The Partnership provides a range of benefits to employees, including annual bonus arrangements and paid holiday arrangements

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as expense in the period in which the service is received.

(g) Taxation

As Members are responsible for their own taxation in respect of profits and losses no provision for taxation has been made in the financial statements.

(h) Fixed assets

All fixed assets are initially recorded at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, cost directly attributable to bringing the asset to its working condition for its intended use.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Computer Equipment	- 3 years straight line
Office Equipment	- 18 months straight line
Leasehold Improvements	- Straight line over the term of the lease

Repair, maintenance and minor inspection cost are expensed as incurred.

Fixed assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in statement of comprehensive income.

(i) Leased assets

At inception the Partnership assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

LYCEUM CAPITAL PARTNERS LLP
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES (continued)

(i) Leased assets (continued)

(i) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

(ii) Lease incentives

Incentives received to enter into an operating lease are credited to the statement of comprehensive income, to reduce the lease expense, on a straight-line basis over the period of lease.

The Partnership has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 April 2014) and continues to credit such lease incentives to the statement of comprehensive income over the period to the first review date on which the rent is adjusted to market rates.

(j) Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of comprehensive income, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the statement of comprehensive income.

If an impairment loss is subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of comprehensive income.

LYCEUM CAPITAL PARTNERS LLP
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES (continued)

(k) Investments

(i) Investment in subsidiary

Investment in subsidiary is held at historical cost less accumulated impairment losses.

The Partnership has taken advantage of the transition exemption under paragraph 35.10(f) of FRS 102 in respect of measurement of investments in subsidiaries on the date of transition to FRS 102 (1 April 2014) and continues to measure investments at cost.

(ii) Investment in LCF II & LCF III

The investment is in private equity limited partnerships for which no public market exists and is held at fair value. They are valued by the General Partner, as required by the Limited Partnership Agreement, based upon the latest investee information available, including financial statements and other similar information, and the nature and marketability of such investments and re-assessed by the Members of the LLP. The value of holdings in unquoted private equity limited partnerships are determined on a net asset basis; the General Partners of LCF II & LCF III having valued the underlying net assets in accordance with International Private Equity and Venture Capital Valuation Guidelines.

Unrealised losses and gains on valuation of investments are reflected through the Income Statement.

(l) 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 and bank overdrafts. Bank overdrafts, if any are shown within creditors in current liabilities.

(m) Other Financial instruments

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

(i) Financial assets

Basic financial assets, including debtors, 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.

At the end of each reporting period 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 the statement of comprehensive income.

LYCEUM CAPITAL PARTNERS LLP
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES (continued)

(m) Financial instruments (continued)

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

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) despite having retained some significant risks and rewards of ownership, 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 creditors, bank loans, loans from fellow Group companies, 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.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

The Partnership does not hold any derivative financial instruments.

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 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.

LYCEUM CAPITAL PARTNERS LLP
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES (continued)

(n) Members' participation rights

Members' participation rights are the rights of a member against the Partnership that arise under the Members' agreement (for example, in respect of amounts subscribed or otherwise contributed, remuneration and profits).

Members' participation rights in the earnings or assets of the Partnership are analysed between those that are, from the Partnership's perspective, either a financial liability or equity, in accordance with section 11 of FRS 102. A Member's participation right results in a liability unless the right to any payment is discretionary on the part of the Partnership.

Where profits are automatically divided as they arise, so the Partnership does not have an unconditional right to refuse payment, the amounts arising that are due to Members are in the nature of liabilities. They are therefore treated as an expense in the statement of comprehensive income in the relevant year. To the extent that they remain unpaid at the year end, they are shown as liabilities in the Balance Sheet.

Conversely, where profits are divided only after a decision by the Partnership or its representative, so that the Partnership has an unconditional right to refuse payment, such profits are classed as an appropriation of equity rather than as an expense. They are therefore shown as a residual amount available for discretionary division among Members in the statement of comprehensive income and are equity appropriations in the Balance Sheet.

Other amounts applied to Members and interest on capital balances, are treated in the same way as all other divisions of profits, as described above, according to whether the Partnership has, in each case, an unconditional right to refuse payment.

All amounts due to Members that are classified as liabilities are presented in the Balance Sheet within 'Loans and other debts due to Members'. Amounts due to Members that are classified as equity are shown in the Balance Sheet within 'Members' other interests'.

(o) Contingencies

Contingent liabilities are not recognised, except those acquired in a business combination. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

LYCEUM CAPITAL PARTNERS LLP
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES (continued)

(p) Related party transactions

The Partnership has taken advantage of the exemption, as provided by paragraph 33.1A of FRS 102 and does not disclose transactions with Members of the same group that are wholly owned. The Partnership discloses transactions with related parties which are not wholly owned with the same group.

(q) Critical accounting judgements and estimation uncertainty

The preparation of the financial statements requires management to make judgement, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of assets. The useful economic lives and residual values are assessed annually. They are amended when necessary to reflect current estimates, based on technological advancements, future investments, economic utilisation and the physical condition of the assets. See note 7 for the carrying amount of tangible fixed assets and note 1(h) for the useful economic lives for each class of asset.

(ii) Investment valuations

The process of valuing the investment in LCF II and LCF III is inevitably based on inherent uncertainties and the resulting values will differ, perhaps materially, from the amounts ultimately realised. The Members uses judgement in selecting an appropriate valuation technique for financial instruments that are not quoted in an active market.

LYCEUM CAPITAL PARTNERS LLP
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the Partnership. An analysis of turnover is given below:

	2017	2016
	£	£
United Kingdom	<u>9,064,790</u>	<u>6,229,874</u>

3. OPERATING PROFIT

Operating profit is stated after charging:

	2017	2016
	£	£
Depreciation of owned fixed assets	235,471	148,568
Fees payable to Partnership's auditors and their associates for the audit of the Partnership financial statements	<u>43,065</u>	<u>26,540</u>

Fees payable to the Partnership's auditors and their associates for other services:

- Other advisory services	6,000	11,000
- Taxation compliance services	<u>45,250</u>	<u>39,600</u>
	<u>51,250</u>	<u>50,600</u>

4. EMPLOYEE INFORMATION

The aggregate payroll costs were:

	2017	2016
	£	£
Wages and salaries	1,263,261	741,224
Social security costs	<u>135,594</u>	<u>86,232</u>
	<u>1,398,855</u>	<u>827,456</u>

The average monthly number of persons, including Members with contracts of employment, employed by the Partnership during the year:

	2017	2016
	No	No
Number of administrative and support staff	<u>15</u>	<u>11</u>

LYCEUM CAPITAL PARTNERS LLP
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2017	2016
	£	£
Other interest and similar charges	<u>-</u>	<u>-</u>

6. INFORMATION IN RELATION TO MEMBERS

	2017	2016
	£	£
Members' remuneration charged as an expense:		
Amounts arising from participation rights that give rise to a liability	<u>2,699,002</u>	<u>2,305,957</u>
Total remuneration	<u>2,699,002</u>	<u>2,305,957</u>

	2017	2016
	£	£
Highest paid Member's remuneration: Guaranteed drawings	<u>300,000</u>	<u>300,000</u>
Highest paid Member's remuneration: other drawings	<u>350,000</u>	<u>105,964</u>

	2017	2016
	No	No
The average number of Members during the year was	<u>17</u>	<u>15</u>

	2017	2016
	£	£
The average Members' remuneration during the year was	<u>352,815</u>	<u>221,207</u>

LYCEUM CAPITAL PARTNERS LLP
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

7. TANGIBLE FIXED ASSETS

	Office Equipment £	Computer Equipment £	Leasehold Improvements £	Total £
COST				
At 1 April 2016	115,784	290,387	595,416	1,001,587
Additions	131,470	115,514	1,892	248,876
Disposals	-	-	-	-
At 31 March 2017	247,254	405,901	597,308	1,250,463
ACCUMULATED DEPRECIATION				
At 1 April 2016	18,811	118,097	7,693	144,601
Charge for the year	61,990	111,081	62,400	235,471
On disposals	-	-	-	-
At 31 March 2017	80,801	229,178	70,093	380,072
NET BOOK VALUE				
At 31 March 2017	166,453	176,722	527,215	870,391
At 31 March 2016	96,973	172,290	587,723	856,986

8. INVESTMENTS

	Subsidiaries £	LCFII £	LCFIII £	Total £
COST				
At 1 April 2016	2	146,976	-	146,978
Additions	-	-	34,519	34,519
Disposals	-	(146,976)	-	-
At 31 March 2017	2	-	34,519	34,521
FAIR VALUE				
At 31 March 2017	2	24,025	52,520	76,547
At 31 March 2016	2	190,660	-	190,662

Lyceum Capital Partners LLP owns 100% of the issued Ordinary share capital of Lyceum Capital (Investments) Limited, a company incorporated and operating in the UK. Its principal activity is that of an intermediate holding company. In turn, Lyceum Capital (Investments) Limited owns 100% of the share capital of: Lyceum Capital (Founders) Limited; Lyceum Capital General Partner Limited; Lyceum Capital Carried Interest Partner Limited; Lyceum Capital (CIP2) Limited; Lyceum Capital (GP2) Limited; Lyceum Capital (GP3) Limited; and Lyceum Capital (CIP3) Limited. The Partnership also has a commitment to Lyceum Capital (CIP2) Limited Partnership (LCF II).

9. DEBTORS

	2017 £	2016 £
Amounts owed by group undertakings	558,066	329,631
Other debtors	2,130,480	1,901,830
Prepayments and accrued income	228,871	206,562
Amounts due from Members	625,897	1,045,217
	3,543,314	3,483,240

Amounts owed by group undertakings are unsecured, interest free and payable on demand.

LYCEUM CAPITAL PARTNERS LLP
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

10. CREDITORS: Amounts falling due within one year

	2017	2016
	£	£
Trade creditors	1,202,535	897,855
Other taxation and social security	32,355	29,324
Other creditors	100,869	100,000
Amounts owed to group undertakings	2,141,244	-
Accruals and deferred income	419,643	486,475
	<u>3,896,646</u>	<u>1,513,654</u>

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

11. Financial instruments

The Partnership has the following financial instruments:

	2017	2016
	£	£
Financial assets that are debt instruments measured at amortised cost		
- Amount owed by group undertakings	558,066	329,631
- Other debtors	2,130,480	1,901,831
- Amounts due from Members	625,897	1,045,217
	<u>3,314,443</u>	<u>3,276,679</u>
Financial liabilities measured at amortised cost		
- Trade creditors	1,202,535	897,855
- Amounts owed to group undertakings	2,141,244	-
- Other creditors	133,223	100,000
	<u>3,477,002</u>	<u>997,855</u>

Investments are held at fair value as disclosed in note 8.

12. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2017, the Partnership had future minimum lease payments under non-cancellable operating leases as set out below.

	2017	2016
	£	£
Operating leases which expire:		
Not later than one year	371,212	278,103
Later than five years	1,484,848	1,006,468
	<u>1,856,060</u>	<u>1,284,571</u>

LYCEUM CAPITAL PARTNERS LLP
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

13. CONTINGENCIES

As at 31 March 2017 there were £nil contingent liabilities.

14. RELATED PARTY TRANSACTIONS

The Partnership received management fee income from Lyceum Capital Fund II of £1,588,920 (2016: £2,238,521), Lyceum Capital Fund III of £6,499,759 (2016: £3,376,108), and from fee income from portfolio companies of £976,110 (2016: £615,245).

At the year end, the Partnership owed £11,143 (2016: (£128,756)) to Lyceum Capital Fund II Group and £2,130,101 (2016: £60,198) to Lyceum Capital Fund III Group. The Partnership in turn was owed £76,906 (2016: £72,406) by Lyceum Capital Fund II Carewatch Co-investment Limited Partnership. The amounts owed from portfolio companies was £2,028,359 (2016: £1,745,748).

The principal activity of the Partnership is to act as the Manager of the Funds. In its capacity as Manager the Partnership has transactions with the Funds. These transactions are in the normal course of the business and have been fully disclosed above.

In the ordinary course of the business that Partnership has transactions with the Lyceum Capital Fund II Group, the Lyceum Capital Fund III Group and the Lyceum Capital Fund II Carewatch Co-investment Limited Partnership. These transactions are all undertaken with reference to the management agreements in place between the parties. The balances included above reflect (i) management fees owed to the Partnership; (ii) amounts owed to the Partnership for reimbursement of costs; and (iii) rebates owed by the Partnership in respect of surplus income.

LYCEUM CAPITAL PARTNERS LLP
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

15. MEMBERS' INTERESTS

	EQUITY			DEBT		
	Members' capital (classified as equity) £	Other reserves £	Total Members' other interests £	Loans and other debts due to/(from) Members £	Total £	Total Members' interest £
Balance at 1 April 2015	5,000	4,527,195	4,532,195	(1,163,093)	(1,163,093)	3,369,102
Members remuneration charged as an expense, including employment costs	-	-	-	2,305,957	2,305,957	2,305,957
Profit for the financial year available for discretionary division amongst Members	-	532,284	532,284	-	-	532,284
Members' interests after profit for the year	5,000	5,059,479	5,064,479	1,142,864	1,142,864	6,207,343
Allocated profits	-	(1,884,839)	(1,884,839)	1,884,839	1,884,839	-
Drawings	-	-	-	(4,013,016)	(4,013,016)	(4,013,016)
Other Movements	-	-	-	(59,904)	(59,904)	(59,904)
Balance at 31 March 2016	5,000	3,174,640	3,179,640	(1,045,217)	(1,045,217)	2,134,423
Balance at 1 April 2016	5,000	3,174,640	3,179,640	(1,045,217)	(1,045,217)	2,134,423
Members remuneration charged as an expense, including employment costs	-	-	-	2,699,002	2,699,002	2,699,002
Profit for the financial year available for discretionary division amongst Members	-	1,950,920	1,950,920	-	-	1,950,920
Members' interests after profit for the year	5,000	5,125,560	5,130,560	1,653,785	1,653,785	6,784,345
Allocated profits	-	(3,357,144)	(3,357,144)	3,357,144	3,257,144	-
Drawings	-	-	-	(5,821,447)	(5,821,447)	(5,821,447)
Other Movements	-	-	-	184,621	184,621	184,621
Balance at 31 March 2017	5,000	1,768,416	1,773,416	(625,897)	(625,897)	1,147,519

The Partnership has only one class of capital which ranks after creditors and other payables.

LYCEUM CAPITAL PARTNERS LLP
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

16. NOTES TO THE STATEMENT OF CASH FLOWS

	2017	2016
	£	£
Operating profit	4,633,168	2,895,417
Depreciation	235,471	148,568
(Increase)/Decrease in debtors	(479,394)	747,994
Increase in creditors	2,382,992	818,636
Net cash inflow from operating activities	<u>6,772,237</u>	<u>4,610,615</u>

17. ULTIMATE CONTROLLING PARTY

In the opinion of the Members the Partnership has no ultimate controlling party.

18. SUBSEQUENT EVENTS

There are no events subsequent to the year-end that require disclosure or adjustment to the financial statements.