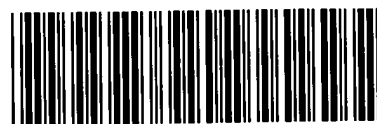


Watling Street Capital Partners LLP

**Consolidated report and financial statements
for the year ended 31 December 2021**

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WATLING STREET CAPITAL PARTNERS LLP

REGISTERED NO. OC369654

MEMBERS' REPORT

The Members present their report on the affairs of Watling Street Capital Partners LLP (the "LLP" or the "Partnership"), a limited liability partnership under the Limited Liability Partnership Act 2000, incorporated in the United Kingdom, and its subsidiaries (together, the "Group"), together with the financial statements and auditor's report for the year ended 31 December 2021.

DESIGNATED MEMBERS

The Designated Members of Watling Street Capital Partners LLP, throughout the year and at the date of this report, are:

Mr J G Bonnyman
Mr P N Burrow
Mr L L M Giacomotto
Mr T S Patrick

Registered Office: Belgrave House, 76 Buckingham Palace Road, London SW1W 9TQ.

PRINCIPAL ACTIVITY

The principal activity of the Group is the provision of private equity fund management.

BUSINESS REVIEW AND PRINCIPAL RISKS

The Members regard the key performance indicator for the Group as being the level of fund management fee income earned. The Group has performed in line with its Members' expectations. Management fee income from the funds currently under management (the "Managed Funds") remains the principal source of income for the Group.

A key risk to the business is the potential loss of key members of the investment team which might result in Managed Funds being placed in suspension. This risk is mitigated through existing incentives and group ownership structures.

Additional risks affecting the business principally relate to the performance of funds under management. An inadequately performing fund may adversely affect the reputation of the Group and damage its ability to successfully raise new funds upon which future income of the Group is reliant. It may also have the effect of reducing the Group's income where the management profit share and/or management fee due to the general partner or manager is reduced by the write-down of investments. A poor performance by underlying portfolio companies may also adversely affect the funds' ability to dispose of portfolio investments or, in other economic circumstances, limit opportunities for new investment. These risks are mitigated by the considerable experience of the investment team in the selection of investments and subsequently, in the active monitoring of the underlying portfolio.

The ability of fund investors to meet their obligations in paying the management profit share and/or management fee for funds under management is also a risk but this is mitigated by the terms of the funds' partnership agreements which place obligations on the limited partners of each fund to contribute sums to the funds up to the amount of their commitments.

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates. Where applicable, the Group uses derivative financial instruments to hedge these exposures. Other key risks include changes to the tax and regulatory regime in which the business operates.

No new activities outside of the core business have been entered into or are contemplated.

RESULTS

The Group made a profit on ordinary activities after taxation of £283,000 (2020 £1,475,000 loss).

GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out above. The financial position of the Group and its liquidity position are reflected in the Balance Sheet.

The Group has sufficient financial resources and ongoing investment management contracts and as a consequence, the Members believe that the Group is well placed to manage its business risks successfully. The Members have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

MEMBERS' REPORT (continued)

COVID-19

The coronavirus ("COVID-19") outbreak has caused extensive disruptions to businesses and economic activities globally. The uncertainties over the emergence and spread of COVID-19 have caused market volatility on a global scale. The Members have conducted an assessment to determine the extent of the impact of the COVID-19 outbreak on the Group's liquidity, viability and solvency. Whilst the Group remains dependent on management profit shares and/or management fees from the Managed Funds as a source of revenue, the Members are not aware of any reason that these agreements will be terminated in the foreseeable future. Historically, the Group has received management profit shares and management fees in a timely manner in order to manage its obligations, which are relatively predictable in nature.

The Members have concluded that the Group has sufficient financial resources and is well-placed to manage the associated risks of the COVID-19 outbreak to the business, and as a result, foresee no going concern risk to the business. With regards to its operations, the Group has evoked business continuity procedures, including remote working, to ensure the safety of staff and to enable the business to operate with minimal impact. The Members will continue to monitor the impact of the COVID-19 outbreak on the going concern of the business, potential disruptions to its operations and meet regularly to review potential risks as and when they develop.

In addition, a series of precautionary and control measures have been and continue to be implemented by the funds' portfolio companies. These companies are currently following respective government guidelines and regulations to guarantee the health and safety of personnel and third parties as well as business continuity. Portfolio companies' liquidity is currently being closely monitored in order to take action should any emergency funding requirements arise. The Members will pay close attention to the development of the COVID-19 outbreak and government measures and evaluate its impact on the funds' investments.

MEMBERS' SUBSCRIPTION AND REPAYMENT OF CAPITAL

All Members make a contribution to the Capital Accounts upon admission.

In accordance with the terms of the Partnership Deed, no Member is entitled to withdraw or receive back any amount standing to the credit of their Capital Account except upon ceasing to be a Member. Income Profits and/or Capital Profits or Income Losses and/or Capital Losses applicable to each Member are determined by the Remuneration Committee, at its absolute discretion, and notified to each of the Members upon such allocation being finalised.

STATEMENT OF MEMBERS' RESPONSIBILITIES

The Members are responsible for preparing the annual report and the consolidated financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 require the Members to prepare financial statements for each financial period. Under that law the Members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland". The financial statements are required by law to give a true and fair view of the state of affairs of the LLP and of the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to limited liability partnerships. They are also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

These responsibilities are exercised by the Designated Members on behalf of the Members.

WATLING STREET CAPITAL PARTNERS LLP

REGISTERED NO. OC369654

MEMBERS' REPORT (continued)

DISCLOSURE OF INFORMATION TO THE AUDITOR

So far as each person who was a Member at the date of approving this report is aware, there is no relevant audit information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Members and the Group's auditor, each Member has taken all the steps that he is obliged to take as a Member in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006, as applicable to limited liability partnerships.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been made by the Designated Members for them to be deemed reappointed.

By Order of the Members and signed on their behalf by



L.L.M. GIACOMOTTO
Designated Member
18 May 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATLING STREET CAPITAL PARTNERS LLP

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Watling Street Capital Partners LLP (the "Partnership") and its subsidiaries (the "Group"):

- give a true and fair view of the state of the Group's and of the Partnership's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

We have audited the financial statements which comprise:

- the Consolidated Profit and Loss Account;
- the Consolidated Statement of Comprehensive Income;
- the Consolidated and Partnership Balance Sheets;
- the Consolidated Cash Flow Statement;
- the Consolidated and Partnership Statements of Changes in Members' Interests; and
- the related notes 1 to 24.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and of the Partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the "FRC's") Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Partnership's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Members are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATLING STREET CAPITAL PARTNERS LLP (continued)

Responsibilities of Members

As explained more fully in the Statement of Members' Responsibilities, the Members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Members are responsible for assessing the Group's and 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 Group or the Partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

We considered the nature of the Group's industry and its control environment, and reviewed the Group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the Group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. This included the UK Companies Act as applied to limited liability partnerships; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- The accuracy and completeness of revenue recognised in respect of management profit shares.
- In response to this risk, we tested the design and implementation of key controls related to the management profit share calculations, and performed a recalculation of the amount with reference to the terms of the Limited Partnership Agreements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATLING STREET CAPITAL PARTNERS LLP (continued)

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

Under the Companies Act 2006 as applied to limited liability partnerships we are required to report in respect of the following matters if, in our opinion:

- 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 Partnership financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the Partnership's Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the Partnership's Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Partnership and the Partnership's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Yasir Aziz, FCA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

24 May 2022

CONSOLIDATED PROFIT AND LOSS ACCOUNT

		Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
	Notes		
Turnover	4	35,690	29,924
Other operating income	5	801	2,129
Administrative expenses		(36,192)	(31,943)
Other operating gains/(losses)		<u>532</u>	<u>(592)</u>
Operating profit/(loss)		831	(482)
Net interest receivable/(payable)		<u>34</u>	<u>(36)</u>
Profit/(loss) on ordinary activities before taxation	6	865	(518)
Taxation on profit/loss on ordinary activities	9	<u>(582)</u>	<u>(957)</u>
Profit/(loss) after tax		283	(1,475)
Minority interest	18	<u>-</u>	<u>-</u>
Profit/(loss) for the financial year available for discretionary division among Members		<u><u>283</u></u>	<u><u>(1,475)</u></u>

All income and expenditure arose from continuing activities.

The notes on pages 14 to 25 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Profit/(loss) for the financial year available for discretionary division among Members	283	(1,475)
Exchange differences on retranslation of foreign operations	(10)	7
Total comprehensive income/(loss) for the financial year	<u>273</u>	<u>(1,468)</u>
Total comprehensive income/(loss) for the financial year attributable to: Equity holders of the LLP	<u>273</u>	<u>(1,468)</u>
	<u>273</u>	<u>(1,468)</u>

The notes on pages 14 to 25 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

as at		31 December 2021 £'000	31 December 2020 £'000
	Notes		
FIXED ASSETS			
Intangible fixed assets	11	104	1,346
Tangible fixed assets	12	7,043	7,630
Other investments	13	4,112	2,087
		<u>11,259</u>	<u>11,063</u>
CURRENT ASSETS			
Debtors:			
Amounts falling due within one year	14	17,065	11,627
Cash at bank		3,342	11,191
Deferred taxation	15	325	898
		<u>20,732</u>	<u>23,716</u>
CREDITORS: Amounts falling due within one year	16	<u>13,221</u>	<u>9,636</u>
NET CURRENT ASSETS		<u>7,511</u>	<u>14,080</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>18,770</u>	<u>25,143</u>
CREDITORS: Amounts falling due after more than one year	17	<u>156</u>	<u>82</u>
NET ASSETS		<u>18,614</u>	<u>25,061</u>
REPRESENTED BY:			
Loans and other debts due to Members			
Other amounts		-	-
Members' other interests			
Members' capital classified as equity		5	4
Members' other reserves classified as equity		18,533	24,987
		<u>18,538</u>	<u>24,991</u>
Minority interest	18	76	70
		<u>18,614</u>	<u>25,061</u>
MEMORANDUM OF MEMBERS' TOTAL INTERESTS			
Members' capital		5	4
Loans and other debts due to Members		-	-
Members' other interests		18,533	24,987
		<u>18,538</u>	<u>24,991</u>

The notes on pages 14 to 25 form part of these financial statements.

The consolidated financial statements of Watling Street Capital Partners LLP (registered number OC369654) were approved by the Members and authorised for issue on 18 May 2022. They were signed on their behalf by:


L. M. GIACOMOTTO
Designated Member

PARTNERSHIP BALANCE SHEET

as at		31 December 2021 £'000	31 December 2020 £'000
	Notes		
FIXED ASSETS			
Investments	19	4	4
CURRENT ASSETS			
Debtors:			
Amounts falling due within one year		4	4
Cash at Bank		45	296
		49	300
CREDITORS: Amounts falling due within one year		64	316
NET CURRENT LIABILITIES		(15)	(16)
NET LIABILITIES		(11)	(12)
REPRESENTED BY:			
Loans and other debts due to Members			
Other amounts		-	-
Members' other interests			
Members' capital classified as equity		5	4
Members' other reserves classified as equity		(16)	(16)
		(11)	(12)
MEMORANDUM OF MEMBERS' TOTAL INTERESTS			
Members' capital		5	4
Loans and other debts due from Members		-	-
Members' other interests		(16)	(16)
		(11)	(12)

The notes on pages 14 to 25 form part of these financial statements.

The profit attributable to the LLP for the year was £6,727,000 (2020 £10,648,000) and is dealt with in the financial statements of the Group. As permitted by Section 408 of the Companies Act 2006 as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, no separate Profit and Loss Account is presented in respect of the parent undertaking.

The financial statements of Watling Street Capital Partners LLP (registered number OC369654) were approved by the Members and authorised for issue on 18 May 2022. They were signed on their behalf by:


L.L. GIACOMOTTO
Designated Member

CONSOLIDATED CASH FLOW STATEMENT

		Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
	Notes		
CASH FLOWS FROM OPERATIONS			
Net cash inflow from operating activities	21	1,161	4,624
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts from sale of other investments	13	2,962	4,967
Payments to acquire tangible fixed assets	12	(289)	(6,873)
Payments to acquire other investments	13	(4,987)	(2,343)
Net interest received/(paid)		34	(36)
Net cash outflow from investing activities		(2,280)	(4,285)
CASH FLOWS FROM FINANCING ACTIVITIES			
Distributions to Members		(6,727)	(10,648)
Capital introduced		1	-
Minority interest capital introduced		6	-
Repayment of capital		-	(1)
Net cash outflow from financing activities		(6,720)	(10,649)
NET DECREASE IN CASH DURING THE YEAR		(7,839)	(10,310)
CASH AT THE BEGINNING OF THE YEAR		11,191	21,494
Net decrease in cash during the year		(7,839)	(10,310)
Foreign exchange translation adjustments		(10)	7
CASH AT THE END OF THE YEAR		3,342	11,191

The notes on pages 14 to 25 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' INTERESTS

	EQUITY				DEBT	
	Members' Capital	Profit and Loss Account	Other Reserves	Total Members' Other Interests	Loans and other debts due to Members	Total Members' Interests
	£'000	£'000	£'000	£'000	£'000	£'000
Members' interests as at 1 January 2020	5	36,137	966	37,108	-	37,108
Repayment of capital	(1)	-	-	(1)	-	(1)
Loss for the year	-	(1,475)	7	(1,468)	-	(1,468)
Allocated profits	-	(10,648)	-	(10,648)	-	(10,648)
Members' interests as at 31 December 2020	4	24,014	973	24,991	-	24,991
Capital introduced	1	-	-	1	-	1
Profit for the year	-	283	(10)	273	-	273
Allocated profits	-	(6,727)	-	(6,727)	-	(6,727)
Members' interests as at 31 December 2021	5	17,570	963	18,538	-	18,538

The notes on pages 14 to 25 form part of these financial statements.

PARTNERSHIP STATEMENT OF CHANGES IN MEMBERS' INTERESTS

	EQUITY				DEBT	
	Members' Capital £'000	Profit and Loss Account £'000	Other Reserves £'000	Total Members' Other Interests £'000	Loans and other debts due from Members £'000	Total Members' Interests £'000
Members' interests as at 1 January 2020	5	-	(16)	(11)	-	(11)
Repayment of capital	(1)	-	-	(1)	-	(1)
Profit for the year	-	10,648	-	10,648	-	10,648
Allocated profits	-	(10,648)	-	(10,648)	-	(10,648)
Members' interests as at 31 December 2020	4	-	(16)	(12)	-	(12)
Capital introduced	1	-	-	1	-	1
Profit for the year	-	6,727	-	6,727	-	6,727
Allocated profits	-	(6,727)	-	(6,727)	-	(6,727)
Members' interests as at 31 December 2021	5	-	(16)	(11)	-	(11)

The notes on pages 14 to 25 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021

1 ENTITY INFORMATION

Watling Street Capital Partners LLP is a limited liability partnership incorporated in the United Kingdom and registered in England and Wales under the Limited Liability Partnership Act 2000. The address of the registered office is Belgrave House, 76 Buckingham Palace Road, London SW1W 9TQ. The nature of the LLP's operations and its principal activities are set out in the Members' Report on page 1.

2 ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have been applied consistently throughout the year and to the preceding year.

Basis of preparation

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value, and in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"), as issued by the Financial Reporting Council, the Companies Act 2006 as applied to limited liability partnerships and the Statement of Recommended Practice (SORP) for Limited Liability Partnerships issued in December 2018.

The functional currency of the LLP is Sterling because that is the currency of the primary economic environment in which the LLP operates.

The Group's financial statements consolidate the financial statements of the LLP and its subsidiary undertakings drawn up to 31 December 2021. The results of subsidiaries acquired or sold are consolidated for the date from or to the date on which control passed.

The LLP has taken advantage of the exemption under Section 408 of the Companies Act 2006 as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and has not presented its own Profit and Loss Account in these financial statements. The LLP's profit for the year to 31 December 2021 was £6,727,000 (2020 £10,648,000).

The LLP meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to presentation of a cash flow statement and from disclosing transactions with wholly-owned companies within the same Group.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Members' Report. The financial position of the Group and its liquidity position are reflected on the Balance Sheet.

The Group has sufficient financial resources and ongoing investment management contracts and as a consequence, the Members believe that the Group is well placed to manage its business risks successfully. The Members have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Members' drawings, subscription and repayment of capital

Members will receive drawings representing payments on account of profits which may be allocated to them by the LLP. Profits in any accounting period are distributed between Members in accordance with the Limited Liability Partnership Agreement (the "LLPA"). Appropriations to Members of the LLP are treated as an expense within the Consolidated Profit and Loss Account. All profits and losses of the LLP are appropriated to its Partners. In accordance with the terms of the LLPA, no Member is entitled to withdraw or receive back their capital contribution, other than by Members' Approval, the winding up of the LLP or if a Member ceased to be a Member.

Minority Interest

At the end of the year, the Minority Interest in the Group comprised an interest in Charterhouse Capital Partners LLP and an interest in Charterhouse UKCF GP LLP. Appropriations to Members of Charterhouse Capital Partners LLP are treated as an expense within the Consolidated Profit and Loss Account. All profits and losses of Charterhouse Capital Partners LLP and Charterhouse UKCF GP LLP are appropriated to its partners.

Limited partnerships under management ("Funds")

Certain subsidiary undertakings of the Group are General Partners of Funds which invest in unlisted companies in the UK and Europe. The Group has the right to exercise control over these Funds but as it does so only in a fiduciary capacity on behalf of the other investors in the Funds, the Funds are not consolidated. Details of entities excluded from consolidation are disclosed in note 20.

In addition, the Group controls certain fund investments which are also excluded from consolidation as the Group's control is exercised only on behalf of the investors in the Managed Funds in a fiduciary capacity.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021 (continued)

2 ACCOUNTING POLICIES (continued)

Turnover

Turnover comprises management fees and other income which are accounted for on an accruals basis and arises wholly from within the United Kingdom.

Fixed asset other investments

Fixed asset other investments are accounted for at cost less provision for impairment.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are reported at the rates of exchange prevailing at that date. Exchange differences are recognised in the Profit and Loss Account in the period in which they arise.

The results of overseas operations are translated at the closing rates of exchange during the year and their balance sheets at the rates ruling at the Balance Sheet date with any differences accounted for in the Statement of Comprehensive Income. All other exchange differences are included in the Profit and Loss Account. Foreign exchange gains and losses are presented in the Profit and Loss Account within Other operating gains/(losses).

Derivative financial instruments

The Group uses derivative financial instruments to reduce its exposure to foreign exchange risk. The Group does not hold or issue derivative financial instruments for speculative purposes. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to the fair value at each reporting date. The resulting gain or loss is recognised in the Profit and Loss Account.

Intangible fixed assets - Goodwill

Goodwill on consolidation of subsidiary undertakings is amortised over 10 years on a straight-line basis. When required, a provision is made for any impairment.

Tangible Fixed Assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Works of art have not been depreciated as the depreciation charge would be immaterial due to high residual values. Depreciation is provided on all other fixed assets over the remaining office lease term.

Financial assets and liabilities

Financial assets and liabilities which are basic financial instruments are initially recorded at the transaction price. Subsequently, these are re-measured at amortised cost using the effective interest method. Financial assets and liabilities that are classified as receivable or payable within one year are not discounted. Financial assets and liabilities are only offset in the Balance Sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or are settled, or substantially all the risks and rewards of the ownership of the asset are transferred to another party or despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Rent-free periods are similarly spread on a straight-line basis over the lease term.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Rent-free periods are similarly spread on a straight-line basis over the lease term. Rental income is presented in the Profit and Loss Account within other income.

Pensions

The Group operates a defined contribution pension scheme for employees. Contributions are charged in the Profit and Loss Account as they become payable in accordance with the rules of the scheme.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021 (continued)

2 ACCOUNTING POLICIES (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date where transactions or events that result in an obligation to apply more tax in the future or a right to pay less tax in the future have occurred at the Balance Sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

3 JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY

In preparation of the financial statements the Designated Members have applied judgements in assessing the key accounting policies included in note 2 and in applying estimates and assumptions that affect the amounts reported for assets and liabilities as at the Balance Sheet date and the amounts reported for revenue and expenses during the financial year.

(i) Critical judgements in applying the LLP's accounting policies

The critical judgements that the Designated Members have made in the process of applying the LLP's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below:

Assessing indicators of impairment:

In assessing whether there has been any indication of impairment of assets, the Designated Members have considered both external and internal sources of information such as market conditions and experience of recoverability. There have been no indicators of impairment identified during the current financial year.

(ii) Critical accounting estimates and assumptions

Due to the nature of the Group's business and having considered the key sources of income and expenditure, Balance Sheet items and the Group's accounting policies, the Designated Members do not believe there are any critical accounting estimates.

4 TURNOVER

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Management profit shares/fees receivable	35,690	29,924
	<u>35,690</u>	<u>29,924</u>

The Group is entitled to drawings in respect of management profit shares/fees from Managed Funds. These drawings are taken to the Profit and Loss Account as fee income.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021 (continued)

5 OTHER OPERATING INCOME

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Net profits on sales and other income from underlying fund investments	86	4
Other income	715	2,125
	<u>801</u>	<u>2,129</u>

Net profits on sales and other income from underlying fund investments includes amounts received, where the investment performance of Managed Funds was in excess of an agreed performance criterion, amounting to £86,000 during the year (2020 £4,000).

Other income includes contributions received towards capital expenditure, rental income and insurance reimbursements.

6 PROFIT/LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Profit/loss on ordinary activities before taxation is stated after (crediting)/charging:		
Foreign exchange (gains)/losses	(532)	592
Depreciation of tangible fixed assets	876	256
Auditor's remuneration : Partnership	22	21
: Group	125	113
Auditor's remuneration for non-audit services : Partnership	-	-
: Group	35	33
Operating lease rental expenditure	2,224	2,909
Operating lease rental income	(710)	(241)
Amortisation of goodwill	1,242	1,242

7 STAFF COSTS

The average monthly number of employees was 39 (2020 36) and the total remuneration of £6,194,000 (2020 £5,103,000) comprised of £5,047,000 of salaries and bonuses (2020 £4,134,000), £768,000 of National Insurance contributions (2020 £630,000) and £379,000 of pension contributions (2020 £339,000).

The Members are beneficiaries of the Minority Interest in the subsidiary, Charterhouse Capital Partners LLP, and participate in profit allocations made by that entity.

8 POST-RETIREMENT BENEFITS

All UK employees, subject to meeting entry criteria, are eligible for membership of The Charterhouse Development Capital Limited Pension Scheme (the "CDC Scheme"). The CDC Scheme is a defined contribution pension scheme. During the year, the Group charged £379,000 to the Profit and Loss Account in respect of contributions to the CDC Scheme (2020 £339,000). Contributions are recognised when payable.

As at 31 December 2021 there were no contributions due in respect of the current reporting period that had not been paid to the CDC Scheme (2020 £nil).

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021 (continued)

9 TAXATION ON PROFIT/LOSS ON ORDINARY ACTIVITIES

a) Analysis of the tax charge in the year

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Current tax		
Adjustment in respect of prior periods	-	(494)
Foreign tax	(9)	(8)
Total current tax charge	(9)	(502)
Deferred tax		
Other timing differences	(861)	(84)
Adjustment in respect of prior periods	288	(371)
Total deferred tax charge	(573)	(455)
Tax charge on profit/loss on ordinary activities	(582)	(957)

b) Factors affecting the tax charge for the year

The tax assessed on the profit/loss on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 19.0% (2020 19.0%). The differences are reconciled below:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Profit/(loss) on ordinary activities before taxation	865	(518)
Profit/loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.0% (2020 19.0%)	(164)	98
Effects of:		
Expenses not deductible for tax purposes	(1,341)	(864)
Accounting allocation of profits more than tax allocations	269	4
Adjustment in respect of prior periods	288	(865)
Foreign tax	(3)	(3)
Tax losses	(43)	(29)
Capital allowances	119	257
Change in tax rate	(19)	96
Income not taxable	312	349
Total tax charge for the year	(582)	(957)

10 PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT

The profit attributable to the LLP for the year was £6,727,000 (2020 £10,648,000) and is dealt with in the financial statements of the Group. As permitted by Section 408 of the Companies Act 2006 as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, no separate Profit and Loss Account is presented in respect of the parent undertaking.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021 (continued)

11 INTANGIBLE FIXED ASSETS

	31 December 2021 £'000	31 December 2020 £'000
Cost		
Opening balance	12,422	12,422
Closing balance	12,422	12,422
Amortisation		
Opening balance	11,076	9,834
Charge for the year	1,242	1,242
Closing balance	12,318	11,076
Carrying amount		
Closing balance	104	1,346

12 TANGIBLE FIXED ASSETS

	Leasehold improvements (short term) £'000	Furniture and fittings £'000	Computer Equipment £'000	Total £'000
Cost				
1 January 2021	7,116	973	169	8,258
Additions	263	26	-	289
Disposals	(21)	-	-	(21)
Foreign exchange translation adjustment	(15)	(9)	-	(24)
31 December 2021	7,343	990	169	8,502
Depreciation				
1 January 2021	437	185	6	628
Charge for the year	770	88	18	876
Disposals	(21)	-	-	(21)
Foreign exchange translation adjustment	(15)	(9)	-	(24)
31 December 2021	1,171	264	24	1,459
Carrying amount				
31 December 2021	6,172	726	145	7,043
31 December 2020	6,679	788	163	7,630

Furniture and Fittings is inclusive of works of art of £31,000 (2020 £31,000) which are not depreciated.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021 (continued)

13 OTHER INVESTMENTS

	31 December 2021 £'000	31 December 2020 £'000
Cost		
Opening balance	2,087	4,711
Additions in the year	4,987	2,343
Disposals in the year	(2,962)	(4,967)
Closing balance	<u>4,112</u>	<u>2,087</u>
Carrying amount		
Closing balance	<u>4,112</u>	<u>2,087</u>

A Group entity is a limited partner in CCP X Co-investment LP (the "LP") with a commitment to the LP of €87,500,000. As at 31 December 2021, the entity's maximum notional exposure to this commitment was €9,139,000 (2020 €19,177,000). The entity made capital contributions of €5,685,000 to the LP during the year (2020 €2,607,000). During the year, the entity sold €3,310,000 of its interest in the LP (2020 €5,512,000). CCP X Co-investment LP is a limited partnership incorporated in the United Kingdom. The address of its registered office is Belgrave House, 76 Buckingham Palace Road, London SW1W 9TQ.

A Group entity is a limited partner in CCP X Carried Interest LP with a partnership interest totalling 0.15% (2020 1.77%). CCP X Carried Interest LP is a limited partnership incorporated in the United Kingdom. The address of its registered office is Belgrave House, 76 Buckingham Palace Road, London SW1W 9TQ.

A Group entity acquired a 0.81% equity interest in Gamma-Pulse SAS on 19 May 2021. Gamma-Pulse SAS is a limited company incorporated in France. The address of its registered office is 9 Rue Alexander Fleming, 91400 Orsay, France.

14 DEBTORS

	31 December 2021 £'000	31 December 2020 £'000
Amounts falling due within one year:		
- Trade debtors	379	405
- Other debtors	9,679	9,211
- Prepayments and accrued income	5,619	1,586
- Taxation recoverable	-	3
- Derivatives	1,388	422
	<u>17,065</u>	<u>11,627</u>

As disclosed in note 2, the Group uses forward foreign exchange contracts to hedge its exposure to fluctuations in foreign exchange rates, since income is often received in currencies other than its functional currency. The fair value revaluation of these derivative instruments at 31 December 2021 resulted in a net gain of £1,388,000 (2020 £422,000).

15 DEFERRED TAXATION

	31 December 2021 £'000	31 December 2020 £'000
Other timing differences	(121)	(136)
Tax losses	446	1,034
	<u>325</u>	<u>898</u>

The deferred tax liability arises on the difference in the timing of the recognition of income for tax and accounting purposes of £537,000 (2020 £716,000). The deferred tax asset arises on surplus losses of £2,349,000 (2020 £5,441,000). A potential deferred tax asset of £22,894,000 (2020 £22,831,000) on surplus losses has not been recognised in the financial statements at the Balance Sheet date.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021 (continued)

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2021	31 December 2020
	£'000	£'000
Trade creditors	840	567
Accruals	12,027	8,645
Deferred income	125	107
Corporation tax	2	-
Other creditors including other taxes and social security costs	227	317
	<u>13,221</u>	<u>9,636</u>

17 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 December 2021	31 December 2020
	£'000	£'000
Accrual for leasehold dilapidations expense	156	82
	<u>156</u>	<u>82</u>

18 MINORITY INTEREST

	31 December 2021	31 December 2020
	£'000	£'000
Equity shares and Partnership interests in subsidiaries	76	70
	<u>76</u>	<u>70</u>
 Movements in minority interest in the year:		
Opening balance	70	70
Changes in minority interest in subsidiaries in the year	6	-
Closing balance	<u>76</u>	<u>70</u>

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021 (continued)

19 INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	No. of Shares/ Units	Country of Incorporation/ Registration
Watling Street Limited ¹	4,000	England and Wales
Charterhouse Capital Limited ¹	10,100	England and Wales
Charterhouse Intermediate Holdings Limited ¹	10,000	England and Wales
Charterhouse Capital Investments Limited ¹	1	England and Wales
Charterhouse Capital Partners LLP ¹	77,600	England and Wales
Charterhouse Corporate Directors Limited ¹	100	England and Wales
Charterhouse Development Capital Limited ¹	160,000	England and Wales
Charterhouse General Partners (VII) Limited ¹	40,000	England and Wales
Charterhouse General Partners (IX) Limited ¹	5,000	England and Wales
Charterhouse General Partners (Scotland) Limited ²	1	Scotland
Charterhouse Limited ¹	100	England and Wales
Charterhouse Services France SAS ³	3,700	France
CHEF Nominees Limited ¹	2	England and Wales
Charterhouse General Partners (England) Limited ¹	1	England and Wales
Charterhouse GP LLP ¹	126,200	England and Wales
Charterhouse GP (2) Limited ¹	1	England and Wales
Charterhouse General Partners (Europe) LLP ¹	158	England and Wales
Charterhouse DM Limited ¹	1	England and Wales
Charterhouse GP (10) Limited ¹	1	England and Wales
CCP GP S.à r.l. ⁴	12,000	Luxembourg
CCP SLP LP Inc. ⁵	200	Guernsey
Charterhouse UKCF Limited ¹	1	England and Wales
Charterhouse UKCF DM Limited ¹	1	England and Wales
Charterhouse UKCF GP LLP ¹	100	England and Wales
Charterhouse GP (XI) LLP ¹	1,000	England and Wales
Charterhouse GP (XI) Lux S.à r.l. ⁴	12,000	Luxembourg
Charterhouse Asia Limited ¹	1	England and Wales
CCP XI (Nominees) Limited ¹	1	England and Wales

Note 1: The address of the registered office is Belgrave House, 76 Buckingham Palace Road, London SW1W 9TQ.

Note 2: The address of the registered office is 50 Lothian Road, Festival Square, Edinburgh EH3 9WJ.

Note 3: The address of the registered office is 1 rue Paul Cézanne, 75008 Paris, France.

Note 4: The address of the registered office is 8 rue Notre-Dame, L-2240 Luxembourg, Grand Duchy of Luxembourg.

Note 5: The address of the registered office is First Floor, Albert House, South Esplanade, St Peter Port, Guernsey GY1 1AJ.

All of the above entities are engaged in the provision of private equity fund management and related activities. As at 31 December 2021, the LLP directly owned 100% of Watling Street Limited's ordinary shares and indirectly owned 100% of the other companies' ordinary shares. Charterhouse Development Capital Limited is the Managing Member of Charterhouse Capital Partners LLP. Charterhouse General Partners (England) Limited is the Managing Member of Charterhouse GP LLP and Charterhouse GP (XI) LLP.

Great Castle (General Partner) Limited was placed into a members' voluntary liquidation on 19 January 2021 and dissolved on 7 January 2022.

CCP XI (Nominees) Limited was incorporated on 4 November 2021.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021 (continued)

19 INVESTMENT IN SUBSIDIARY UNDERTAKINGS (continued)

The following entities are exempt from the requirement relating to the audit of individual financial statements for the year ended 31 December 2021 by virtue of Section 479A of the Companies Act 2006 relating to subsidiaries:

Charterhouse DM Limited (registered no. 09847451)
Charterhouse GP (2) Limited (registered no. 09162344)
Charterhouse GP (10) Limited (registered no. 09842375)
Charterhouse Limited (registered no. 04157866)
Charterhouse General Partners (Europe) LLP (registered no. OC395575)
Charterhouse UKCF DM Limited (registered no. 12439759)

PARTNERSHIP	£'000
Cost	
At 1 January and 31 December 2021	<u>4</u>
Carrying amount	
At 1 January and 31 December 2021	<u><u>4</u></u>

20 UNDERTAKINGS NOT CONSOLIDATED

As at 31 December 2021, the Group was the General Partner or Manager of certain funds which have been excluded from consolidation.

Fund	Year end	Beneficial interest in Limited Partnership %	Principal place of business	Investment £'000
Charterhouse Capital Partners IX (in liquidation)	31 December	0.00	England	-
Charterhouse Capital Partners X	31 December	0.00	England	-
Charterhouse Capital Partners XI	31 December	0.00	England	-
UK-China Cooperation Fund LP	31 December	0.00	England	-
Charterhouse Alpha LP	31 December	0.00	England	-
Charterhouse Acrostone LP	31 December	0.00	England	-
Charterhouse Square LP	31 December	0.00	England	-
Charterhouse Tiger LP	31 December	0.00	England	-
Charterhouse Second Tiger LP	31 December	0.00	England	-
CCP IX Co-investment LP (in liquidation)	31 March	0.00	England	-
CCP IX Co-investment No.2 LP (in liquidation)	31 March	0.00	England	-
CCP X Co-investment LP	31 March	0.00	England	4,026
CCP XI Co-investment A.L.P.	31 March	0.00	England	-
CCP UKCF Co-Investment LP	31 March	0.00	England	-
CCP IX Carried Interest Limited Partnerships ¹	31 March	0.00	Scotland	-
CCP X Carried Interest Limited Partnerships ¹	31 March	0.15	Scotland	-
CCP XI Carried Interest LP ¹	31 March	0.00	Scotland	-
CCP UKCF Carried Interest LP ¹	31 March	0.00	Scotland	-
Charterhouse Delaware Investments LP	31 December	0.00	USA	-

Note 1: Where the performance of Managed Funds is in excess of agreed performance targets of the life of the fund, the related carried interest partnerships are allocated a profit share, representing 20% of excess profit.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021 (continued)

21 RECONCILIATION OF OPERATING PROFIT/LOSS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Operating profit/(loss)	831	(482)
Depreciation	876	256
Goodwill amortisation	1,242	1,242
(Increase)/decrease in debtors	(5,438)	1,177
Increase in creditors	3,657	3,281
Taxation paid	(7)	(850)
Net cash inflow from operating activities	<u>1,161</u>	<u>4,624</u>

22 OPERATING LEASE COMMITMENTS

At 31 December 2021, the Group as a lessee had future minimum lease payments under non-cancellable operating leases as set out below:

	Land and Buildings		Other	
	31 December 2021 £'000	31 December 2020 £'000	31 December 2021 £'000	31 December 2020 £'000
Due:				
Within one year	2,948	2,242	17	17
Between one and five years	11,024	11,228	8	25
After five years	<u>8,011</u>	<u>10,767</u>	<u>-</u>	<u>-</u>
	<u>21,983</u>	<u>24,237</u>	<u>25</u>	<u>42</u>

At 31 December 2021, the Group as a lessor had contracted with its tenant for the following future minimum lease payments under a non-cancellable operating lease:

	Land and Buildings		Other	
	31 December 2021 £'000	31 December 2020 £'000	31 December 2021 £'000	31 December 2020 £'000
Due:				
Within one year	774	447	-	-
Between one and five years	3,095	3,095	-	-
After five years	<u>2,116</u>	<u>2,889</u>	<u>-</u>	<u>-</u>
	<u>5,985</u>	<u>6,431</u>	<u>-</u>	<u>-</u>

23 MITIGATION OF RISKS

The Members take appropriate steps to minimise the impact of operational risks faced by the Group through the operation of its board which oversees the Group's risks and ensures that processes to identify, measure and monitor risks are implemented. The impact of foreign exchange risk is monitored and managed through the use of forward foreign exchange contracts where relevant. The Members believe that the Group does not have significant concentrated exposure to other forms of price or credit risk.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021 (continued)

24 RELATED PARTY TRANSACTIONS

As disclosed in note 20, the Group has investments in funds where a Group entity is the General Partner or Manager.

The principal transactions undertaken with the Funds are the provision of management services. The total of the management profit shares and management fees receivable is disclosed in note 4. As at 31 December 2021, management profit shares and management fees of £3,281,000 remained outstanding (2020 £18,000).

Twenty five of the Members entitled to share in the profits of the LLP were also Members of Charterhouse Capital Partners LLP during the year and receive a share of that entity's profit appropriations. In the year, total profit allocations from Charterhouse Capital Partners LLP to LLP Members amounted to £9.0m (2020 £11.5m), of which £0.7m (2020 £2.9m) remained unpaid at the end of the year.