**Fullbrook Thorpe Investments LLP**

# Members' report and financial statements

Registered number OC397903

31 March 2021

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# Contents

# Members' report

The members present their report and financial statements for the year ended 31 March 2021.

## Principal activity

Fullbrook Thorpe Investments LLP is a limited liability partnership registered in England and Wales.

The principal activity of the LLP is that of a private equity investment company.

## Results

The results for the year are set out on page 4.

## Designated members

The designated members during the year and to the date of this report are as follows:

AT Borkowski
TA Leaver

## Members' drawings and capital policy

The members participate fully in the LLP's profit, share the risks and subscribe to the LLP's capital.

Profit shares are determined based on the terms set out in the members' agreement.

Members contribute their capital at par and retiring members are also repaid their capital at par.

The firm's drawings policy allows each member to draw their profit share as and when required, as long as the LLP's working capital requirements permit.

Signed on behalf of the members

A.T. Borkowski

**AT Borkowski**
***Designated member***

Dated: 11 June 2021

# Responsibilities of members in respect of the members' report and the financial statements

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 Companies Act 2006) Regulations 2008 requires the members to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

Under Regulation 8 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 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 LLP and of the profit or loss of the LLP 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;
- assess the LLP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.

Under Regulation 6 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, the members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with those regulations. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the LLP and to prevent and detect fraud and other irregularities.

Engaging professional accountants to compile the financial statements cannot be regarded as providing assurance on the adequacy of the LLP's systems or on the incidence of fraud, non-compliance with laws and regulations or weaknesses in internal controls, and does not relieve the members of their responsibilities in this respect.

KPMG

## Chartered accountants' report to the members on compilation of the unaudited statutory financial statements of Fullbrook Thorpe Investments LLP

In order to assist you to fulfil your duties under the Companies Act 2006, as applied to limited liability partnerships, we have compiled for your approval the financial statements of Fullbrook Thorpe Investments LLP (the 'LLP') for the year ended 31 March 2021 which comprise the profit and loss account, the balance sheet, the statement of members interests and the related notes from the LLP's accounting records and from information and explanations you have given us.

This report is made solely to the LLP's members, as a body, in accordance with the terms of our engagement. Our work has been undertaken so that we might compile, for approval by the LLP's members, the financial statements that we have been engaged to compile, report to the LLP's members, as a body, that we have done so, and state those matters that we have agreed to state to them in this 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 LLP and the LLP's members, as a body, for our work, or for this report.

We performed our work having regard to guidance in Technical Release TECH07/16AAF *Chartered accountants' reports on the compilation of financial statements of incorporated entities* issued by The Institute of Chartered Accountants in England and Wales (ICAEW). As a member firm of the ICAEW, we are subject to its ethical and other professional requirements which are detailed at www.icaew.com/en/members/regulations-standards-and-guidance.

You have acknowledged your duty to ensure that Fullbrook Thorpe Investments LLP has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of the LLP, and for electing to prepare the financial statements in accordance with UK Accounting Standards including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.* You consider that the LLP is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit or a review of the financial statements. 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 financial statements.

KPMG LLP

**KPMG LLP**

*Chartered Accountants*
St Nicholas House
Park Row
Nottingham
NG1 6FQ

Dated: 11 June 2021

# Profit and loss account
*for the year ended 31 March 2021*

| | Note | 2021 £000 | 2020 £000 |
|---|---|---|---|
| Investment income | 2 | **4,132** | 5,822 |
| Operating expenses | 3 | **(482)** | (531) |
| Net realised gain | 4 | **5,116** | 1,968 |
| Net unrealised loss | 6 | **(871)** | (1,761) |
| **Operating gain** | | **7,895** | 5,498 |
| Interest receivable on bank deposits | | **-** | 2 |
| **Profit before members' remuneration and profit shares** | | **7,895** | 5,500 |
| Members' remuneration charged as an expense | | **(411)** | (376) |
| **Profit for the financial period available for discretionary division amongst the members** | | **7,484** | 5,124 |

There were no recognised gains and losses in the period apart from those included in the profit and loss account, therefore no statement of other comprehensive income has been presented.

All amounts relate to continuing operations.

## Balance sheet
*at 31 March 2021*

| | Note | 2021 £000 | 2021 £000 | 2020 £000 | 2020 £000 |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Tangible assets | 5 | | 1 | | 2 |
| Investments | 6 | | 45,841 | | 48,967 |
| | | | 45,842 | | 48,969 |
| **Current assets** | | | | | |
| Debtors (including £nil *(2020: £1,143,000)* due after more than one year) | 7 | 2,103 | | 1,869 | |
| Cash at bank and in hand | 8 | 1,460 | | 942 | |
| | | 3,563 | | 2,811 | |
| **Creditors:** amounts falling due within one year | 9 | (68) | | (46) | |
| | | | 3,495 | | 2,765 |
| **Net assets attributable to members** | | | 49,337 | | 51,734 |
| *Represented by:* | | | | | |
| **Loans and other debts due to members** | | | | | |
| Members' capital classified as a liability | | | 150 | | 150 |
| Other amounts | | | 47,154 | | 46,343 |
| | | | 47,304 | | 46,493 |
| **Equity** | | | | | |
| Members' other interests | | | 2,033 | | 4,491 |
| Capital contribution reserve | | | - | | 750 |
| **Total members' interests** | | | 49,337 | | 51,734 |

The accounts have been prepared and delivered in accordance with the special provisions of Part 15 of the Companies Act 2006 as modified by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 relating to small LLPs.

For the year ending 31 March 2021 the LLP was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small LLPs.

Members' responsibilities:

- the members have not required the LLP to obtain an audit of its accounts for the year in question in accordance with section 476.
- the members acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements were approved by the members on 11 June 2021 and were signed on behalf of the members by:

A.T. B

**AT Borkowski**
*Designated Member*

Registered number OC397903

# Statement of members' interests

| | Members' other interests | | | Loans and other debts due to members | | | |
|---|---|---|---|---|---|---|---|
| | **Capital contribu-tion reserve £000** | **Profits/ (losses) to be allocated £000** | **Total £000** | **Members' capital classed as a liability £000** | **Other amounts £000** | **Total £000** | **Total members' interests £000** |
| Members' interests at 1 April 2019 | - | 6,327 | 6,327 | 150 | 47,676 | 47,826 | 54,153 |
| Profit for financial year | - | 5,124 | 5,124 | - | - | - | 5,124 |
| Allocation of prior year profits | - | (1,050) | (1,050) | - | 1,050 | 1,050 | - |
| Allocation of current year profits | - | (5,910) | (5,910) | - | 5,910 | 5,910 | - |
| Transfer | 750 | - | 750 | - | (750) | (750) | - |
| Receipts from members | - | - | - | - | 6,307 | 6,307 | 6,307 |
| Drawings | - | - | - | - | (13,850) | (13,850) | (13,850) |
| **Members' interests at 31 March 2020** | **750** | **4,491** | **5,241** | **150** | **46,343** | **46,493** | **51,734** |

| | Members' other interests | | | Loans and other debts due to members | | | |
|---|---|---|---|---|---|---|---|
| | **Capital contribu-tion reserve £000** | **Profits/ (losses) to be allocated £000** | **Total £000** | **Members' capital classed as a liability £000** | **Other amounts £000** | **Total £000** | **Total members' interests £000** |
| Members' interests at 1 April 2020 | 750 | 4,491 | 5,241 | 150 | 46,343 | 46,493 | 51,734 |
| Profit for financial year | - | 7,484 | 7,484 | - | - | - | 7,484 |
| Allocation of prior year profits | - | (4,134) | (4,134) | - | 4,134 | 4,134 | - |
| Allocation of current year profits | - | (6,558) | (6,558) | - | 6,558 | 6,558 | - |
| Receipts from members | - | - | - | - | 6,050 | 6,050 | 6,050 |
| Transfer | (750) | 750 | - | - | - | - | - |
| Drawings | - | - | - | - | (15,931) | (15,931) | (15,931) |
| **Members' interests at 31 March 2021** | **-** | **2,033** | **2,033** | **150** | **47,154** | **47,304** | **49,337** |

# Notes

*(forming part of the financial statements)*

## 1 Accounting policies

Fullbrook Thorpe Investments LLP (the "LLP") is a limited liability partnership incorporated and domiciled in England and Wales, with registered number OC397903. The registered office of the LLP is The Boardwalk, Mercia Marina, Findern Lane, Willington, Derbyshire, United Kingdom, DE65 6DW.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*) as issued in March 2018, including the Statement of Recommended Practice, 'Accounting by Limited Liability Partnerships'.

The LLP is exempt by virtue of the small companies regime of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the LLP as an individual undertaking and not about its group.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the members, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 13.

### *1.1. Measurement convention*

The financial statements are prepared on the historical cost basis except investments in equity shares (which are not classified as subsidiaries or participating interests) are measured at fair value where this can be measured reliably.

### *1.2. Going concern*

The financial statements have been prepared on the going concern basis which the members believe to be appropriate for the following reasons. The members actively manage the LLP's portfolio of investments, including assessing the related Covid-19 exposure. The LLP had cash balances of £1,460,000 at 31 March 2021 and the members have prepared cash flow forecasts for a 12 month period from the date of approval of these financial statements and such forecasts have indicated that sufficient funds should be available to enable the LLP to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

As a result, the members believe that it remains appropriate to prepare the financial statements on a going concern basis.

### *1.3. Members' remuneration*

Members remuneration is classified as where the members agreement gives rise to an automatic division of profits such that the LLP has an unconditional obligation to divide those profits.

Conversely, for amounts that are not automatically divided between members, i.e. where the LLP has an unconditional right to refuse payment of the profits until a decision is taken by the LLP, the amounts are classified as an appropriation of equity.

### *1.4. Members' capital balances*

Members' capital balances are repayable to the members after cessation of membership and hence are liabilities of the LLP. Accordingly, under the provisions of FRS 102, members' capital balances are classified within 'Loan and other debts due to members' in the balance sheet. Loan and other debts due to members are unsecured and rank alongside other creditors in the event of a winding up. There are no restrictions on the ability of members to reduce the amount of members' other interests.

Other amounts due to members are non-interest bearing, unsecured and repayable on demand.

### *1.5. Taxation*

The taxation payable on the profits of the LLP is the personal liability of the members during the year and accordingly, no provision is made in the accounts.

# Notes *(continued)*

## 1 Accounting policies *(continued)*

### *1.6. Investments*

The LLP makes and holds investments with a view to earning investment income and realising gains on subsequent disposals. Investments by the LLP are typically made through shares (ordinary shares and/or preference shares), loan notes, or a combination of both.

The purchase or sale of investments is recognised at the date of completion.

Any gain or loss on de-recognition is recognised in the profit and loss account within 'net realised gain'.

*Investments in subsidiaries*

These are separate financial statements of the LLP and therefore although these investments in subsidiaries are held as part of an investment portfolio, they are carried at cost less impairment in accordance with FRS 102 Section 9 *Consolidated and separate financial statements.*

*Investments in associates*

These are separate financial statements of the LLP and therefore although these investments in associates are held as part of an investment portfolio, they are carried at cost less impairment in accordance with FRS 102 Section 14 *Associates*. Investments in associates are disclosed as 'participating interests' in note 6.

*Other investments in equity instruments*

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognised in profit or loss. Otherwise, investments are measured at cost less impairment. Investments in equity instruments are disclosed as 'other investments other than loans' in note 6.

Where investments are recognised at fair value, this is determined using one of the following methodologies;

- Earnings multiple (based on comparable quoted multiples);
- Price of recent investment;
- Net assets;
- Discounted cash flows or earnings from the underlying business; or
- Closing bid price, in the case of quoted investments for which an active market exists.

*Investments in debt instruments*

Investments in debt instruments (for example loan notes, and preference shares classified as a liability by the issuer) are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

### *1.7. Financial instruments*

*Trade debtors / creditors*

Trade debtors are recognised initially at transaction price less attributable transaction costs. Trade creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

*Accrued interest income*

In these financial statements, accrued interest income is recognised within investments or within debtors dependent on when it is anticipated that this is receivable.

Interest anticipated to be received only on exit of an investment is classified within investments due to the long-term nature of its recoverability. Otherwise it is included within debtors and split between amounts falling due within one year or after one year dependent on when the interest is contractually due to be received.

## Notes *(continued)*

### 1 Accounting policies *(continued)*

### *1.6. Financial instruments (continued)*

*Cash and cash equivalents*

Cash and cash equivalents comprise cash balances.

*Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

### *1.8. Impairment*

*Financial assets – including trade debtors, investments in debt instruments and other investments in equity instruments*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

<u>Trade debtors and investments in debt instruments (held at amortised cost)</u>

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

<u>Investments held at cost less impairment</u>

For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the LLP would receive for the asset if it were to be sold at the reporting date.

*Non-financial assets – including tangible fixed assets and investments in subsidiaries and participating interests*

The carrying amounts of the LLP's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU").

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

# Notes *(continued)*

## 1 Accounting policies *(continued)*

### *1.9. Investment income*

*Arrangement, monitoring and administration fees*

Arrangement, monitoring and administration fees in relation to investments and loans made by the LLP are recognised when the services are performed by the LLP, at which point the LLP is entitled to the consideration.

*Loan interest*

Interest receivable on loans is calculated using the effective interest method.

*Dividend income*

Dividend income on preference shares (classified as a liability by the issuer) is calculated using the effective interest rate method. Dividend income on equity shares is recognised on the date that the right to receive the income is established.

### *1.10. Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

- fixtures and fittings - 5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the LLP expects to consume an asset's future economic benefits.

## 2 Investment income

| | 2021<br>£000 | 2020<br>£000 |
|---|---|---|
| Dividend income – investee companies | 710 | 2,239 |
| Loan interest – investee companies | 3,223 | 3,360 |
| Arrangement, monitoring and administrating fees | 199 | 223 |
| | **4,132** | 5,822 |

All investment income is generated in the United Kingdom and relates to the services provided in undertaking the principal activity of the LLP.

Investment income generated from related parties is disclosed in note 11.

## 3 Staff numbers and costs

The LLP employed two *(2020: two)* employees during the year.

## 4 Realised capital transactions

| | 2021<br>£000 | 2020<br>£000 |
|---|---|---|
| Proceeds received | 6,709 | 5,724 |
| Exit fees | (158) | (310) |
| Fair value at disposal (note 6) | (1,435) | (3,446) |
| | **5,116** | 1,968 |

## Notes *(continued)*

### 5 Tangible fixed assets

| | Fixtures and fittings £000 |
|---|---|
| **Cost** | |
| Balance at 1 April 2020 and 31 March 2021 | 4 |
| **Depreciation and impairment** | |
| Balance at 1 April 2020 | 2 |
| Charge in the year | 1 |
| Balance at 31 March 2021 | 3 |
| **Net book value** | |
| **At 31 March 2021** | 1 |
| At 31 March 2020 | 2 |

### 6 Fixed asset investments

| | Shares in group undertakings £000 | Participating interests £000 | Other investments other than loans £000 | Loans £000 | Total £000 |
|---|---|---|---|---|---|
| Cost at 1 April 2020 | 560 | 140 | 6,308 | 41,143 | 48,151 |
| Impairment at 31 March 2020 | - | - | (252) | (898) | (1,150) |
| Unrealised surplus at 1 April 2020 | - | - | 1,966 | - | 1,966 |
| Carrying amount at 1 April 2020 | 560 | 140 | 8,022 | 40,245 | 48,967 |
| Additions | 96 | - | 1,619 | 6,942 | 8,657 |
| Accrued interest income | - | - | - | 550 | 550 |
| Realisations from disposals (note 4) | - | - | (1,435) | - | (1,435) |
| Redemptions / repayments | - | - | - | (10,027) | (10,027) |
| Impairment | - | - | - | (2,040) | (2,040) |
| Net gain from fair value adjustments | - | - | 1,169 | - | 1,169 |
| **Carrying amount at 31 March 2021** | **656** | **140** | **9,375** | **35,670** | **45,841** |
| *Represented by:* | | | | | |
| Cost at 31 March 2021 | 656 | 140 | 7,743 | 38,608 | 47,147 |
| Impairment at 31 March 2021 | - | - | (290) | (2,938) | (3,228) |
| Unrealised surplus at 31 March 2021 | - | - | 1,922 | - | 1,922 |
| **At 31 March 2021** | **656** | **140** | **9,375** | **35,670** | **45,841** |

Included in 'other investments other than loans' are listed investments amounting to £5,607,000 *(2020: £1,210,000).*

The net unrealised loss of £871,000 consists of the impairment of £2,040,000 and the net gain from fair value adjustments of £1,169,000.

## Notes *(continued)*

### 7 Debtors

| | 2021 £000 | 2020 £000 |
|---|---|---|
| Trade debtors | **79** | 69 |
| Interest income receivable | **409** | 286 |
| Prepayments | **8** | 9 |
| Accrued income | **1,607** | 1,505 |
| | **2,103** | 1,869 |
| Due within one year | **2,103** | 773 |
| Due after more than one year | **-** | 1,096 |
| | **2,103** | 1,869 |

### 8 Cash and cash equivalents

| | 2021 £000 | 2020 £000 |
|---|---|---|
| Cash at bank and in hand | **1,460** | 942 |

### 9 Creditors: amounts falling due within one year

| | 2021 £000 | 2020 £000 |
|---|---|---|
| Accruals and deferred income | **68** | 46 |

## Notes *(continued)*

### 10 Financial instruments

***(a) Carrying amount of financial instruments***

The carrying amounts of the financial assets and liabilities include:

| | 2021 £000 | 2020 £000 |
|---|---|---|
| Assets measured at fair value through profit and loss | **8,660** | 7,617 |

***(b) Financial instruments measured at fair value***

Financial instruments measured at fair value through profit and loss consist of a number of investments, some of which are listed on a recognised public market.

*Market risk*

Market risk embodies the potential for losses on investments. This risk is managed through the active management of the LLP's portfolio of investments. Investment in smaller quoted companies (AIM), unquoted equity and loans is, by its nature, exposed to a higher degree of risk than investment in larger quoted or listed assets.

Price risk

Substantially all of the LLP's investments are in unquoted companies. Where fair value can be measured reliably, valuation methods include the use of earnings multiples derived from similar listed companies or recent comparable transactions.

Interest rate risk

The LLP's investments in loan notes and other loans comprise of both fixed interest rate and variable interest rate arrangements. Consequently, the LLP is exposed to variations in the prevailing level of market interest rates.

*Credit risk*

The LLP has exposure to credit risk in respect of the investments in loans it has made into investee companies, most of which have no security attached to them, and where they do, such security ranks behind any bank debt that an investee company may have. The LLP manages credit risk by ensuring management accounts are received from portfolio companies, and members of the LLP often sit on the boards of unquoted portfolio companies, enabling the close identification, monitoring and management of investment-specific credit risk.

*Liquidity risk*

The LLP's financial instruments include investments in unquoted equity investments which are not traded on a recognised public market and which are generally illiquid. As a result, the LLP may not be able to quickly liquidate some of its investments in these instruments at an amount close to their fair value in order to meet its liquidity requirements. The LLP mitigates this risk by maintaining sufficient investments in cash to pay any short-term liabilities.

## Notes *(continued)*

### 11 Related parties

The LLP has received preference share dividends of £nil *(2020: £5,000)* from Reuben Colley Fine Arts Limited. The LLP received income of £5,000 *(2020: £5,000)* for professional fees during the period.

The LLP has received income of £nil *(2020: £9,000)* for professional fees during the year from Brit Restaurants Limited, an associate of the LLP until its disposal during the prior year.

The LLP holds loan notes totalling £9,452,000 *(2020: £9,452,000)* issued by Bionical Limited, a company controlled by a member of the LLP, through the subscription of loan notes in that entity. The loan notes accrue interest at the higher of Base Rate + 9.5% or 10%, and are repayable on the sale or listing of that entity, with voluntary repayments allowed from six months after the date of issue. The LLP has recognised interest income of £945,000 *(2020: £970,000)* (of which £nil *(2020: £nil)* is receivable at 31 March 2021) and received professional fees of £30,000 *(2020: £50,000)* during the year from the entity. The LLP made purchases of £21,000 *(2020: £18,000)* from Bionical Limited during the year.

During the year the LLP advanced £950,000 *(2020: £nil)* to Bionical Solutions Group Limited, a company controlled by a member of the LLP, through the subscription of loan notes in that entity. The total loan notes held by the LLP at 31 March 2021 is £11,184,000 *(2020: £10,234,000)*. The loan notes accrue interest at the higher of Base Rate + 9.5% or 10%, and are repayable on the sale or listing of that entity, with voluntary repayments allowed from six months after the date of issue. The LLP has recognised interest income of £1,098,000 *(2020: £1,050,000)* (of which £nil *(2020: £5,000)* is receivable at 31 March 2021) and received professional fees of £40,000 *(2020: £47,000)* during the year from the entity.

During the year the LLP advanced short term loans totalling £2,700,000 *(2020: £1,950,000)* to Bionical Solutions Group Limited, of which £2,450,000 was repaid, leaving a balance at 31 March 2021 of £2,200,000. These short term loans accrued interest of £463,000 *(2020: £88,000)* of which £nil *(2020: £nil)* is receivable at 31 March 2021.

The LLP has received income of £2,000 *(2020: £2,000)* for professional fees during the year from Claven Group Limited, a subsidiary of the LLP. The LLP has also received preference share dividends of £54,000 *(2020: £41,000)*, of which £65,000 *(2020: £11,000)* is included within accrued income at 31 March 2021.

*Transactions with key management personnel*

A management fee of £187,000 *(2020: £150,000)* was payable to ADL Healthcare Limited (a related party) for services provided during the year. Additionally, designated members within key management personnel received members remuneration charged as an expense of £301,000 *(2020: £276,000)*.

### 12 Ultimate controlling party

The members do not consider there to be an ultimate controlling party.

## Notes *(continued)*

### 13 Accounting estimates and judgements

*Key sources of estimation uncertainty*

The preparation of the financial statements requires the LLP to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are considered to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are:

**Fair value of investments:** Where an investment is unlisted and held at fair value (see note 1.6), the members estimate fair value using a valuation technique. This relies on both observable and unobservable inputs. The selection of the unobservable inputs and assumptions require significant judgement. For example, when applying an earnings multiple, estimates are required of maintainable earnings, the appropriate multiple, and discounts applied to the multiple for marketability, size, quality of earnings and other relevant factors as appropriate. Changes in these inputs and assumptions could affect the reported fair value of the investments.

*Critical accounting judgements in applying the LLP's accounting policies*

The LLP acquires investments in entities, and the classification of these investments is considered to be a critical accounting judgement. The members have considered the rights and obligations on the LLP that arise from the investments in each case to determine if the LLP has control, significant influence or no influence over the investee. Where the LLP is considered to have control, the investments are classified as subsidiaries. Where the LLP is considered to have significant influence, the investments are classified as associates; and where the LLP is considered to have neither control nor significant influence then the investments are classified as other investments.