

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 2020**



Pantheon Ventures (HK) LLP

Annual Report and Audited Financial Statements for the year ended 31 December 2020

Contents

	Page
Management and Administration	1
Members' Report	2 - 4
Independent Auditors' Report to the Members of Pantheon Ventures (HK) LLP	5 - 7
Statement of Comprehensive Income	8
Balance Sheet	9
Reconciliation of Members' Interests	10
Cash Flow Statement	11
Notes to the Financial Statements	12 - 21

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 2020.

Principal activities and review of the business

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., and Pantheon Capital (Asia) Limited.

Results and allocation to members

The results for the year are shown in the Statement of Comprehensive Income on page 7.

The Partnership distributed HK\$77,361,831 (2019: HK\$86,183,392) of its profit 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 economic slowdown triggered by the pandemic 2020 was another positive year for the private equity and venture capital industry. Private equity global assets under management (AUM) rose to an all-time high of \$4.74 trillion up from \$4.11 trillion in 2019¹. Fundraising was also strong with \$611 billion raised in 2020¹. This was down 14% from the record \$709 billion secured 2019¹ however the future growth outlook looks positive with 89% of investors intending to commit as much or more capital 2021 as they did in 2020¹.

- Private equity fund-of-funds - AUM increased from just under \$500 billion at Dec 2019 to just under \$600 billion at Jun 2020 however fundraising has been flat and there has been decrease in the number of private equity fund-of-funds closed in 2020 compared to 2019¹.
- Private equity secondaries - Secondaries has seen a large increase in aggregate capital raised more than doubling the 2019 amount to a record aggregate capital raised of almost \$80 billion in 2020. The number of funds closed has also seen an increase in 2020 along with AUM which has increased to almost \$300 billion at June 2020 from approximately \$250 billion at December 2019¹.
- Private equity co-investments - The demand for alternative structures most notably in the form of private equity co-investments has continued as investors are increasingly confident in going direct and becoming more comfortable and knowledgeable. As a result more investors are looking to assume a more involved role in the market. Over 89% of institutional investors surveyed expect to deploy the same or an increasing amount of capital to the asset class with 61% of respondents looking to make their next commitment as early as Q1 21¹.

Infrastructure

Like private equity, infrastructure had a positive year despite the global pandemic with global AUM reaching \$655 billion at June 2020, a new record and an increase of \$73 billion from June 2019². Infrastructure fundraising in 2020 dropped by 13.5%, to \$100bn, but was still above the \$97bn of 2018. Although a 13.5% drop is substantial, it follows five consecutive years of double-digit growth². This subdued activity was shared between fewer funds with a fewer number of funds closers meaning the average fund size came in at a record \$1.2 billion in 2020².

Private Debt

Private debt emerged as a core alternative asset class after the Global Financial Crisis (GFC) and has again proved its worth in a volatile year, with the COVID-19- driven slowdown pushing total assets to new highs. Funds continued to flow into the asset class, despite the logistical challenges created from COVID-19, meaning another strong year for Private Debt. \$118 billion was raised across 200 private debt funds in 2020 although this was over 10% down on both measures from 2019³. This asset class is chosen by investors for diversification, risk adjusted returns and a reliable income stream with 83% of the surveyed investors feeling that private debt met or exceeded performance expectations in 2020³.

Business performance

The Group experienced an increase in fundraising in 2020 with \$7.1 billion raised from new commitments up from \$3.2 billion in 2019. The Group was active in the market with its fifth co-investment fund and private debt. Fundraising was particularly strong for infrastructure and private debt with fundraising of \$2.6 billion and \$1.4 billion respectively.

Across all our asset classes and deal types, the Group completed 194 deals worth \$7.4 billion in 2020 up from 164 deals completed in 2019 worth \$6.3 billion. Group AUM continued its upward trend in 2020, reaching \$58.4 billion at Sep 2019, versus \$47.1 billion at Sep 2019⁴.

Strategy

The Group aims to produce long term and sustainable private equity 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 prime position in the market.

¹ Source: 2021 Preqin Global Private Equity & Venture Capital Report

² Source: 2021 Preqin Global Infrastructure Report

³ Source: 2021 Preqin Private Debt Report

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

Pantheon Ventures (HK) LLP

Members' Report (continued)

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 Balance Sheet as detailed on page 8 shows a satisfactory position. Members' other interests amount to HK\$29,527,442 (2019: HK\$31,814,745).

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 Pantheon Ventures (HK) LLP during the year are as follows:

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

Policy for members' drawings, 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:

In preparing these 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 partnership's transactions and disclose with reasonable accuracy at any time the financial position of the limited liability partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to limited liability partnerships by the Regulations.

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 of which the Partnership's auditors are unaware.

On behalf of the members

A handwritten signature in black ink, appearing to be 'RB' or similar, enclosed within a circular loop.

Robin Bailey
Designated Member of Pantheon Ventures (UK) LLP
Pantheon Ventures (UK) LLP is a Designated Member of Pantheon Ventures (HK) LLP
23 June 2021

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 LLP's affairs as at 31 December 2020 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to 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 and Audited Financial statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2020; the Statement of Comprehensive Income, the Reconciliation of Members' Interests and the Cash Flow Statement 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 LLP 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 LLP'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 LLP'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 LLP'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 LLP 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 LLP and industry, we considered the principal risks of non-compliance with laws and regulations, including those that have a direct impact on the preparation of the financial statements such as 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 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 manipulation of financial data or intentional bias in accounting estimates. Audit procedures performed by the engagement team included:

- enquiry of management and the entity's solicitors around actual and potential litigation and claims;
- enquiry of entity staff in compliance functions to identify any instances of non-compliance with laws and regulations;
- 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 for appropriateness, testing accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business; 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.

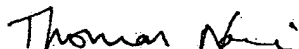
Other required reporting

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 LLP, 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
23 June 2021

Pantheon Ventures (HK) LLP

Statement of Comprehensive Income

For the year ended 31 December 2020

	Note	For the year ended 31 December 2020 HK\$	For the year ended 31 December 2019 HK\$
<i>Turnover</i>		125,115,983	148,359,336
Administrative expenses		(23,649,706)	(31,156,836)
Interest receivable and similar income		<u>180</u>	<u>96,926</u>
Profit before income tax		101,466,457	117,299,426
Income tax expense		(16,505,771)	(18,955,343)
<i>Profit for the financial year before members' remuneration and profit share</i>	4	<u>84,960,686</u>	<u>98,344,083</u>
Members' remuneration charged as an expense		<u>(77,361,831)</u>	<u>(86,183,392)</u>
<i>Profit for the financial year available for discretionary division among members</i>		<u><u>7,598,855</u></u>	<u><u>12,160,691</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 12 to 21 form an integral part of these financial statements.

Pantheon Ventures (HK) LLP

Balance Sheet

At 31 December 2020

	Note	At 31 December 2020 HK\$	At 31 December 2019 HK\$
Fixed assets			
Tangible assets	8	828,762	1,954,066
Current assets			
Debtors (including HK\$1,588,950 (2018: HK\$1,588,950) due after more than one year)	9	38,061,350	23,900,801
Deferred tax assets		326,574	185,342
Cash at bank and in hand		19,694,582	65,116,470
		<u>58,082,506</u>	<u>89,202,613</u>
Creditors: amounts falling due within one year	10	(12,880,097)	(32,393,194)
Net current assets		<u>45,202,409</u>	<u>56,809,419</u>
Provision for liabilities			
Deferred tax		-	-
Net assets attributable to members		<u><u>46,031,171</u></u>	<u><u>58,763,485</u></u>
Represented by:			
Loans and other debts due to members within one year			
Other amounts	10	16,503,730	26,948,740
Members' other interests			
Members' capital classified as equity		15,649,492	15,649,492
Members' other interests - other reserves classified as equity		13,877,950	16,165,253
Total members' other interests		<u>29,527,442</u>	<u>31,814,745</u>
Loans and other debts due to members		16,503,728	26,948,740
Members' other interests		29,527,442	31,814,745
Members' total interests		<u><u>46,031,170</u></u>	<u><u>58,763,485</u></u>

The notes on pages 12 to 21 form an integral part of these financial statements.

The financial statements were approved by the members on 23 June 2021 and signed on their behalf by:



Robin Bailey
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

2019

Amounts due to members
 Amounts due from members
 Balance at 1 January 2019
 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 2019

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\$
			31,756,169	
15,649,492	20,562,137	36,211,629	-	67,967,798
-	-	-	31,756,169	86,183,392
-	-	-	86,183,392	12,160,691
-	12,160,691	12,160,691	-	12,160,691
15,649,492	32,722,828	48,372,320	117,939,561	166,311,881
-	(16,557,575)	(16,557,575)	(90,990,821)	(107,548,396)
-	-	-	26,948,740	-
-	-	-	-	-
15,649,492	16,165,253	31,814,745	26,948,740	58,763,485
			26,948,740	
15,649,492	16,165,253	31,814,745	-	58,763,485
-	-	-	26,948,740	77,361,831
-	-	-	77,361,831	7,598,855
-	7,598,855	7,598,855	-	7,598,855
15,649,492	23,764,108	39,413,600	104,310,571	143,724,171
-	(9,886,158)	(9,886,158)	(87,806,843)	(97,693,001)
-	-	-	16,503,728	-
-	-	-	-	-
15,649,492	13,877,950	29,527,442	16,503,728	46,031,170

2020

Amounts due to members
 Amounts due from members
 Balance at 1 January 2020
 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 2020

The notes on pages 12 to 21 form an integral part of these financial statements.

Pantheon Ventures (HK) LLP

Cash Flow Statement

For the year ended 31 December 2020

	Note	For the year ended 31 December 2020 HK\$	For the year ended 31 December 2019 HK\$
<i>Net cash flow from operating activities</i>	15	1,224,547	30,486,558
Income tax paid		(36,760,457)	-
<i>Net cash generated from operating activities</i>		(35,535,910)	30,486,558
<i>Cash flow from investing activities</i>			
Purchase of tangible fixed assets	8	-	(82,186)
Interest received		180	96,926
<i>Net cash used in investing activities</i>		180	14,740
<i>Cash flows from financing activities</i>			
Members' distributions		(9,886,158)	(16,557,575)
<i>Net cash used in financing activities</i>		(9,886,158)	(16,557,575)
Net (decrease) / increase in cash at hand and in bank		(45,421,888)	13,943,723
Cash and cash equivalents at beginning of the year		65,116,470	51,172,747
Cash and cash equivalents at end of the year		19,694,582	65,116,470
Cash and cash equivalents consists of:			
Cash at bank and in hand		19,694,582	65,116,470

The notes on pages 12 to 21 form an integral part of these financial statements.

Pantheon Ventures (HK) LLP

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

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. They give a true and fair view and have been prepared on the basis of the Partnership being a going concern.

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

c 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.

d Administrative expenses

Administrative expenses are accounted for on an accruals basis.

e 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.

f 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.

g 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 2019

1 Accounting Policies (continued)

h 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.

i 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 2019

1 Accounting Policies (continued)

i 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.

j 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.

k 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. The following judgements (apart from those involving

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually and amended where necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of assets.

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.

Pantheon Ventures (HK) LLP

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

3 Financial risk management (continued)

(a) Financial risk factors (continued)

(i) Market risk (continued)

Currency risk (continued)

The foreign currency profile of the Partnership's net assets and liabilities are summarised as follows:

	At 31 December 2020		At 31 December 2019	
	Net assets		Net assets	
	Original currency	HK\$ equivalent	Original currency	HK\$ equivalent
United States Dollars	(6,449,263)	(50,006,615)	(2,017,792)	(15,722,234)

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 2020 and 2019, the Partnership has no significant interest-bearing assets and liabilities except for the bank deposits of HK\$19,694,582 (2019: HK\$65,116,470) 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 the transactions with related parties with an aggregate amount receivable of HK\$33,427,835 (2019: HK\$18,681,799). The members consider the credit risk is low as the related parties are financially viable and monthly settlement of receivables is closely monitored.

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.

Financial institution	External credit rating (Moody's)	2020 HK\$
The Hong Kong and Shanghai Banking Corporation Limited	Aa2	17,243,726
Lloyds Bank plc	Aa3	2,450,856
		<u>19,694,582</u>
Financial Institution	External credit rating (Moody's)	2019 HK\$
The Hong Kong and Shanghai Banking Corporation Limited	Aa3	64,937,356
Lloyds Bank plc	Aa3	179,114
		<u>65,116,470</u>

Pantheon Ventures (HK) LLP

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

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 as at 31 December 2020 and 2019 were sufficient to fund the operations with maturities of three months or less. The table below analyses the Partnership's financial asset and liabilities into 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 2020			
Financial assets			
Cash and cash equivalents	19,694,582	-	19,694,582
Amounts due from related parties	33,427,835	-	33,427,835
Other receivables	2,680,990	-	2,680,990
Other debtors	-	1,588,950	1,588,950
Total financial assets	55,803,407	1,588,950	57,392,357
Financial liabilities			
Amounts due to members	16,503,730	-	16,503,730
Accruals and other liabilities	5,891,394	-	5,891,394
Total financial liabilities	22,395,124	-	22,395,124
At 31 December 2019			
Financial assets			
Cash and cash equivalents	65,116,470	-	65,116,470
Amounts due from related parties	18,681,779	-	18,681,779
Other receivables	3,180,841	-	3,180,841
Other debtors	-	1,588,950	1,588,950
Total financial assets	86,979,090	1,588,950	88,568,040
Financial liabilities			
Amounts due to members	26,948,740	-	26,948,740
Accruals and other liabilities	10,700,783	-	10,700,783
Total financial liabilities	37,649,523	-	37,649,523

(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 a corporation 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 group and related entities. To meet the licensing requirement, the Partnership has to maintain liquid capital as defined under the Securities and Futures (Financial Resources) Rules of the Securities and Futures Ordinance ("SFO") of no less than HK\$100,000 or an amount as calculated under the requirements of the Financial Resources Requirement (FRR), whichever is higher. The required information is filed with the Securities and Futures Commission on a semi-annual 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 injection or sell assets to reduce debt.

Pantheon Ventures (HK) LLP

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

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

	2020 HK\$	2019 HK\$
Profit for the financial period before members' remuneration and profit share is stated after charging:		
Staff costs (Note 5)	14,699,612	19,389,694
Depreciation of tangible fixed assets (Note 8)	1,125,304	1,122,435
Auditors' remuneration	594,818	461,770
Lease charges	3,450,264	3,522,225
Foreign exchange (gain) / loss	<u>216,367</u>	<u>620,207</u>

5 Staff costs

	For the year ended 31 December 2020 HK\$	For the year ended 31 December 2019 HK\$
Wages and salaries	14,188,129	18,754,556
Pension costs	<u>511,483</u>	<u>635,138</u>
	<u>14,699,612</u>	<u>19,389,694</u>

The average number of persons employed by the Partnership during the year was 11 (2018: 11). This is split by Client Services: 0, Investment: 11 and Administration: 1 (2018: Client Services: 0, Investment: 10 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 2020 HK\$	For the year ended 31 December 2019 HK\$
Profit for the financial year available for division among members	<u>84,960,686</u>	<u>134,812,602</u>
Profit in respect of the highest paid member during the year	<u>64,388,121</u>	<u>70,507,821</u>
The average number of members during the year was as follows:		
Members	<u>6</u>	<u>6</u>

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 (2018: 8.25% for first HK\$2 million then 16.5%) on the estimated assessable profits for the year.

	For the year ended 31 December 2020 HK\$	For the year ended 31 December 2019 HK\$
Current income tax - Hong Kong Profits Tax		
Tax for the year	16,717,638	19,342,630
Under provision in respect of previous years	(70,635)	(121,847)
Deferred income tax		
Origination of temporary differences	(141,232)	(265,440)
	<u>16,505,771</u>	<u>18,955,343</u>

Pantheon Ventures (HK) LLP

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

7 Income tax expense (continued)

	For the year ended 31 December 2020 HK\$	For the year ended 31 December 2019 HK\$
Profit before income tax	101,466,457	117,299,426
Calculated at a tax rate of 8.25% for the first HK\$2 million, and 16.5% thereafter (2019: 8.25% for first HK\$2 million then 16.5%)	16,576,965	19,189,405
Expenses not deductible for taxation purposes	140,673	153,225
Deferred tax assets	(141,232)	(265,440)
Under provision in respect of previous years	(70,635)	(121,847)
Tax expense	16,505,771	18,955,343

8 Tangible fixed assets

	Leasehold Improvements HK\$	Fixtures & Fittings HK\$	Office equipment HK\$	Total HK\$
Cost				
At 1 January 2020	4,579,442	1,337,096	2,849,450	8,765,988
Additions	-	-	-	-
At 31 December 2020	4,579,442	1,337,096	2,849,450	8,765,988
Accumulated depreciation:				
At 1 January 2020	3,705,727	464,236	2,641,959	6,811,922
Charge for the year	651,019	319,222	155,063	1,125,304
At 31 December 2020	4,356,746	783,458	2,797,022	7,937,226
Net book value:				
At 31 December 2020	222,696	553,638	52,428	828,762
At 31 December 2019	873,715	872,860	207,491	1,954,066

9 Debtors

	At 31 December 2020 HK\$	At 31 December 2019 HK\$
Amounts due from related parties*	33,427,835	18,681,779
Prepayments and other receivables	3,044,565	3,630,072
	36,472,400	22,311,851
Due after more than one year		
Other debtors	1,588,950	1,588,950
Deferred tax asset (Note 11)	-	-
	1,588,950	1,588,950
Total debtors	38,061,350	23,900,801

*Amounts due from related parties are as follows:

Entity	Amount (HK\$)	Amount (HK\$)
Pantheon Ventures (US) LP	28,518,599	13,232,161
Pantheon Ventures Asia Limited	280,758	277,217
Pantheon Ventures (UK) LLP	-	-
Pantheon Korea Inc.	4,628,478	5,172,401
	33,427,835	18,681,779

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 2020

10 Creditors: amounts falling due within one year

	At 31 December 2020 HK\$	At 31 December 2019 HK\$
Due to members	16,503,730	26,948,740
Tax payable	1,578,957	21,692,411
Accruals and other liabilities	5,891,394	10,700,783
Amounts due to related party undertakings	5,409,746	-
	<u>23,974,081</u>	<u>59,341,934</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 2020 HK\$	At 31 December 2019 HK\$
Deferred tax assets:	380,417	298,817
Deferred tax liabilities:	(53,843)	(113,475)
Net deferred tax (liabilities)/assets	<u>326,574</u>	<u>185,342</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 2019	(80,098)	(80,098)
Credited to the income statement	265,440	265,440
At 31 December 2019	<u>185,342</u>	<u>185,342</u>
At 1 January 2020	185,342	185,342
Credited to the income statement	141,232	141,232
At 31 December 2020	<u>326,574</u>	<u>326,574</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 2020

12 Commitments under operating leases

At 31 December 2020, the Partnership has lease agreement in respect of land and buildings for which the payments extend over a number of years.

	2020 HK\$	2019 HK\$
Future minimum rentals payable under non-cancellable operating leases expiring:		
Expiring within one year	841,566	3,366,264
Expiring within two to five years	-	841,566
	<u>841,566</u>	<u>4,207,830</u>

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 Cash flow from operating activities

Reconciliation of operating profit to net cash inflow from operating activities:

	2020 HK\$	2019 HK\$
Operating profit	101,466,277	117,202,500
Depreciation charge	1,125,304	1,122,435
(Increase)/decrease in debtors	(14,160,548)	2,492,497
Increase in creditors	600,357	881,196
Members remuneration charged as an expense	(87,806,843)	(90,990,821)
Decrease in deposits	-	-
Foreign exchange movements on tax liability	-	(221,249)
Net cashflow from operating activities	<u>1,224,547</u>	<u>30,486,538</u>

16 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

	2020 HK\$	2019 HK\$
Advisory fees		
- Pantheon Ventures (US) LLP	<u>125,115,983</u>	<u>148,359,336</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.

17 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 2020. 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.

Pantheon Ventures (HK) LLP

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

18 Subsequent events

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