

Exotix Investment Partners LLP

Report and Consolidated Financial Statements

Year Ended

31 March 2019

Company Number OC373699

TUESDAY



L8LGU100

LD7

31/12/2019

#74

COMPANIES HOUSE

Exotix Investment Partners LLP

**Report and financial statements
for the year ended 31 March 2019**

Contents

Page:

1	Members' report
2	Members' responsibilities statement
3	Independent auditor's report
6	Consolidated statement of comprehensive income
7	Consolidated statement of financial position
8	Partnership statement of financial position
9	Notes forming part of the financial statements

Designated Members

A Chappell
IPGL No.4 Ltd (formerly IPGL Overseas Limited)

Registered office

c/o IPGL Limited, 3rd Floor, 39 Sloane Street, Knightsbridge, London, SW1X 9LP

Company number

OC373699

Bankers

HSBC Plc, 196 Oxford Street, London, W1D 1NT

Independent Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Exotix Investment Partners LLP

Members' report for the year ended 31 March 2019

The members present their report together with the financial statements for the year ended 31 March 2019.

Results

The consolidated statement of comprehensive income is set out on page 6 and shows the loss for the year.

Principal activities and review of business

The principal activity of the partnership and its subsidiary undertakings is the proprietary trading of illiquid bonds, loans and equities.

The members consider the financial performance since the formation of the partnership and the year-end position to be satisfactory.

Designated members

A Chappell
IPGL No.4 Ltd (formerly IPGL Overseas Limited)

Policy on members drawings and the subscription and repayment of members' capital

Profits are determined, allocated and divided between members after the finalisation of the accounts. Prior to the allocation of profits and their division between members, drawings are included within debtors. Unallocated profits are included within 'members other interests'. Capital requirements are determined by the designated member and are reviewed at least annually in light of both operational and investment needs. All members are required to subscribe a proportion of that capital, with the amounts being determined by reference to the share of risk to which they are exposed. On retirement, subject to ongoing compliance with the investment requirements placed on the business, capital is repaid to members.


Auditors

All of the current members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the partnership's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The members are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

In preparing this members' report, advantage has been taken of the small Limited Liability Partnerships exemption.

Approved by the members and signed on their behalf on Dec 31, 2019


David Gelber (Dec 31, 2019)

**David Gelber
For and on behalf of IPGL No.4 Ltd (formerly IPGL Overseas Limited)**

Exotix Investment Partners LLP

Members' responsibilities statement

Members' responsibilities

The members are responsible for preparing the Members' Report and the financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts and Audit Application of the Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under these regulations 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). 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, 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the limited liability partnership and group 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 Limited Liability Partnerships (Accounts and Audit Application of the Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the limited liability partnership and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members are responsible for the maintenance and integrity of the corporate financial information included on the limited liability partnership's website. Legislation in the United Kingdom governing the preparation and dissemination official statements may differ from legislation in other jurisdictions.

These responsibilities are exercised by the designated members on behalf of the members.

Exotix Investment Partners LLP

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EXOTIX INVESTMENT PARTNERS LLP

Opinion

We have audited the financial statements of Exotix Investment Partners LLP ("the parent Limited Liability Partnership") and its subsidiary ("the Group") for the year ended 31 March 2019 which comprise the consolidated statement of comprehensive income, the consolidated and partnership statement of financial position and notes to the financial statements, including a summary of significant accounting policies. 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).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Limited Liability Partnership's affairs as at 31 March 2019 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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 the parent Limited Liability Partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group or parent Limited Liability Partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Exotix Investment Partners LLP

Independent auditor's report (*continued*)

Other information

The Members are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Members' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Members' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Limited Liability Partnership and its environment obtained in the course of the audit, we have not identified material misstatements in the Members' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept by the parent Limited Liability Partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Limited Liability Partnership financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Members were not entitled to prepare the financial statements in accordance with the small Limited Liability Partnership's regime.

Responsibilities of Members

As explained more fully in the Members' responsibilities statement, 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.

Exotix Investment Partners LLP

Independent auditor's report (*continued*)

In preparing the financial statements, the Members are responsible for assessing the group and the Limited Liability Partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Members either intend to liquidate the Limited Liability Partnership or to cease operations, or have no realistic alternative but to do so.

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 at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent Limited Liability 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 parent Limited Liability Partnership and the parent Limited Liability Partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Vanessa-Jayne Bradley (*senior statutory auditor*)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date 31 December 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Exotix Investment Partners LLP

Consolidated statement of comprehensive income for the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Realised gain on disposal of investments	1	67	23
Dividend income	1	-	27
Unrealised gain on held for trading investments	1	10	56
Foreign exchange gain/(loss)	1	21	(54)
Income		98	52
Administrative expenses		(468)	(251)
Exceptional item	12	(5,419)	-
Operating loss on ordinary activities before taxation	6	(5,789)	(199)
Tax on (loss)/profit on ordinary activities	7	-	(20)
Loss for the financial year available for discretionary division among members and total comprehensive income for the year		(5,789)	(219)

All amounts relate to continuing activities.

There was no other comprehensive income for 2019 (2018 - £Nil).

The notes on pages 9 to 21 form part of these financial statements.

Exotix Investment Partners LLP

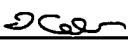
Consolidated statement of financial position at 31 March 2019

Company number OC373699	Note	2019 £'000	2018 £'000
Current assets			
Held for trading investments	9	395	583
Debtors	10	4,560	4,369
Cash at bank and in hand		4,185	4,622
		<u>9,140</u>	<u>9,574</u>
Creditors: amounts falling due within one year	11	(7,587)	(2,165)
		<u>1,553</u>	<u>7,409</u>
Net assets attributable to members		1,553	7,409
Represented by:			
Loans and other debts due to members within one year			
Members' capital classified as equity	14	7,628	7,628
Members' current accounts	14	-	-
		<u>7,628</u>	<u>7,628</u>
Equity		7,628	7,628
Other reserves	14	(6,075)	(219)
		<u>1,553</u>	<u>7,409</u>
Total members' interests			
Loans and other debts due from members		(2,086)	(1,867)
Loans and other debts due to members		-	-
Members' other interest		1,553	7,409
		<u>(533)</u>	<u>5,542</u>

The members acknowledge their responsibility for complying with the requirements of the Companies Act 2006 (as applied to Limited Liability Partnerships) with respect to accounting records and the preparation of the accounts.

The financial statements have been prepared in accordance with the provisions of FRS 102 Section 1A – small entities.

The financial statements were approved by the members and authorised for issue on Dec 31, 2019


David Gelber (Dec 31, 2019)

David Gelber, For and on behalf of IPGL No.4 Ltd (formerly IPGL Overseas Limited)

The notes on pages 9 to 21 form part of these financial statements.

Exotix Investment Partners LLP


LLP statement of financial position at 31 March 2019

Company number OC373699	Note	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Fixed assets					
Investments	8		1		1
Current assets					
Held for trading investments	9	278		423	
Debtors	10	4,718		4,415	
Cash at bank and in hand		4,185		4,622	
		<u>9,181</u>		<u>9,460</u>	
Creditors: amounts falling due within one year	11	<u>(7,580)</u>		<u>(2,135)</u>	
Net current assets			<u>1,601</u>		<u>7,325</u>
Net assets attributable to members			<u>1,602</u>		<u>7,326</u>
Represented by:					
Loans and other debts due to members within one year					
Members' capital classified as equity	15		7,628		7,628
Members' current accounts	15		-		-
Equity			<u>7,628</u>		<u>7,628</u>
Members' other interests	15		<u>(6,026)</u>		<u>(302)</u>
			<u>1,602</u>		<u>7,326</u>
Total members' interests					
Loans and other debts due from members			(2,185)		(1,883)
Loans and other debts due to members			-		-
Members' other interest			<u>1,602</u>		<u>7,326</u>
			<u>(583)</u>		<u>5,443</u>

The members acknowledge their responsibility for complying with the requirements of the Companies Act 2006 (as applied to Limited Liability Partnerships) with respect to accounting records and the preparation of the accounts.

The Limited Liability Partnership has taken advantage of the exemption under Section 408 of the Companies Act 2006 and accordingly has not presented a Company only statement of comprehensive income. The loss after tax of the Limited Liability Partnership alone for the year was £5,740,000 (2018 - loss of £302,000).

The financial statements were approved by the members and authorised for issue on Dec 31, 2019


David Gelber (Dec 31, 2019)

David Gelber, For and on behalf of IPGL No.4 Ltd (formerly IPGL Overseas Limited)

The notes on pages 9 to 21 form part of these financial statements.

Exotix Investment Partners LLP

Notes forming part of the financial statements for the year ended 31 March 2019

1 Accounting policies

Exotix Investment Partners LLP is a Limited Liability Partnership registered in England and Wales. The address of the registered office is given on the contents page and its principal activities are set out in the members' report.

The financial statements have been prepared under the historical cost convention, modified by the revaluation of certain investments, and in accordance with Financial Reporting Standard 102 Section 1A Small Entities, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, including The Statement of Recommended Practice: Accounting by Limited Liability Partnerships (2016).

The preparation of financial statements in compliance with FRS 102 Section 1A – small entities requires the use of certain critical accounting estimates. It also requires the Limited Liability Partnership's management to exercise judgement in applying the Limited Liability Partnership's accounting policies (see note 2).

Parent LLP disclosure exemptions

In preparing the separate financial statements of the parent LLP, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Disclosures in respect of the parent LLP's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent LLP as their remuneration is included in the totals for the group as a whole.
- Exemption from the preparation of a Statement of Cash flows.

The following principal accounting policies have been applied:

Basis of Consolidation

The consolidated financial statements present the results of Exotix Investment Partners LLP and its subsidiary ("the Group") as if they formed a single entity. Intergroup transactions and balances between group companies are therefore eliminated in full.

Going concern

The members have determined that it is appropriate to prepare the accounts on a going concern basis, notwithstanding the negative total member's interest. This was due to the exceptional item in the year which a related party paid post year end. On 13 December 2019, the group paid the related party £4m towards the balance. A paper waiver has been put in place to write off any part of the remaining £1,419,435 outstanding liability within 12 months' time.

Revenue

Revenue comprises dividend income (which is recognised on an accruals basis, when the right to receive has been established) and gains/losses arising from changes in fair value of investments held for trading. Realised gains are calculated as the difference between disposal proceeds and original cost of investments. Realised and unrealised gains and losses are recognised as they arise.

Investments

In the LLP's individual accounts, investments in subsidiaries are measured at cost less accumulated impairment.

Exotix Investment Partners LLP

Notes forming part of the financial statements for the year ended 31 March 2019 (*continued*)

1 Accounting policies (*continued*)

Held for trading investments

Investments are recognised at trade-date and are classified as held-for-trading ("trading investments") if they were principally acquired for selling in the short term. Where investments are held for trading purposes, gains and losses arising from changes in fair value are included in the profit and loss account. The fair values of investments traded in active markets are based on quoted market prices at the year-end date. For investments not traded in active markets (illiquid assets), quoted market prices or dealer quotes for similar instruments are used making provision for the discount that would be required to achieve a sale in markets in which a buyer might not readily be sourced.

The estimated fair value of financial assets and liabilities is made in accordance with the requirements of FRS 102 and the International Private Equity and Venture Capital Valuation Guidelines. Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties on arm's length conditions, other than in a forced sale or liquidation.

Cash and cash equivalents

Cash equivalents includes all investments readily convertible to a known amount of cash and subject to an insignificant risk of changes in value when it has a maturity of three months or less from the date of acquisition.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in sterling, which is the LLP's functional and the group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the group entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Financial assets

Financial assets, other than held for trade investments, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost, less any impairment.

Held for trade investments are measured at fair value with changes recognised in the Statement of Comprehensive Income. The determination of fair value is explained in note 2.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Exotix Investment Partners LLP

Notes forming part of the financial statements for the year ended 31 March 2019 (*continued*)

1 Accounting policies (*continued*)

Profit allocations, drawings and members' capital

Profits attributable to members are determined, allocated and divided between members' after the year end and until that time are included within members' other interests. Any drawings paid in respect of those profits are included within debtors. No member can withdraw or receive back any part of their principal capital contribution account except for in specific circumstances as detailed in the LLP deed and approved by the Board. Members' principal capital is therefore classified as equity.

Reserves

The group's reserves are as follows:

- Members' capital classified as equity represents the capital contributions made by the members;
- Other reserves represents profits and losses not yet allocated to members;
- Amounts due from members represent amounts owed by the members to the Limited Liability Partnership.

Taxation

The taxation payable on the profits of the limited liability partnership is the liability of the individual members. An amount is retained from each member to cover the member's estimated liability for income tax and social security contributions on their profit share. The amounts retained from allocated profits are included within 'loans and other debts due to members'. Corporate subsidiaries of the LLP are included within the consolidated accounts are subject to UK corporation tax based on profits of the accounting year and remain a liability of the company to which it relates (as opposed to the members). This tax charge is recorded in the profit and loss account under the heading 'tax on profit on ordinary activities' and any related liability is included as a creditor in the balance sheet.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any further periods affected. Those estimates and significant judgements deemed critical to the company's results and financial position, based upon materiality and significant judgements are discussed below.

- i) *Financial assets* - for liquid or illiquid financial assets that are quoted in active markets, fair values are determined by reference to the current quoted price. Where independent prices (e.g. for unquoted liquid or liquid items) are not available, fair values may be determined using valuation techniques with reference to observable market data. These may include comparison to similar instruments where market observable prices exist, discounted cash flow analysis and other valuation techniques.

Exotix Investment Partners LLP

Notes forming part of the financial statements for the year ended 31 March 2019 (continued)

3 Financial risk management

Financial risk factors

The group activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk, as explained below. It is from the management of these risks that the group derives its income. The overall financial risk management framework, strategy and policies of the group are determined by the board, representatives of which are responsible for the management of the portfolio of assets held by the group.

Market risk

Foreign exchange risk

The group is exposed to both transitional and translational fluctuations in the value of financial instruments due to exchange rate movements. Although the portfolio of investments is geographically spread across emerging market instruments there is strong correlation of foreign exchange risk to G7 currencies. This exposure is managed as if it were an instrument within the portfolio of assets the group holds.

It is estimated that, based on year-end exchange rates and all other variables remaining constant, that the effect of a 20% strengthening of the Swiss Franc against the Pound would have caused an increase of £15,894 (2018 - £13,958) on the Company's statement of comprehensive income and equity. Similarly, the effect of a 20% weakening of the Swiss Franc against the Pound would have caused a decrease of £10,596 (2018 - £9,305) on the Company's statement of comprehensive income and equity.

The effect of a 20% strengthening of the Japanese Yen against the Pound would have caused an increase of £13,433 (2018 - £25,973) on the Company's statement of comprehensive income and equity. Similarly, the effect of a 20% weakening of the Japanese Yen against the Pound would have caused a decrease of £8,955 (2018 - £17,315) on the Company's statement of comprehensive income and equity.

The table below summarises the group's exposure to concentrations of foreign currencies as at 31 March 2019:

Assets	CHF £'000	JPY £'000	GBP £'000	USD £'000	Total £'000
Held for trading investments	63	54	278	-	395
Debtors	-	-	4,560	-	4,560
Cash at bank	-	-	4,185	-	4,185
	63	54	9,023	-	9,140
Liabilities					
Trade and other payables	-	-	(7,587)	-	(7,587)
Net financial assets	63	54	1,436	-	1,553

Exotix Investment Partners LLP

Notes forming part of the financial statements
for the year ended 31 March 2019 (*continued*)

3 Financial risk management (*continued*)

The table below summarises the group's exposure to concentrations of foreign currencies as at 31 March 2018.

Assets	CHF £'000	JPY £'000	GBP £'000	USD £'000	Total £'000
Held for trading investments	56	104	-	423	583
Debtors	-	-	4,369	-	4,369
Cash at bank	-	-	4,622	-	4,622
	<u>56</u>	<u>104</u>	<u>8,991</u>	<u>423</u>	<u>9,574</u>
Liabilities					
Trade and other payables	-	-	(2,165)	-	(2,165)
	<u>-</u>	<u>-</u>	<u>(2,165)</u>	<u>-</u>	<u>(2,165)</u>
Net financial assets	<u>56</u>	<u>104</u>	<u>6,826</u>	<u>423</u>	<u>7,409</u>

Interest rate risk

The group's financial assets and liabilities are largely non-interest bearing and are held for capital appreciation. The exposure of the group to interest rate risk is therefore minimal.

Price risk

The group is exposed to price risk on the portfolio of assets that it holds for investment purposes and derives its income from the management of this risk. Within a portfolio of investments a mixture of long and short positions and sectorial diversification can result in correlations that minimise the impact of price movements. In the context of the income stream of the group, price risk is a combination of the factors that influence the market price of the instruments in which the investments are made. For fixed income investments price risk is primarily driven by the ability of the obligor to pay capital and interest on the due dates and the volatility of the risk free interest rate. For equity investments, price is influenced by not only the credit quality of the issuer, but also the perception of the volatility and growth of future income streams. The interplay between these factors and the impact global, sectorial or regional economic down-turn has on these price factors means that it is very difficult to quantify price risk.

Normally, this is quantified by the value at risk ("VaR") which quantifies the expected movement in value over a time horizon by projecting forward the historic volatility in price.

As the group has deliberately not sought to hedge exposures within the portfolio and invest only in emerging market securities the portfolio has a high correlation of risk. As a result income is highly susceptible to price movements and, based on year-end portfolio valuation, a 1% strengthening/weakening in the value of the underlying assets would cause a £3,953 (2018 - £5,830) increase/decrease on pre-tax profits. Because the assets in which the group has invested are illiquid and price movements are event driven (such as the restructuring of a defaulted bond) a VaR approach to estimating price risk cannot be taken.

Exotix Investment Partners LLP

Notes forming part of the financial statements
for the year ended 31 March 2019 (*continued*)

3 Financial risk management (*continued*)

Credit risk

Credit risk on the assets held in the portfolio of investments is linked to price risk and managed to produce the income of the group-buying assets in undervalued markets and selling them as the market recognises the hidden value in these assets. When assets are sold there is a temporary credit exposure to the settlement agent but this risk is considered insignificant.

Liquidity risk

All assets held in the portfolio of investments are illiquid. The members have recognised this fact in the valuation of the portfolio and valued the underlying assets at the value at which they consider them to be immediately realisable in order to repay the group's indebtedness, which is repayable on demand. Although all indebtedness is repayable on demand the commitment of the members to provide financing facilities and not seek repayment of indebtedness means that the members consider the funding available to the business to be sufficient for its needs.

Financial assets

The group's classification of financial assets are analysed below:

	2019 Gross financial assets at fair value through profit or loss £'000	2018 Gross financial assets at fair value through profit or loss £'000
Financial assets		
Held-for-trading investments	395	583

The following table categorises the group's financial assets and liabilities held at fair value, by the valuation method applied in determining their fair value:

- 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2). If all significant inputs required to fair value an instrument are observable the instrument is included in level 2.
- 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

Exotix Investment Partners LLP

Notes forming part of the financial statements
for the year ended 31 March 2019 (continued)

3 Financial risk management (continued)

The following table presents the group's assets that are measured at fair value at 31 March 2019:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets				
Held-for-trading investments	-	-	395	395

The following table presents the group's assets that are measured at fair value at 31 March 2018:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets				
Held-for-trading investments	-	-	583	583

4 Information in relation to members

	2019 Number	2018 Number
The average number of members during the year was	12	12

No members received remuneration under either an employment contract or the terms of the limited liability partnership agreement.

5 Employee information

The partnership employed no staff in the year.

6 Operating loss

	2019 £'000	2018 £'000
This has been arrived at after charging:		
Auditors' remuneration (net)		
Fees payable to the limited liability partnership's auditor for the audit of the group's financial statements	16	16
Fees payable to the limited liability partnership's auditor and its associates for other services to the group (net):		
- Services relating to taxation	8	8
- Other services	4	4

Exotix Investment Partners LLP

Notes forming part of the financial statements
for the year ended 31 March 2019 (*continued*)

7 Taxation on profit from ordinary activities

	2019 £'000	2018 £'000
<i>Current tax</i>		
UK corporation tax on profits of the year	-	20
	<hr/>	<hr/>
Taxation charge on ordinary activities	-	20
	<hr/>	<hr/>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 19% (2018 - 19%). The actual tax charge for the current year is less than the standard rate for the reasons set out in the following reconciliation:

	2019 £'000	2018 £'000
Profit on ordinary activities before tax	-	20
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2018 - 19%)	-	103
Effects of:		
Loss relief	-	-
	<hr/>	<hr/>
	-	20
	<hr/>	<hr/>

8 Investments

	Parent investment in subsidiary undertaking £'000
At 31 March 2019	1
	<hr/>
At 31 March 2018	1
	<hr/>

The principal undertakings in which the Limited Liability Partnership's interest in the ordinary share capital at year end is more than 20% are as follows:

Subsidiary undertakings	Activity	Proportion ordinary of shares held	Loss for the year £'000	Capital and reserves £'000
Exotix (2) Limited	Proprietary trading	100%	(51)	(118)

The above undertaking is registered in the United Kingdom.

Exotix Investment Partners LLP

Notes forming part of the financial statements
for the year ended 31 March 2019 *(continued)*

9 Held for trading investments

	Group 2019 £'000	Group 2018 £'000	Parent 2019 £'000	Parent 2018 £'000
Opening balance	583	703	423	655
Additions	-	-	-	-
Disposals	(219)	(122)	(218)	(122)
Net gain/(loss) on revaluation	10	56	57	(60)
Net foreign exchange loss	21	(54)	16	(50)
	<u>395</u>	<u>583</u>	<u>278</u>	<u>423</u>
Listed securities:				
Securities listed on overseas exchanges	-	-	-	-
Unlisted securities	<u>395</u>	<u>583</u>	<u>278</u>	<u>423</u>
	<u>395</u>	<u>583</u>	<u>278</u>	<u>423</u>

10 Debtors

	Group 2019 £'000	Group 2018 £'000	Parent 2019 £'000	Parent 2018 £'000
Amounts due from subsidiary undertakings	-	-	59	30
Amounts due from related parties	2,474	2,474	2,474	2,474
Amounts due from members	2,086	1,867	2,185	1,883
Accrued income	-	28	-	28
	<u>4,560</u>	<u>4,369</u>	<u>4,718</u>	<u>4,415</u>

11 Creditors

	Group 2019 £'000	Group 2018 £'000	Parent 2019 £'000	Parent 2018 £'000
Trade creditors	54	6	52	4
Amounts due to related parties	2,080	2,080	2,080	2,080
Corporation tax	-	20	-	-
Accruals	<u>5,453</u>	<u>59</u>	<u>5,448</u>	<u>51</u>
	<u>7,587</u>	<u>2,165</u>	<u>7,580</u>	<u>2,135</u>

Exotix Investment Partners LLP

**Notes forming part of the financial statements
for the year ended 31 March 2019 (*continued*)**

12 Exceptional item

The exceptional item is a legal claim of £5,419k relating to a transaction entered into in 2014.

13 Related party transactions

The partnership has entered into an exclusive arrangement with Exotix Partners LLP, a partnership under common control, under which the partnership receives custody and market access services. The custody arrangement is not remunerated and Exotix Partners LLP is not required to account to the partnership for profits made on trades executed on behalf of the partnership.

Included within amounts due to related parties is a balance of £2,080,261 (2018 - £2,080,261) with Exotix (1) Limited, a company under common control.

Included within the Exceptional Item is an amount of £1,419,435, which is due to Exotix Partners LLP. Refer to Note 17 for further detail on this balance.

Included within amounts due from related parties is a balance of £571,416 (2018 - £571,416) with Exotix Partners LLP, a limited liability partnership under common control.

Included within amounts due from related parties is a balance of £1,902,868 (2018 - £1,902,868) with Exotix Holdings Limited, a company under common control.

Exotix Investment Partners LLP

Notes forming part of the financial statements
for the year ended 31 March 2019 *(continued)*

14 Members' equity - Group

	Members' capital classified as equity £'000	Other reserves £'000	Total £'000	Loans and other debts due to/(from) members £'000	Total £'000
Members' interests at 31 March 2017	7,628	(2)	7,626	(1,865)	5,761
Loss for the year available for discretionary division among members	-	(219)	(219)	-	(219)
Members' interests after loss for year	7,628	(221)	7,407	(1,865)	5,542
Appropriation of loss in the year	-	2	2	(2)	-
Amounts due to members	7,628	(219)	7,409	-	7,409
Amounts due from members	-	-	-	(1,867)	(1,867)
Members' interests at 31 March 2018	7,628	(219)	7,409	(1,867)	5,542
Loss for the year available for discretionary division among members	-	(5,789)	(5,789)	-	(5,789)
Members' interests after loss for year	7,628	(6,008)	1,620	(1,867)	(247)
Appropriation of loss in the year	-	219	219	(219)	-
Dividend in specie	-	(286)	(286)	-	(286)
Amounts due to members	7,628	(6,075)	1,553	-	1,553
Amounts due from members	-	-	-	(2,086)	(2,086)
Members' interests at 31 March 2019	7,628	(6,075)	1,553	(2,086)	(533)

Exotix Investment Partners LLP

Notes forming part of the financial statements
for the year ended 31 March 2019 (continued)

15 Members' equity - Parent

	Members' capital classified as equity £'000	Other reserves £'000	Total £'000	Loans and other debts due to/(from) members £'000	Total £'000
Members' interests at 31 March 2017	7,628	(17)	7,611	(1,866)	5,745
Profit for the year available for discretionary division among members	-	(302)	(302)	-	(302)
Members' interests after profit for year	7,628	(319)	7,309	(1,866)	5,443
Appropriation of loss in the year	-	17	17	(17)	-
Drawings	-	-	-	-	-
Amounts due to members	7,628	(302)	7,326	-	7,326
Amounts due from members	-	-	-	(1,883)	(1,883)
Members' interests at 31 March 2018	7,628	(302)	7,326	(1,883)	5,443
Loss for the year available for discretionary division among members	-	(5,740)	(5,740)	-	(5,740)
Members' interests after profit for year	7,628	(6,042)	1,586	(1,883)	(297)
Appropriation of loss in the year	-	302	302	(302)	-
Dividends in specie	-	(286)	(286)	-	(286)
Amounts due to members	7,628	(6,026)	1,602	-	1,602
Amounts due from members	-	-	-	(2,185)	(2,185)
Members' interests at 31 March 2019	7,628	(6,026)	1,602	(2,185)	(583)

Exotix Investment Partners LLP

**Notes forming part of the financial statements
for the year ended 31 March 2019 (*continued*)**

16 Controlling party

In the opinion of the members, by virtue of the terms of the members' agreement, there is no controlling party as defined in Section 33 of FRS 102.

17 Post balance sheet events

Post year end, a related party paid the full liability of the claim relating to the exceptional item. On 13 December 2019, the Group paid the related party £4m towards the balance. There is an additional amount of £1.4m still outstanding as part of the indemnity the Group provided the Related Party in relation to the Claim. A paper waiver has been put in place to write off any part of the £1.4m amount that is still outstanding in 12 months' time.






Exotix Investment Partners LLP - Final 2019 Accounts

Final Audit Report

2019-12-31

Created:	2019-12-31
By:	Finance Tellimer (finance@tellimer.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAPGVwwXGTjncqoNfR4ssJx6UT2nuo0UhC

"Exotix Investment Partners LLP - Final 2019 Accounts" History

-  Document created by Finance Tellimer (finance@tellimer.com)
2019-12-31 - 10:24:26 GMT- IP address: 147.78.60.80
-  Document emailed to David Gelber (dgelber@gmail.com) for signature
2019-12-31 - 10:28:56 GMT
-  Email viewed by David Gelber (dgelber@gmail.com)
2019-12-31 - 10:29:31 GMT- IP address: 66.249.93.44
-  Document e-signed by David Gelber (dgelber@gmail.com)
Signature Date: 2019-12-31 - 10:30:39 GMT - Time Source: server- IP address: 90.252.90.225
-  Signed document emailed to Finance Tellimer (finance@tellimer.com), sophie.dalby@bdo.co.uk and David Gelber (dgelber@gmail.com)
2019-12-31 - 10:30:39 GMT