

Pantheon Ventures (HK) LLP

(incorporated in the United Kingdom with Partnership No. OC352464)

Annual Report and Audited Financial Statements

**For the year ended
31 December 2022**



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Pantheon Ventures (HK) LLP

Annual Report and Audited Financial Statements for the year ended 31 December 2022

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Pantheon Ventures (HK) LLP

Management and Administration

Designated Members

Pantheon Capital (Asia) Limited
Pantheon Ventures (UK) LLP

Independent Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

Bankers

Bank of America
Tower 2, Kowloon Commerce Centre
51 Kwai Cheong Road, Kwai Chung
Hong Kong

Lloyds Bank
Faryners House
25 Monument House
London
EC3R 8BQ

Solicitors

Simmons & Simmons
30th Floor, One Taikoo Place
979 Kings's Road
Hong Kong

Registered Office

4th Floor
10 Finsbury Square
London
EC2A 1AF

Principal business address

21/F
No.33 Des Voeux Road
Central, Hong Kong

Pantheon Ventures (HK) LLP

Members' Report

The members present their Annual Report and Audited Financial Statements of Pantheon Ventures (HK) LLP (the "Partnership") for the year ended 31 December 2022.

Principal activities and review of the business

The Partnership is a registered investment advisor and advising on securities to group and related entities under the Hong Kong Securities and Futures Ordinance ("SFO") effective from 30 June 2010. On the 29 April 2020 the partnership was granted an additional Type 1 license which enables the partnership to undertake the regulated activity of dealing in securities in collective investment schemes.

Affiliated Managers Group, Inc., a US listed business, controls the whole of the Pantheon Group (the "Group") which includes AMG Plymouth UK Holdings (1) Limited, Pantheon Holdings Limited, Pantheon Ventures Inc., Pantheon Capital (Asia) Limited and their respective subsidiaries.

Results and allocation to members

The results for the year are shown in the Statement of Comprehensive Income on page 8.

The Partnership distributed HK\$63,011,828 (2021: HK\$51,200,052) of its profits to its members. Any profits are shared among the members in accordance with the Partnership Agreement dated 30 June 2010 as amended from time to time.

The results and the financial position at year end were considered satisfactory by the members.

Business environment

Private equity

Despite the continued economic uncertainties triggered but events including but not limited to the war in Ukraine, and high inflation; 2022 proved to be a generally positive year for private equity and venture capital markets. Private equity global assets under management (AUM) rose to US\$9.12 trillion (US\$2,300 billion dry powder) at 30 June 22 up from US\$8,230 billion (US\$2,000 billion dry powder) at December 2021 and US\$6,430 billion (US\$2,000 billion dry powder) at December 2020¹. Fundraising took a hit during the turbulent year with US\$788 billion raised in 2022, this was down 19% from the US\$921 billion secured 2021¹. The growth outlook remains positive with forecast global private equity and venture capital AUM in 2026 predicted to be US\$11,120 billion.

The Group operates in three specific sub-segments of private equity, namely private equity fund-of-funds, private equity secondaries and private equity co-investments. Looking at them in turn;

- Private equity fund-of-funds - AUM increased to US\$1,133 billion (US\$313 billion dry powder) at 30 June 22 up from US\$1,035 billion (US\$282 billion dry powder) at December 2021 and US\$822.8 billion (US\$262 billion dry powder) at December 2020¹. Fundraising took a substantial hit with US\$34.41 billion raised in 2022 compared to US\$71.54 billion raised in 2021. There has also a large decrease in the number of private equity fund-of-funds closed in 2022 (99) compared to 2021 (193)¹.
- Private equity secondaries - Amounts raised in aggregate capital decreased from US\$44 billion in 2021 to US\$31 billion in 2022. AUM decreased to US\$409 billion (US\$130 billion dry powder) at June 2022 from US\$412 billion (US\$148 billion dry powder) at December 2021¹.
- Private equity co-investments - AUM increased to US\$143 billion (US\$47 billion dry powder) at 30 June 22 up from US\$125 billion (US\$42 billion dry powder) at December 2021 and US\$91 billion (US\$33.5 million dry powder) at December 2020¹. Fundraising has seen a slight decrease with US\$19 billion raised in 2022 compared to US\$23 billion raised in 2021. However, this is still up from years prior to 2020. The number of funds closed decreased in 2022 (145) compared to 2021 (250)¹.

Infrastructure

Like private equity, infrastructure had another positive year with global AUM reaching US\$1,094 billion (US\$329 billion dry powder) at June 2022, an increase of US\$91 billion from December 2021 (US\$1,003 billion)². Infrastructure fundraising in 2022 also increased to US\$174 billion from the US\$135 billion raised in 2021². This increased activity was shared between fewer funds with a decrease in the number of funds closed from 170 (2021) to 97 (2022)³.

Private Debt

Private debt emerged as a core alternative asset class after the Global Financial Crisis (GFC) and has continued to grow over the past decade as low interest rates have driven demand for higher yielding alternatives, despite the gradual increase of interest rates in 2022. AUM increased to US\$1,358 billion as of June 2022 from US\$1,249 billion at December 2021 and US\$1,050 billion at December 2020. US\$209 billion was raised across 212 private debt funds in 2022 down from the US\$236 billion raised in 2022 across 291 funds.

Business performance

The Group experienced a decrease in fundraising in 2022 with US\$6.4 billion raised from new commitments which was down from US\$7.6 billion in 2021. Fundraising was made up of ~US\$3bn from private equity, of which US\$1.26 billion consisted of primaries. Infrastructure and real estate made up US\$2.6 billion of the 2022 fundraising (of which US\$1 billion was raised for Pantheon Global Infrastructure Fund IV LP). The private debt sector raised US\$0.7 billion, which was predominately made up of US\$515 million for Pantheon Senior Debt Secondaries II USD and Euro.

Across all our asset classes, the Group completed more than 250 deals worth US\$10.2 billion in 2022 (as at November) compared to 251 deals completed in 2021 worth US\$7.8 billion. Group AUM continued its upward trend in 2022, reaching US\$88 billion as at June 2022, versus US\$81.2 billion at Sep 2021.

¹ Source: 2022 Preqin Global Private Equity & Venture Capital Report

² Source: 2022 Preqin Global Infrastructure Report

³ Source: 2022 Preqin Private Debt Report

⁴ Includes assets subject to discretionary or non-discretionary management, advice or those limited to a reporting function.

Members' Report (continued)

Strategy

The Group aims to produce long term and sustainable performance by investing in diversified portfolios while managing risk. The Group believes that this can be achieved by the selection of the best managers diversified by stage, time and sector. The Group relies on its large, experienced and stable team, a track record of out-performance, thorough research and a risk-managed approach. The Group consistently seeks to recruit and retain the highest calibre professional staff in order to maintain its position in the market.

The Group continues to expand into new geographies for its existing products set, and progress has been made in diversifying the product range with notable traction in infrastructure, real assets and private debt. Key highlights of The Group's fundraising activity in 2022 include reaching a final close of our first global flagship program dedicated to senior private debt secondaries. There was a similarly successful final close reached on the latest iteration of our regional debt secondaries program, which closed at double the size of its predecessor.

Financial risk management

The Partnership operates systems and controls to mitigate any adverse effects across the range of risks that it faces. The Partnership has no significant exposure to price, credit or interest rate risk.

Financial position

The Partnership's statement of financial position as detailed on page 10 shows a satisfactory position. Members' other interests amount to HK\$21,966,613 (2021: HK\$23,160,153).

Property, plant and equipment

Details of the movements in property, plant and equipment of the Partnership are set out in note 8 to the financial statements.

Members

The designated members of the Partnership during the year are as follows:

Pantheon Capital (Asia) Limited
Pantheon Ventures (UK) LLP (controlling member)

Policy for members' drawing, subscriptions and repayments of members' capital

Distribution of the profits is governed by the Partnership Agreement, taking into account the anticipated needs of the Partnership, and in proportion to member shares. Certain members have contributed to the capital of the Partnership certain sums as an initial capital contribution, the amount of which is agreed upon their admission to the Partnership. Capital contributed is of an equity nature. In the event of a member ceasing to be a member of the Partnership, their entitlement to repayment of their capital contribution outstanding at that time will be subject to the absolute discretion of the Partnership.

Independent Auditors

PricewaterhouseCoopers LLP have been re-appointed as auditors of the Partnership and will therefore continue to hold office pursuant to section 487(2) of the Companies Act 2006.

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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the limited liability partnership will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the limited liability partnerships 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.

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.


Pantheon Ventures (HK) LLP

Members' Report (continued)

Statement of disclosure of information to auditors

The members have taken all steps that they ought to have taken as members to make themselves aware of any relevant audit information and to establish that the auditors are aware of this information. So far as the members are aware, there is no relevant audit information that hasn't been provided to the Partnership's auditors.

On behalf of the members

DocuSigned by:

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Designated Member of Pantheon Ventures (UK) LLP
Pantheon Ventures (UK) LLP is a Designated Member of Pantheon Ventures (HK) LLP
28 September 2023

Independent auditors' report to the members of Pantheon Ventures (HK) LLP

Report on the audit of the financial statements

Opinion

In our opinion, Pantheon Ventures (HK) LLP's financial statements:

- give a true and fair view of the state of the partnership's affairs as at 31 December 2022 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, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to 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 Annual Report, which comprise: Balance Sheet as at 31 December 2022; Statement of Comprehensive Income and Reconciliation of 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 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

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 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.

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.

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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, 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 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 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.

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

Based on our understanding of the partnership and industry, we identified that the principal risks of non-compliance with laws and regulations related to 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 we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries. Audit procedures performed by the engagement team included:

- Discussions with management, those involved in the compliance and legal functions, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing minutes of meetings of those charged with governance;
- Auditing the risk of management override of controls including through testing journal entries and other adjustments;
- Understanding the controls and processes over revenue and performing substantive testing to ensure the accuracy of fee calculations; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 opinions, 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 these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the 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.



Thomas Norrie (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 September 2023

Pantheon Ventures (HK) LLP

Statement of Comprehensive Income

For the year ended 31 December 2022

	Note	For the year ended 31 December 2022 HK\$	<i>As Restated</i> For the year ended 31 December 2021 HK\$
Turnover		110,602,884	92,226,164
Administrative expenses		(28,782,337)	(26,162,596)
Interest receivable and similar income		<u>-</u>	<u>-</u>
Profit before income tax		81,820,547	66,063,568
Income tax expense		(12,587,559)	(11,485,431)
Profit for the financial year before members' remuneration and profit share	4	<u>69,232,988</u>	<u>54,578,137</u>
Members' remuneration charged as an expense		(63,011,828)	(51,200,052)
Profit for the financial year available for discretionary division among members		<u><u>6,221,160</u></u>	<u><u>3,378,085</u></u>

The Partnership has no recognised gains and losses other than those included in the results above and therefore no other comprehensive income has been presented.

All activities derive from continuing operations.

The notes on pages 11 to 20 form an integral part of these financial statements.

Pantheon Ventures (HK) LLP

Balance Sheet

At 31 December 2022

	Note	At 31 December 2022 HK\$	As Restated At 31 December 2021 HK\$
Fixed assets			
Tangible assets	8	90,326	241,264
Current assets			
Debtors (including HK\$1,402,532 (2021: HK\$1,588,950) due after more than one year)	9	26,193,167	44,322,395
Deferred tax assets	11	387,525	399,283
Tax receivable		-	3,609,220
Cash at bank and in hand		36,203,391	8,001,090
		<u>62,784,083</u>	<u>56,331,988</u>
Creditors: amounts falling due within one year	10	(18,548,135)	(11,419,901)
Net current assets		<u>44,235,948</u>	<u>44,912,087</u>
Net assets attributable to members		<u><u>44,326,274</u></u>	<u><u>45,153,351</u></u>
<i>Represented by:</i>			
Loans and other debts due to members within one year			
Other amounts	10	22,359,663	21,993,200
Members' other interests			
Members' capital classified as equity		15,649,492	15,649,492
Members' other interests - other reserves classified as equity		6,317,121	7,510,661
Total members' other interests		<u>21,966,613</u>	<u>23,160,153</u>
Loans and other debts due to members		22,359,661	21,993,198
Members' other interests		21,966,613	23,160,153
Members' total interests		<u><u>44,326,274</u></u>	<u><u>45,153,351</u></u>

The notes on pages 11 to 20 form an integral part of these financial statements.

The financial statements were approved by the members on 28 September 2023 and signed on their behalf by:

DocuSigned by:

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 Designated Member of Pantheon Ventures (UK) LLP
 Pantheon Ventures (UK) LLP is a Designated Member of Pantheon Ventures (HK) LLP

Pantheon Ventures (HK) LLP

Reconciliation of Members' Interests

Restated

2021

Amounts due to members
 Amounts due from members
 Balance at 1 January 2021
 Members remuneration charged as an expense, including employment and retirement benefit costs
 Profit for the year available for discretionary division among members
 Members' interests after profit for the year
 Drawings
 Amounts due to members
 Amounts due from members
 Balance at 31 December 2021

EQUITY			DEBT	TOTAL MEMBERS' INTERESTS
Members' Other Interests			Loans and other debts due to members less any amounts due from members in debtors	Total
Members' capital classified as equity	Other reserves classified as equity	Total		
HK\$	HK\$	HK\$	HK\$	HK\$
			16,503,728	
15,649,492	10,970,256	26,619,748	-	43,123,476
-	-	-	51,200,052	51,200,052
-	3,378,085	3,378,085	-	3,378,085
15,649,492	14,348,341	29,997,833	67,703,780	97,701,613
-	(6,837,680)	(6,837,680)	(45,710,582)	(52,548,262)
-	-	-	21,993,198	-
15,649,492	7,510,661	23,160,153	21,993,198	45,153,351
			21,993,198	
15,649,492	7,510,661	23,160,153	-	45,153,351
-	-	-	21,993,198	
-	-	-	63,011,828	63,011,828
-	6,221,160	6,221,160	-	6,221,160
15,649,492	13,731,821	29,381,313	85,005,026	114,386,339
-	(7,414,700)	(7,414,700)	(62,645,365)	(70,060,065)
-	-	-	22,359,661	-
-	-	-	-	-
15,649,492	6,317,121	21,966,613	22,359,661	44,326,274

The notes on pages 11 to 20 form an integral part of these financial statements.

Pantheon Ventures (HK) LLP

Notes to the financial statements for the year ended 31 December 2022

1 Accounting Policies

a The Partnership

Pantheon Ventures (HK) LLP (the "Partnership") is principally engaged in the provision of investment advisory services to its group companies and institutional clients. The Partnership is a registered investment adviser under the Hong Kong Securities and Futures Ordinance effective from 30th June 2010.

The Partnership is a limited liability partnership incorporated in the United Kingdom on 18th February 2010 and domiciled in Hong Kong. The registered office is 4th Floor, 10 Finsbury Square, London, EC2A 1AF and its principal business address is 21/F No.33 Des Voeux Road, Central, Hong Kong.

b Basis of accounting

The financial statements of the Partnership have been prepared in compliance with United Kingdom Accounting Standards ("UK GAAP"), including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and in accordance with the Companies Act 2006 as applied to limited liability partnerships and in accordance with the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" (SORP) issued on 15 July 2014.

The financial statements have been prepared under the historic cost convention as modified to include the revaluation of certain financial assets and liabilities. The financial statements give a true and fair view and have been prepared on the basis that the Partnership has adequate resources to continue operating for the foreseeable future and accordingly prepared on a going concern basis.

The accounting policies set out below have been applied consistently throughout the year, and are applied consistently from year to year.

c Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Affiliated Managers Group, Inc. ("AMG") as at 31 December 2021 and these financial statements may be obtained from www.amg.com.

d Turnover

Turnover represents advisory fees charged to Pantheon Ventures (US) LP, a US domiciled partnership, and relates to the continuing activities of the Partnership. It is accounted for on an accruals basis.

e Administrative expenses

Administrative expenses are accounted for on an accruals basis.

f Tangible fixed assets

All fixed assets are recorded at cost less accumulated depreciation. Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

- Leasehold improvements - Life of the lease
- Fixtures and fittings - 4-5 years
- Computer equipment - 2, 3 or 4 years

The carrying values of tangible fixed assets are reviewed for impairment annually or when events or changes in circumstances indicate the carrying value may not be recoverable.

g Foreign currencies

Items included in the financial statements of the Partnership are measured using the currency of the primary economic environment in which the Partnership operates ("the functional currency"), which is United States dollars (USD). The financial statements are presented in Hong Kong dollars (HK\$) in accordance with Hong Kong Securities and Futures Commission requirements.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

h Operating leases

Rentals paid under operating leases are charged to the profit and loss account as incurred. The value of any rent free periods is amortised over the life of the lease.

Pantheon Ventures (HK) LLP

Notes to the financial statements for the year ended 31 December 2021

1 Accounting Policies (continued)

i Taxation

In most locations, including the UK, income tax payable on the profits allocated to partners is the personal liability of the partners and hence is not shown in the financial statements. However, a tax provision has been made in these financial statements as the Partnership is liable for Hong Kong profits taxation as a corporation. Such tax liabilities are subsequently made good by each member according to their interest in the Partnership.

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the partnership operates and generates taxable income. The partnership's activities are conducted in Hong Kong and so the partnership will be subject to Hong Kong tax laws.

Deferred taxation is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed.

j Financial instruments

The Partnership has elected to apply IAS 39 "Financial Instruments: Recognition and measurement" (as adopted in the EU) and the disclosure requirements of sections 11 and 12 of FRS 102.

Financial assets and financial liabilities are recognised when the Partnership becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition.

Financial assets

Financial assets of the Partnership are classified as "loans and receivables". The classification depends on the nature and purpose of the financial assets and recognised and derecognised on a trade date basis. The Partnership does not have any 'held-to-maturity investments' 'available for sale financial assets' or financial assets 'at fair value through profit or loss'.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (include trade and other receivables, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit and loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets, objective evidence of impairment could include:

- a) significant financial difficulty of the issuer or counterparty; or
- b) breach of contract, such as a default or delinquency in interest or principal payments; or
- c) it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- d) the disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Pantheon Ventures (HK) LLP

Notes to the financial statements for the year ended 31 December 2021

1 Accounting Policies (continued)

j Financial instruments

Financial liabilities and equity

Debt and equity instruments issued by the Partnership are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Partnership are recognised at the proceeds received, net of direct issue costs.

Members have contributed to the capital of the Partnership certain sums as an initial capital contribution, the amount of which is agreed upon their admission to the Partnership. Capital contributed is of an equity nature. No member shall have the right to withdraw his equity contribution but subject to the terms of the Partnership Agreement, shall have the right to transfer ownership of his equity to another member.

In the event of a member ceasing to be a member of the Partnership, their entitlement to repayment of their capital contribution outstanding at that time will be subject to the absolute discretion of the Partnership.

Other financial liabilities

Other financial liabilities (including borrowings and other liabilities) are subsequently measured at amortised cost using the effective interest method.

Interest expense is recognised on an effective interest basis other than financial liabilities classified as at fair value through profit and loss.

k Cash and cash equivalents

Cash and cash equivalents includes cash in hand, demand deposits, other short-term highly liquid investments with original maturities of three months or less when acquired and bank overdrafts. Cash and cash equivalents balances are held with a major financial institution.

1 Members' Interests

Members' capital comprise of contributed capital into the partnership less any capital repayments made. These are recognised in equity.

Members' remuneration charged as an expense less drawings on account of profits are recognised as debt as loans and other debts due to members.

2 Critical accounting judgements and estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. There are no critical judgements or estimates for the Partnership that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

3 Financial risk management

(a) Financial risk factors

The Partnership's financial assets and liabilities comprise of amounts due from/to a fellow subsidiary and cash and cash equivalents.

The main risks arising from the Partnership's financial instruments are market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The role of the members includes periodical analysis and formulation of measures to manage the Partnership's exposure to these risks. Generally, the Partnership introduces what members believe to be conservative strategies on its risk management. As the Partnership's exposure to these risks is kept to a minimum, the Partnership has not used any derivatives or other instruments for hedging purposes. The Partnership does not hold or issue derivative financial instruments for trading purposes. The members review and agree policies for managing each of these risks and they are summarised as follows:

(i) Market risk

Currency risk

The Partnership holds assets denominated in Hong Kong Dollars ("HK\$") and United States Dollars ("USD"). The Partnership's transactions are principally denominated in USD. The Partnership is exposed to foreign exchange risk arising from the exposure of HK\$ against USD. Since the exchange rate between HK\$ and USD is pegged, the Partnership considers its exposure to exchange rate risk on HK\$ as low and does not, at present, implement any measures to hedge its exposure to foreign exchange risk profile.

Based on the above, no sensitivity analysis has been presented in these financial statements as at 31 December 2022 and 2021.

Pantheon Ventures (HK) LLP

Notes to the financial statements for the year ended 31 December 2022

3 Financial risk management (continued)

(a) Financial risk factors (continued)

(i) Market risk (continued)

Price risk

The Partnership has no holding in investments and as such, it is not exposed to either equity securities price risk or commodity price risk.

Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows.

As at 31 December 2022 and 2021, the Partnership has no significant interest-bearing assets and liabilities except for the bank deposits of HK\$36,203,392 (2021: HK\$8,001,090) which are short term in nature. The members consider the Partnership has no significant exposure to interest rate risk.

(ii) Credit risk

Credit risk is the risk of suffering financial loss, should any of the Partnership's counterparties fail to fulfil their contractual obligations to the Partnership.

Credit risk arises from cash and cash equivalents, deposits with banks, other receivable balances as well as credit exposure to a controlling member or related party. Reputable banks that have a credit rating of A3 (Moody's) or better are considered acceptable to management and may be used for banking transactions and deposits. Other receivables and amounts due from a related party undertakings were neither past due nor impaired.

The Partnership is also exposed to credit risk with respect to transactions with related parties with an aggregate amount receivable of HK\$21,425,905 (2021: HK\$40,409,217). The members consider the credit risk is low as the related parties are financially viable and monthly settlement of receivables is closely monitored. Other receivables and amounts due from a related party undertakings were neither past due nor impaired. See note 16 for balances with related parties.

In addition, credit risk arises from deposits held with the landlord for office premises. The Partnership assesses the credit quality of the landlord, taking into account the past experience and other factors such as reputation in the industry. The Partnership considers the landlord to be well known and reputable in the property and real estate industry and therefore, considers the credit risk is not significant.

The Partnership does not expect any losses from non-performance by counterparties.

The table below shows the credit ratings and bank balances at the reporting date.

	External credit rating (Moody's)	2022 HK\$
Financial institution		
Bank of America	Aa2	36,203,392
		<u>36,203,392</u>
	External credit rating (Moody's)	2021 HK\$
Financial Institution		
The Hong Kong and Shanghai Banking Corporation Limited	Aa3	7,928,387
Lloyds Bank plc	Aa3	72,703
		<u>8,001,090</u>

Pantheon Ventures (HK) LLP

Notes to the financial statements for the year ended 31 December 2022

3 Financial risk management (continued)

(a) Financial risk factors (continued)

(iii) Liquidity risk

Liquidity risk is the risk that the Partnership is unable to meet its obligations as they fall due. The Partnership is exposed to liquidity risk when it encounters difficulty in meeting obligations associated with financial liabilities. The Partnership maintains a significant amount of cash with its banks. The Partnership has its own liquidity capital requirement which is based on the Hong Kong Securities and Futures Commission liquid capital requirement. The Partnership has internal operations and its financial policies designed by management to minimise its liquidity risk. Cash and cash equivalents, with maturities of three months or less, as at 31 December 2022 and 2021 were sufficient to fund operations. The table below analyses the Partnership's financial asset and liabilities in relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year HK\$	Between 1 and 5 years HK\$	Total HK\$
At 31 December 2022			
Financial assets			
Cash and cash equivalents	36,203,391	-	36,203,391
Amounts due from related parties	21,425,905	-	21,425,905
Other receivables	3,364,730	-	3,364,730
Other debtors	1,402,532	-	1,402,532
Total financial assets	62,396,558	-	62,396,558
Financial liabilities			
Amounts due to members	22,359,661	-	22,359,661
Accruals and other liabilities	10,393,076	-	10,393,076
Total financial liabilities	32,752,737	-	32,752,737
At 31 December 2021			
Financial assets			
Cash and cash equivalents	8,001,090	-	8,001,090
Amounts due from related parties	40,409,217	-	40,409,217
Other receivables	2,324,228	-	2,528,411
Other debtors	-	1,588,950	1,588,950
Total financial assets	50,734,535	1,588,950	52,527,668
Financial liabilities			
Amounts due to members	21,993,198	-	21,993,200
Accruals and other liabilities	9,748,742	-	6,626,762
Amounts due to related party undertakings	1,671,159	-	1,671,159
Total financial liabilities	33,413,099	-	30,291,121

(b) Capital risk management

The Partnership manages Members' contributions. The Partnership's objectives on managing capital are:

- to safeguard its ability to continue as a going concern in order to provide returns for members and benefits for other stakeholders;
- to support the Partnership's stability and growth; and
- to provide capital for the purpose of strengthening the Partnership's risk management capability.

The Partnership is registered under the Hong Kong Securities and Futures Ordinance with regulated activities of advising on securities subject to licensing condition that no client assets are held and that advice is only provided to professional investors as defined in the Securities and Futures Ordinance ("SFO") and its subsidiary legislation. To meet the licensing requirement, the Partnership has to maintain liquid capital as defined under the Securities and Futures (Financial Resources) Rules of the SFO of no less than HK\$100,000 or 5% of its liabilities as calculated under the requirements of the Financial Resources Requirement (FRR), whichever is higher. During the financial years ended 31 December 2022 and 2021, the Partnership has complied with such minimum capital requirement. The required information is filed with the Securities and Futures Commission on a monthly basis.

Regulatory liquid capital is monitored by management on a monthly basis. In order to maintain or adjust the capital structure, the Partnership may adjust the amount of profit distributed to members, introduce additional capital injections or sell assets to reduce debt.

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Notes to the financial statements for the year ended 31 December 2022

4 Profit for the financial year before members' remuneration and profit share

	2022	As Restated 2021
	HK\$	HK\$
Profit for the financial period before members' remuneration and profit share is stated after charging:		
Staff costs (Note 5)	21,907,448	19,250,289
Depreciation of tangible fixed assets (Note 8)	179,698	587,498
Auditors' remuneration	647,231	580,290
Lease charges	2,634,405	2,838,370
Foreign exchange (gain) / loss	(875,972)	239,500

5 Staff costs

	For the year ended 31 December 2022	As Restated For the year ended 31 December 2021
	HK\$	HK\$
Wages and salaries	21,416,292	18,770,692
Pension costs	491,156	479,597
	21,907,448	19,250,289

The average number of persons employed by the Partnership during the year was 10 (2021: 9). This is split by Client Services: 0, Investment: 7 and Administration: 3 (2021: Investment: 8 and Administration: 1).

6 Members' remuneration

A member's share in the profit or loss for the year is accounted for as an allocation of profits.

	For the year ended 31 December 2022	For the year ended 31 December 2021
	HK\$	HK\$
Profit for the financial year available for division among members	69,232,988	54,578,137
Profit in respect of the highest paid member during the year	53,837,091	41,889,395
The average number of members during the year was as follows:		
Members	5	5

7 Income tax expense

Hong Kong Profits Tax for the Partnership has been provided at a two tiered rate of 8.25% for the first HK\$2 million, and 16.5% for the remainder (2021: 8.25% for first HK\$2 million then 16.5%) on the estimated assessable profits for the year.

	For the year ended 31 December 2022	For the year ended 31 December 2021
	HK\$	HK\$
Current income tax - Hong Kong Profits Tax		
Tax for the year	13,466,649	11,433,983
Under provision in respect of previous years	(890,848)	124,157
Deferred income tax		
Origination of temporary differences	11,758	(72,709)
	12,587,559	11,485,431

Pantheon Ventures (HK) LLP

Notes to the financial statements for the year ended 31 December 2022

7 Income tax expense (continued)

	For the year ended 31 December 2022 HK\$	As Restated For the year ended 31 December 2021 HK\$
Profit before income tax	81,820,547	66,063,568
Calculated at a tax rate of 8.25% for the first HK\$2 million, and 16.5% thereafter (2021: 8.25% for first HK\$2 million then 16.5%)	13,335,390	10,735,489
Expenses not deductible for taxation purposes	131,259	183,367
Deferred tax assets	11,758	(72,709)
(Over) / under provision in respect of prior periods	(890,848)	639,284
Tax expense	12,587,559	11,485,431

8 Tangible fixed assets

	Leasehold Improvements HK\$	Fixtures & Fittings HK\$	Office equipment HK\$	Total HK\$
Cost				
At 1 January 2022	4,579,442	1,337,096	2,849,450	8,765,988
Additions	-	-	28,760	28,760
At 31 December 2022	4,579,442	1,337,096	2,878,210	8,794,748
Accumulated depreciation:				
At 1 January 2022	4,579,442	1,102,680	2,842,602	8,524,724
Charge for the year	-	168,003	11,695	179,698
At 31 December 2022	4,579,442	1,270,683	2,854,297	8,704,422
Net book value:				
At 31 December 2022	-	66,413	23,913	90,326
At 31 December 2021	-	234,416	6,848	241,264

9 Debtors

	At 31 December 2022 HK\$	At 31 December 2021 HK\$
Amounts due from related parties*	21,425,905	40,409,217
Prepayments and other receivables	3,364,730	2,324,228
	24,790,635	42,733,445
Due after more than one year		
Other debtors	1,402,532	1,588,950
	1,402,532	1,588,950
Total debtors	26,193,167	44,322,395

*Amounts due from related parties are as follows:

Entity	Amount (HK\$)	Amount (HK\$)
Pantheon Ventures (US) LP	14,035,345	35,398,450
Pantheon Ventures Asia Limited	146,589	280,809
Pantheon Ventures (UK) LLP	2,333,148	-
Pantheon Korea Inc.	4,733,722	4,729,958
Other members	177,101	-
	21,425,905	40,409,217

Amounts due from related parties are unsecured, interest free and repayable on demand.

Pantheon Ventures (HK) LLP

Notes to the financial statements for the year ended 31 December 2022

10 Creditors: amounts falling due within one year

	At 31 December 2021 HK\$	<i>Restated</i> At 31 December 2021 HK\$
Due to members	22,359,661	21,993,198
Tax payable	8,155,058	-
Accruals and other liabilities	10,393,076	9,748,742
Amounts due to related party undertakings	-	1,671,159
	<u>40,907,795</u>	<u>33,413,099</u>

Amounts due to members are subordinated in relation to other secure creditors. In the event of the dissolution of the Partnership, they shall be funded by the assets of the Partnership remaining after payment or due provision for all debts, liabilities and obligations of the Partnership.

11 Deferred tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred income taxes related to the same fiscal authority. The offset amounts are as follows:

	At 31 December 2022 HK\$	At 31 December 2021 HK\$
Deferred tax assets:	(4,162)	453,126
Deferred tax liabilities:	391,687	(53,843)
Net deferred tax asset	<u>387,525</u>	<u>399,283</u>

The components of deferred tax assets recognised in the balance sheet and the movements during the year are as follows:

	Accelerated tax depreciation HK\$	Total HK\$
At 1 January 2021	326,574	326,574
Credited to the income statement	72,709	72,709
At 31 December 2021	<u>399,283</u>	<u>399,283</u>
At 1 January 2022	399,283	399,283
Credited to the income statement	(11,758)	(11,758)
At 31 December 2022	<u>387,525</u>	<u>387,525</u>

Deferred tax assets and liabilities are recognised to the extent that realization of the related tax benefit or tax charge through the future taxable profit or loss is probable.

Pantheon Ventures (HK) LLP

Notes to the financial statements for the year ended 31 December 2022

12 Commitments under operating leases

At 31 December 2022, the Partnership has lease agreements in respect of land and buildings for which the payments extend over a number of years.

	2022 HK\$	2021 HK\$
Future minimum rentals payable under non-cancellable operating leases expiring:		
Expiring within one year	876,133	2,631,214
Expiring within two to five years		637,601
	<u>876,133</u>	<u>3,268,815</u>

The Partnership finalised a new 3 year lease agreement in 2021. The monthly lease rental on the property will be HK\$212,534

13 Other financial commitments and contingencies

There are no other financial commitments or contingencies.

14 Pension obligations - defined contribution plan

The Partnership pays contributions to trustee-administrated funds on a mandatory, contractual or voluntary basis. The Partnership has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

15 Related party transactions

The Partnership is wholly controlled by its designated members, Pantheon Capital (Asia) Limited (incorporated in Hong Kong) and Pantheon Ventures (UK) LLP (incorporated in England and Wales).

(a) Rendering of services

	2022 HK\$	2021 HK\$
Advisory fees		
- Pantheon Ventures (US) LLP	<u>110,602,884</u>	<u>92,226,166</u>

Advisory fees were earned through an allocation of income from certain affiliates of the Partnership based on investment advisory services performed throughout the year.

16 Controlling parties

The immediate parent undertaking is Pantheon Ventures (UK) LLP, a limited liability partnership registered in England and Wales.

The ultimate parent undertaking and controlling party is Affiliated Managers Group Inc., a company incorporated in the United States of America.

Affiliated Managers Group Inc. is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2022 and 2021. The consolidated financial statements of Affiliated Managers Group Inc. can be obtained from 777 South Flagler Drive, West Palm Beach, Florida 33401 and from their website www.amg.com.

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Notes to the financial statements for the year ended 31 December 2022

17 Restatement of prior period comparatives

The 31 December 2021 comparatives have been restated to reclassify members' remuneration paid through retained earnings to an employee benefits expense. This reclassification has had an effect to the statement of comprehensive income, the balance sheet and the statement of changes in members' equity. This has been appropriately accounted for and disclosed in accordance with the requirements of the FRS 102.

Line item impacted	31 December 2021	01/01/2021 (opening balances)
Employee Benefits Expense	(3,121,980)	(2,907,694)
Profit After tax	(3,121,980)	(2,907,694)
Opening Retained Earnings	(2,907,694)	-
Accruals and other liabilities (current)	(3,121,980)	(2,907,694)
Equity - Members distributions	2,907,694	-
Net Assets/Total Equity	(3,121,980)	(2,907,694)

18 Subsequent events

There have been no significant subsequent events that will have a material impact on the financial statements between the statement of financial position date and the date of the approval of the financial statements.