

Exotix Investment Partners LLP

Unaudited Report and Financial Statements

Year Ended

31 March 2021

Company Number OC373699

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Exotix Investment Partners LLP

**Report and financial statements
for the year ended 31 March 2021**

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Designated Members

A Chappell
IPGL No.4 Ltd

Registered office

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

Company number

OC373699

Accountants

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

Exotix Investment Partners LLP

Members' report for the year ended 31 March 2021

The members present their report together with the unaudited financial statements for the year ended 31 March 2021.

Results

The statement of comprehensive income is set out on page 4 and shows the profit for the year.

Principal activities and review of business

The members have decided that the principal activity of the LLP, namely the proprietary trading of illiquid bonds, loans and equities, shall cease. The LLP is now in the process of selling all remaining held-for-trading investments, and will not actively purchase any further investments. Once all remaining investments have been sold, the LLP will be dissolved. The financial statements have therefore been prepared on a basis other than the going concern basis.

Designated members

A Chappell and IPGL No.4 Ltd were designated members of the LLP throughout the period.

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.

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 20/12/2021



**David Gelber
For and on behalf of IPGL No.4 Ltd**

Exotix Investment Partners LLP

Members' responsibilities statement for the year ended 31 March 2021

Members' responsibilities

The members are responsible for preparing the members' report and the financial statements in accordance with applicable law and regulation.

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 these regulations the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the limited liability partnership and of the profit or loss of the limited liability partnership for that period.

In preparing 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the limited liability partnership will continue in business. As explained in note 1 to the financial statements, the members do not believe the going concern basis to be appropriate and, in consequence, these financial statements have not been prepared on that basis.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the limited liability partnership's transactions, 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Exotix Investment Partners LLP

Chartered accountants' report to the members on the preparation of the unaudited financial statements of Exotix Investment Partners LLP for the year ended 31 March 2021

In order to assist you to fulfil your duties under the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008, we have prepared for your approval the financial statements of Exotix Investment Partners LLP for the year ended 31 March 2021 which comprise the statement of comprehensive income, the statement of financial position and the related notes from the limited liability partnership's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <https://www.icaew.com/regulation/a-z>.

It is your duty to ensure that Exotix Investment Partners LLP has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and profit of Exotix Investment Partners LLP. You consider that Exotix Investment Partners LLP is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Exotix Investment Partners LLP. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.

Use of our report

This report is made solely to the members of Exotix Investment Partners LLP, as a body, in accordance with the terms of our engagement letter dated 17 May 2021. Our work has been undertaken solely to prepare for your approval the accounts of Exotix Investment Partners LLP and state those matters that we have agreed to state to the limited liability partnership's members, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the limited liability partnership and the limited liability partnership's members as a body for our work or for this report.

BDO LLP

BDO LLP
Chartered Accountants
London
United Kingdom

Date: 21 December 2021

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

Exotix Investment Partners LLP

Statement of comprehensive income for the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Realised gain on disposal of investments	1	-	32
Dividend income	1	-	14
Unrealised (loss)/gain on held for trading investments	1	-	(37)
Foreign exchange gain	1	-	5
		<hr/>	<hr/>
Income		-	14
Administrative expenses		3	(65)
		<hr/>	<hr/>
Profit/(loss) for the financial year before members' remuneration and profit shares		3	(51)
Members' remuneration charged as an expense		-	-
		<hr/>	<hr/>
Profit/(loss) for the financial year available for discretionary division among members and total comprehensive income for the year		3	(51)
		<hr/>	<hr/>

All operations in the current and preceding period are discontinued.

There was no other comprehensive income for 2021 (2020 - £Nil).

The notes on pages 7 to 17 form part of these financial statements.

Exotix Investment Partners LLP

Statement of financial position at 31 March 2021

<i>Company number OC373699</i>	<i>Note</i>	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Fixed assets					
Investments	6		1		1
Current assets					
Held for trading investments	7	124		124	
Debtors	8	8,069		8,034	
Cash at bank and in hand		-		-	
		<u>8,193</u>		<u>8,158</u>	
Creditors: amounts falling due within one year	9	(1,003)		(1,022)	
Net current assets			<u>7,190</u>		<u>7,136</u>
Net assets attributable to members			<u>7,191</u>		<u>7,137</u>
Represented by:					
Loans and other debts due to members within one year					
Members' capital classified as equity	11		7,628		7,628
Members' current accounts	11		-		-
Equity			<u>7,628</u>		<u>7,628</u>
Members' other interests	11		(437)		(491)
			<u>7,191</u>		<u>7,137</u>

Exotix Investment Partners LLP

Statement of financial position (continued) at 31 March 2021

Note	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Total members' interests				
Loans and other debts due from members		(7,956)		(7,925)
Loans and other debts due to members		-		-
Members' other interest		7,191		7,137
		<u>(765)</u>		<u>(788)</u>

The entity was entitled to exemption from audit under section 477 of the Companies Act 2006, as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

The members acknowledge their responsibilities for complying with the requirements of the Companies Act 2006, as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small LLPs regime and 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 20/12/2021



David Gelber
For and on behalf of IPGL No.4 Ltd

The notes on pages 7 to 17 form part of these financial statements.

Exotix Investment Partners LLP

Notes forming part of the financial statements for the year ended 31 March 2021

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 (2018).

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).

The following principal accounting policies have been applied:

Exemption from preparing consolidated financial statements

The LLP, and the group headed by it, qualify as small as set out in section 383 of the Companies Act 2006 and the parent and group are considered eligible for the exemption to prepare consolidated financial statements.

Going concern

The members have decided that the principal activity of the LLP, namely the proprietary trading of illiquid bonds, loans and equities, shall cease. The LLP is now in the process of selling all remaining held-for-trading investments, and will not actively purchase any further investments. Once all remaining investments have been sold, the LLP will be dissolved. The financial statements have therefore been prepared on a basis other than the going concern basis.

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

Investments in subsidiaries are measured at cost less accumulated impairment.

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 or loss. 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.

Exotix Investment Partners LLP

Notes forming part of the financial statements for the year ended 31 March 2021 *(continued)*

1 Accounting policies *(continued)*

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

(b) Transactions and balances

Foreign currency transactions are translated into the LLP'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 profit or loss. 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.

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.

Exotix Investment Partners LLP

Notes forming part of the financial statements for the year ended 31 March 2021 (*continued*)

1 Accounting policies (*continued*)

Reserves

The LLP'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'.

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 Limited Liability Partnership's results and financial position 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 2021 (*continued*)

3 Financial risk management

Financial risk factors

The LLP's 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 LLP derives its income. The overall financial risk management framework, strategy and policies of the LLP are determined by the board, representatives of which are responsible for the management of the portfolio of assets held by the LLP.

Market risk

Foreign exchange risk

The LLP 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 LLP holds.

The table below summarises the LLP's exposure to concentrations of foreign currencies as at 31 March 2021.

	GBP £'000	Total £'000
Assets		
Held for trading investments	124	124
Debtors	8,069	8,069
Cash at bank	-	-
	<hr/>	<hr/>
	8,193	8,193
Liabilities		
Trade and other payables	1,003	1,003
	<hr/>	<hr/>
Net financial assets	7,190	7,190
	<hr/>	<hr/>

Exotix Investment Partners LLP

Notes forming part of the financial statements
for the year ended 31 March 2021 (*continued*)

3 Financial risk management (*continued*)

The table below summarises the LLP's exposure to concentrations of foreign currencies as at 31 March 2020.

	GBP £'000	Total £'000
Assets		
Held for trading investments	124	124
Debtors	8,034	8,034
Cash at bank	-	-
	<hr/>	<hr/>
	8,158	8,158
Liabilities		
Trade and other payables	(1,022)	(1,022)
	<hr/>	<hr/>
Net financial assets	7,136	7,136
	<hr/>	<hr/>

Interest rate risk

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

Price risk

The LLP 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 LLP, 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 LLP 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 £1k (2020 - £1k) increase/decrease on pre-tax profits. Because the assets in which the LLP 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 2021 (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 LLP - 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 LLP'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 LLP's classification of financial assets are analysed below:

	2021 Gross financial assets at fair value through profit or loss £'000	2020 Gross Financial assets at fair value through profit or loss £'000
Financial assets		
Held-for-trading investments	124	124

The following table categorises the LLP'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 2021 *(continued)*

3 Financial risk management *(continued)*

The following table presents the LLP's assets that are measured at fair value at 31 March 2021:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets				
Held-for-trading investments	-	-	124	124
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The following table presents the LLP's assets that are measured at fair value at 31 March 2020:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets				
Held-for-trading investments	-	-	124	124
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

4 Information in relation to members

	2021 Number	2020 Number
The average number of members during the year was	12	12
	<u> </u>	<u> </u>

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.

Exotix Investment Partners LLP

Notes forming part of the financial statements
for the year ended 31 March 2021 *(continued)*

6 Investments

	Investment in subsidiary undertaking £'000
At 31 March 2021	1
At 31 March 2020	1

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	Profit for the year £'000	Capital and reserves £'000
Exotix (2) Limited	Proprietary trading	100%	1	(114)

The registered office of the above subsidiary is c/o IPGL Limited, 3rd Floor, 39 Sloane Street, London, SW1X 9LP.

7 Held for trading investments

	2021 £'000	2020 £'000
Opening balance	124	278
Additions	-	-
Disposals	-	(122)
Net gain/(loss) on revaluation	-	(37)
Net foreign exchange gain	-	5
	<u>124</u>	<u>124</u>
 Listed securities:		
Securities listed on overseas		
Exchanges	-	-
Unlisted securities	124	124
	<u>124</u>	<u>124</u>

Exotix Investment Partners LLP

Notes forming part of the financial statements
for the year ended 31 March 2021 (*continued*)

8	Debtors	2021	2020
		£'000	£'000
	Amounts due from subsidiary undertakings	113	109
	Amounts due from members	7,956	7,925
		<hr/>	<hr/>
		8,069	8,034
		<hr/>	<hr/>
9	Creditors	2021	2020
		£'000	£'000
	Trade creditors	-	16
	Amounts due to related parties	1,003	1,003
	Accruals	-	3
		<hr/>	<hr/>
		1,003	1,022
		<hr/>	<hr/>

10 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 £1,003k (2020 - £1,003k) 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 2021 *(continued)*

11 Members' equity

	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 2019	7,628	(6,026)	1,602	(2,185)	(583)
Loss for the year available for discretionary division among members	-	(51)	(51)	-	(51)
Members' interests after loss for year	7,628	(6,077)	1,551	(2,185)	(634)
Appropriation of loss in the year	-	5,740	5,740	(5,740)	-
Distribution in specie	-	(154)	(154)	-	(154)
Amounts due to members	7,628	(491)	7,137	-	7,137
Amounts due from members	-	-	-	(7,925)	(7,925)
Members' interests at 31 March 2020	7,628	(491)	7,137	(7,925)	(788)
Profit for the year available for discretionary division among members	-	3	3	-	3
Members' interests after profit for year	7,628	(488)	7,140	(7,925)	(785)
Appropriation of loss in the year	-	51	51	(51)	-
Other movements	-	-	-	20	20
Amounts due to members	7,628	(437)	7,191	-	7,191
Amounts due from members	-	-	-	(7,956)	(7,956)
Members' interests at 31 March 2021	7,628	(437)	7,191	(7,956)	(765)

There are no existing restrictions or limitations which impact the ability of the members of the LLP to reduce the amount of members' other interests.

Exotix Investment Partners LLP

**Notes forming part of the financial statements
for the year ended 31 March 2021 (*continued*)**

12 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.