

CSS Scotland Limited

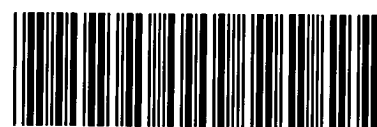
(Company number SC293743)

Annual Report and Audited Financial Statements

For the year ended 31 December 2022

**Partnership
Accounts**

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CSS Scotland Limited

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CSS Scotland Limited

Administration

Directors:	Kim Gozzett John Loveless Peter Priestly Henry Tilbury
Secretary:	Burness Paull LLP 50 Lothian Road Festival Square Edinburgh EH3 9WJ
Registered Office:	50 Lothian Road Festival Square Edinburgh EH3 9WJ
Administrator:	Aztec Financial Services (Guernsey) Limited (appointed 29 April 2022) PO Box 656 East Wing Trafalgar Court Les Banques St Peter Port Guernsey GY1 3PP TMF Group Fund Services (Guernsey) Limited (resigned 29 April 2022) PO Box 406 Mill Court La Charroterie St Peter Port Guernsey GY1 3GG
Legal Adviser:	Burness Paull LLP 50 Lothian Road Festival Square Edinburgh EH3 9WJ
Independent Auditor:	Grant Thornton Limited Guernsey Office St James Place St James Street St Peter Port Guernsey GY1 2NZ

CSS Scotland Limited

Report of the Directors

The Directors submit their annual report and the audited financial statements for the year ended 31 December 2022. The Directors of CSS Scotland Limited ('the Company') who served during the year are set out on page 2.

Principal Activities and Business Review

The Company's principal activity is that of a General Partner for Capital Structured Solutions (Scotland) LP (the "Partnership").

The Company has the overall responsibility for establishing the business objectives and policies of the Partnership and for the supervision of the business management functions carried out by the Managing Partner, Tusk GP Limited. The Company is however not permitted to do anything which constitutes "Regulated Activities" for the purposes of the Financial Services and Markets Act 2000, as amended from time to time.

Statement of principal risks facing the business

The Company's key responsibility is its fiduciary duty to the Limited Partners of the Partnership. Other than operating risk relating to the fiduciary duties, the Directors consider that there are no principal risks and uncertainties facing the Company.

Going Concern

The COVID-19 pandemic has impacted the global economy and the market environment, which has also been impacted by Russia's invasion of Ukraine. However, the limited nature of the Company's activities means that the impact of these factors is not material to the Company.

In accordance with paragraph 15.1.1 of the Limited Partnership Agreement between the Company, Tusk GP Limited, Pension Insurance Corporation Holdings LLP and the limited partners dated 16 March 2007, expenses incurred by the Company in connection with the business of the Partnership will be borne by the Partnership. The Partnership has entered into a loan agreement with Tusk GP Limited which will enable it to cover its own running costs, as well as those of the Company. It is envisaged that the Partnership will continue to be operational for the foreseeable future.

The Directors are therefore satisfied that the going concern assumption for the structure, including the Company, remains reasonable.

CSS Scotland Limited

Report of the Directors (continued)

Results

The results for the year are shown in the Statement of Comprehensive Income on page 9. There have been no material post balance sheet events.

Dividends

The Directors do not recommend the payment of a dividend (2021: £nil).

Secretary

The secretary of the Company, as at 31 December 2022, was Burness Paull LLP.

Auditor

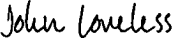
Grant Thornton Limited will be deemed to be re-appointed as auditor for a further term under the provisions of section 487(2) of the Companies Act 2006.

Statement of Disclosure of Information to Auditor

The Directors who held office at the date of approval of this Report of the Directors individually confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

Signed by Order of the Board on 27 March 2023

DocuSigned by:

87CB79188670450...
John Loveless
Director

CSS Scotland Limited

Statement of Directors' Responsibilities in respect of the Report of the Directors and the Financial Statements

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

The Companies Act 2006 (the "Company Law") requires the Directors to prepare financial statements for each financial year. Under that Company Law they have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 ("FRS 102"), the Financial Reporting Standard applicable in the UK and Republic of Ireland and applicable law.

Under Company Law the Directors 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 Company and of the profit or loss of the Company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether FRS 102 has been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company'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 company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Company Law. 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 Company and to prevent and detect fraud and other irregularities.

CSS Scotland Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CSS SCOTLAND LIMITED

Opinion

We have audited the financial statements of CSS Scotland Limited (the 'Company') for the year ended 31 December 2022, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the 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 Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 Company 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 are responsible for concluding on the appropriateness of the Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the Directors' conclusions, we considered the inherent risks associated with the Company's business model, we assessed and challenged the reasonableness of estimates made by the Directors and the related disclosures and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

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

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

The responsibilities of the Directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information included the Report of the Directors and Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements, 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

CSS Scotland Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CSS SCOTLAND LIMITED

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

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

Matters on which we are required to report by exception

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement, directors 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 Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company'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 Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

CSS Scotland Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CSS SCOTLAND LIMITED

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company and determined that the most significant are those that relate to the reporting and legal frameworks (FRS 102 and the Companies Act 2006).
- We identified areas of the above laws and regulations that could reasonably be expected to have a material effect on the financial statements from discussions with management. We discussed the policies and procedures regarding compliance with laws and regulations and corroborated these enquiries through reviews of board minutes.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to transactions with related parties and revenue transactions.
- Our audit procedures involved:
 - Reviewing the financial reporting practices of the Company, with a focus on accounting estimates, judgements and decisions made by management;
 - Journal entry testing, with a focus on material journals, including those with unusual account combinations and those posted at year-end;
 - Reviewing of unusual significant transactions or unusual adjustment immediately prior to year-end.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

Use of our report

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



Michael Carpenter
Senior Statutory Auditor
For and on behalf of Grant Thornton Limited
Statutory Auditor, Chartered Accountants
St Peter Port, Guernsey

Date: 27 March 2023

CSS Scotland Limited**Statement of Comprehensive Income**

For the year ended 31 December 2022

	Note	2022	2021
Income		£	£
Priority profit share	2	1,000	1,000
Expense			
Audit fee	2	1,000	1,000
Profit before taxation		-	-
Taxation	2	-	-
Profit and comprehensive income for the year		-	-

The above results relate to continuing operations of the Company.

The notes to the financial statements on pages 12 to 14 form an integral part of these financial statements

CSS Scotland Limited**Statement of Financial Position**
As at 31 December 2022

	Note	2022 £	2021 £
Current Assets			
Trade and other receivables	4	1	1
		<u>1</u>	<u>1</u>
Net Assets		<u>1</u>	<u>1</u>
Financed by:			
Share capital	7	1	1
Reserves		<u>-</u>	<u>-</u>
Total Equity		<u>1</u>	<u>1</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The notes to the financial statements on pages 12 to 14 form an integral part of these financial statements.

The financial statements on pages 9 to 14 were approved by the board of directors on and signed on its behalf by:

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John Loveless
 Director

CSS Scotland Limited

Statement of Changes in Equity
For the year ended 31 December 2022

	Share capital £	Reserves £	Total £
At 1 January 2021	1	-	1
Total comprehensive income for the financial year	-	-	-
At 31 December 2021	1	-	1
Total comprehensive income for the financial year	-	-	-
At 31 December 2022	1	-	1

The notes to the financial statements on pages 12 to 14 form an integral part of these financial statements

CSS Scotland Limited

Notes to the Financial Statements

For the year ended 31 December 2022

1. General information and basis of accounting

CSS Scotland Limited (the "Company") is a private company limited by shares and is registered in Scotland. The Company's principal activity is that of a General Partner for Capital Structured Solutions (Scotland) LP (the "Partnership").

The financial statements of the Company have been prepared in accordance with the FRS 102 Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements are prepared in Sterling which is the functional currency of the Company and under the historical cost convention.

Going Concern

The COVID-19 pandemic has impacted the global economy and the market environment, which has also been impacted by Russia's invasion of Ukraine. However, the limited nature of the Company's activities means that the impact of these factors is not material to the Company.

In accordance with paragraph 15.1.1 of the Limited Partnership Agreement between the Company, Tusk GP Limited, Pension Insurance Corporation Holdings LLP and the limited partners dated 16 March 2007, expenses incurred by the Company in connection with the business of the Partnership will be borne by the Partnership. The Partnership has entered into a loan agreement with Tusk GP Limited which will enable it to cover its own running costs, as well as those of the Company. It is envisaged that the Partnership will continue to be operational for the foreseeable future.

The Directors are therefore satisfied that the going concern assumption for the structure, including the Company, remains reasonable.

CSS Scotland Limited

Notes to the Financial Statements

For the year ended 31 December 2022

2. Principal accounting policies

2.1 Income and expenditure

Income comprises priority profit share receivable which is accounted for on an accruals basis. Other income and expenses are accounted for on an accruals basis. The priority profit share receivable is offset against expense accruals before out of pocket expenses are borne by the Partnership.

2.2 Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date. The Company is taxed in the UK at the standard rate of 19% (2021: 19%). An increase in the UK corporation tax rate from 19% to 25% (effective from 1 April 2023) was substantively enacted on 24 May 2021.

2.3 Trade and other receivables

Short term receivables are measured at transaction price, less any impairment.

2.4 Cash flow statement

No cash flow statement has been presented as the Company has held no cash or bank balances at any point in the two years ended 31 December 2022 and 31 December 2021.

3. Significant judgements and estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. No significant judgements and estimates have been used in preparing these financial statements.

4. Trade and other receivables

	2022	2021
	£	£
Called up share capital not paid	1	1

5. Auditor's remuneration

Auditor's remuneration totalled £1,155 (2021: £1,050) for the period. Costs of £155 (2021: £50) were borne by the Partnership.

6. Directors' emoluments

No Directors' fees or benefits were paid to the Directors during the year (2021: £nil). No share options are in issue. The Company currently has no employees (2021: none).

7. Share capital

	2022	2021
	£	£
Authorised share capital		
100 Ordinary shares of £1 each	100	100
Issued share capital		
Called up but not paid – 1 Ordinary share of £1 each	1	1

There is a single class of ordinary shares. There are no restrictions on the distributions of dividends and the repayment of capital.

CSS Scotland Limited

Notes to the Financial Statements

For the year ended 31 December 2022

8. Related parties

The Company acts as the General Partner for the Partnership.

The Company received a priority profit share from the Partnership of £1,000 (2021: £1,000) during the year. As at 31 December 2022 £nil (2021: £nil) was outstanding.

Any expenses incurred by the Company in excess of the priority profit share are borne by the Partnership in accordance with paragraph 15.1.1 of the Limited Partnership Agreement. Administration fees of £18,441 (2021: £8,219), audit fees of £155 (2021: £50) and other expenses of £4,135 (2021: £3,493) were payable by the Partnership.

9. Ultimate controlling party

The Company is a wholly owned subsidiary of the Adelie Charitable Trust.

The Company's ultimate controlling party is SG Kleinwort Hambros Trust Company (CI) Limited as the Trustee of the Adelie Charitable Trust.

10. Subsequent events

In March 2023, the Partnership entered into a loan agreement with Tusk GP Limited which will enable it to cover its own running costs, as well as those of the Company. There are no other events that occurred after the Statement of Financial Position date that warrant inclusion or disclosure in these financial statements.

Capital Structured Solutions (Scotland) LP

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Annual Report and Unaudited Financial Statements

For the year ended 31 December 2022

Capital Structured Solutions (Scotland) LP

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Capital Structured Solutions (Scotland) LP

Management and Administration

Registered Office:	50 Lothian Road Festival Square Edinburgh EH3 9WJ	
General Partner:	CSS Scotland Limited PO Box 656 East Wing Trafalgar Court Les Banques St Peter Port Guernsey GY1 3PP	
Managing Partner:	Tusk GP Limited PO Box 656 East Wing Trafalgar Court Les Banques St Peter Port Guernsey GY1 3PP	
Directors of the Managing Partner:	David Naylor-Leyland Timothy Hanford Glen Broadhurst	
Administrator:	Aztec Financial Services (Guernsey) Limited PO Box 656 East Wing Trafalgar Court Les Banques St Peter Port Guernsey GY1 3PP	(Appointed 29 April 2022)
Administrator:	TMF Group Fund Services (Guernsey) Limited PO Box 406 Mill Court La Charroterie St Peter Port Guernsey GY1 3GG	(Resigned 28 April 2022)

Capital Structured Solutions (Scotland) LP

Management and Administration (continued)

Legal Advisors

CMS Cameron McKenna Nabarro Olswang LLP (In England)
Cannon Place
78 Cannon Street
London
United Kingdom
EC4N 6AF

Ogier (In Guernsey)
Redwood House
St Julian's Avenue
St Peter Port
Guernsey
GY1 1WA

Burness Paull LLP (In Scotland)
50 Lothian Road
Edinburgh
United Kingdom
EH3 9WJ

Capital Structured Solutions (Scotland) LP

Strategic Report

For the year ended 31 December 2022

This Strategic Report has been prepared in accordance with The Companies Act 2006 Strategic Report and Directors' Report Regulations 2013.

Principal activity

The purpose of Capital Structured Solutions (Scotland) LP (the "Partnership") is to carry on the business of an asset holding entity.

Business Review

The Partnership held three main investments during the year to 31 December 2022. Each of these underlying investments is explained in more detail below

The Partnership has received distributions of £nil (2021: £nil) from Pension Corporation II LP (via Cornhill Finance Limited) and a loan repayment of £nil (2021: £1,683,515) from CSS Investor A.

Distributions of £nil (2021: £1,689,680) were paid to investors.

Tusk LP Incorporated

Tusk LP Incorporated is the main investment vehicle into which the Partnership, together with other investors, made contributions. Tusk LP Incorporated is responsible for investing in Telent and Carmelite. The Partnership's interest in Tusk LP Incorporated is held through CSS Investor A LLP.

Based on the latest financial information the Partnership's investment manager ("Tusk Management LLP") has considered the value remaining in the Tusk 'structure'. The Partnership's share of this valuation has been included in note 4.

Cornhill Finance Limited

This entity holds the remaining two investments. These are Pension Corporation II LP Inc and Pension Insurance Corporation Group Limited.

Pension Insurance Corporation Group Limited is the holding company for the 'insurance' business of Pension Insurance Corporation PLC.

A Market Consistent Embedded Valuation ("MCEV") is used as a basis for the valuation of Pension Insurance Corporation Group Limited. The MCEV as at 31 December 2022 was £4.153 compared to £3.7678 as at 31 December 2021.

There are 510,805 (2021: 510,805) shares in Pension Insurance Corporation Group Limited held (in trust) by Cornhill Finance Limited on behalf of Capital Structured Solutions (Scotland) LP. These shares are referable to the interests of a Partner in Capital Structured Solutions (Scotland) LP who is prohibited from receiving a distribution of the shares until a loan owing by that Partner to Pension Corporation II LP Inc has been repaid in full.

Capital Structured Solutions (Scotland) LP

Strategic Report (continued)

For the year ended 31 December 2022

Key performance indicators

The Partnership has not registered any negative environmental, social or governance events in the portfolio since the acquisitions.

There were no employees, therefore there are no employment matters to report.

Director



For and on behalf of the Managing Partner

Date:

23 March 2023

Capital Structured Solutions (Scotland) LP

Managing Partner's Report

For the year ended 31 December 2022

The Managing Partner submits its report and the audited financial statements for the year ended 31 December 2022

Managing Partner

The Managing Partner who served during the year was Tusk GP Limited.

Financial instruments

As indicated in note 5, the Partnership is exposed to financial and capital risks in relation to its investments. All investments are held at fair value and take into consideration, in the managing partner's view, the financial risks to the limited partners. Following the partial distribution in specie of Pension Insurance Corporation Group Limited in January 2016, a portion of these risks is now held directly by the limited partners rather than by the Partnership.

Going Concern

As noted above, the Partnership is an asset holding entity, with its primary costs comprising legal and professional, administrative and regulatory expenditure. Consequently the COVID-19 pandemic and Russia's invasion of Ukraine have had no significant impact on the Partnership's liquidity and its ability to remain a going concern.

The Managing Member has assessed the Partnership's expected income and running costs and, in March 2023, the Managing Partner has committed to provide the Partnership with a facility of up to £61,000 in order that the Partnership may continue to meet its expected liabilities, as they fall due, for a period of at least 12 months from the date of signing of these accounts.

Distributions to partners

The Partnership distributed £nil (2021: £1,689,680) to the Partners.

Capital Structured Solutions (Scotland) LP

Managing Partner's Report (continued)

For the year ended 31 December 2022

Directors of the Managing Partner

The directors who held office during the year and up to the date of this report were as follows:

- David Naylor-Leyland
- Timothy Hanford
- Glen Broadhurst

Employees

The Partnership has no employees. All administration duties are performed by Aztec Financial Services (Guernsey) Limited. Management recommendations are prepared by Tusk Management LLP, which the Managing Partner then uses to make their decisions.

Political contributions

Neither the Partnership nor any of its subsidiaries / investments made any political donations or incurred any political expenditure during the year.

Other information

An indication of likely future developments in the business and particulars of any significant events which have occurred since the end of the financial year have been included in the Strategic Report on pages 5 and 6.

Director



For and on behalf of Tusk GP Limited

Date:

23 March 2023

Capital Structured Solutions (Scotland) LP

Statement of Managing Partner's Responsibilities

For the year ended 31 December 2022

The Managing Partner is responsible for preparing the Report of the Managing Partner, Strategic Report and the Partnership's financial statements in accordance with applicable law and regulations.

The Partnerships (Accounts) Regulations 2008 require the Managing Partner to prepare financial statements for each financial year in accordance with Part 15 and Chapter 1 of Part 16 of the Companies Act 2006. Under that law the Managing Partner has 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 as issued in September 2015 ("FRS 102").

Under company law the Managing Partner 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 Partnership and of the profit or loss of the Partnership for that period. In preparing these financial statements, the directors of the Managing Partner are required to:

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

The Managing Partner has general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the partnership and to prevent and detect fraud and other irregularities.

Director 
For and on behalf of Tusk GP Limited

Date: 23 March 2023

Capital Structured Solutions (Scotland) LP

Statement of Comprehensive Income

For the year ended 31 December 2022

		For the year ended 31 December 2022	For the year ended 31 December 2021
	Notes	£	£
Income			
Unrealised gain/(loss) on investments	4	367,966	(2,556,098)
Realised gain on disposal of investments	4	-	4,700
Bank interest		117	-
		<u>368,083</u>	<u>(2,551,398)</u>
Expenses			
Administration fees	3(a)	(37,811)	(32,470)
Costs on behalf of group entities		(525)	(5,027)
Management fee		(3,541)	(4,543)
Legal and professional fees		(713)	(15,973)
Sundry expenses		(88)	(168)
Total expenses for the financial year		<u>(42,678)</u>	<u>(58,181)</u>
Total comprehensive profit/(loss) for the financial year		<u><u>325,405</u></u>	<u><u>(2,609,579)</u></u>

The Partnership has no other components of other comprehensive income other than the profit or loss for the year.

All results are derived from continuing operations.

The accompanying notes on pages 13 to 20 form an integral part of these financial statements.

Capital Structured Solutions (Scotland) LP

Statement of Financial Position

As at 31 December 2022

	Notes	31 December 2022 £	31 December 2021 £
Assets			
Non-current assets			
Investments	4	4,243,865	3,875,899
Current assets			
Cash and cash equivalents	5	90,632	117,879
Current liabilities			
Creditors and accruals	6	(40,838)	(25,524)
Net current assets		<u>49,794</u>	<u>92,355</u>
Net assets attributable to Partners		<u><u>4,293,659</u></u>	<u><u>3,968,254</u></u>
Represented by:			
Partners' capital	7	38,990,927	38,990,927
Revenue reserve		(34,697,268)	(35,022,673)
Net assets attributable to Partners		<u><u>4,293,659</u></u>	<u><u>3,968,254</u></u>

The Financial Statements on pages 9 to 20 were approved by the board of the Managing Partner and signed on its behalf by:

Director

For and on behalf of Tusk GP Limited

Date:

23 March 2023

The accompanying notes on pages 13 to 20 form an integral part of these financial statements.

Capital Structured Solutions (Scotland) LP

Statement of Changes in Net Assets Attributable to the Partners

For the year ended 31 December 2022

	Partners' capital £	Revenue reserve £	Net assets attributable to Partners £
Partners' capital at 31 December 2020	38,990,927	(30,723,414)	8,267,513
Distributions during the year	-	(1,689,680)	(1,689,680)
Total comprehensive loss for the financial year	-	(2,609,579)	(2,609,579)
Partners' capital at 31 December 2021	38,990,927	(35,022,673)	3,968,254
Total comprehensive profit for the financial year	-	325,405	325,405
Partners' capital at 31 December 2022	38,990,927	(34,697,268)	4,293,659

The accompanying notes on pages 13 to 20 form an integral part of these financial statements.

Capital Structured Solutions (Scotland) LP

Statement of Cash Flows

For the year ended 31 December 2022

	Notes	For the year ended 31 December 2022 £	For the year ended 31 December 2021 £
Cash flows used in operating activities			
Total comprehensive loss for the financial year		325,405	(2,609,579)
Working capital adjustments:			
Decrease in unrealised gains/(losses) on investment	4	(367,966)	2,556,098
Realised gain arising on disposal of investments	4	-	(4,700)
Increase/(Decrease) in creditors	6	15,314	(8,902)
Net cash used in operating activities		(27,247)	(67,083)
Cash flows from investing activities			
Returns on investment and servicing of investments		-	1,688,215
Net cash from investing activities		-	1,688,215
Cash flows from financing activities			
Distributions paid to investors		-	(1,688,215)
Net cash used in financing activities		-	(1,688,215)
Net decrease in cash and cash equivalents		(27,247)	(67,083)
Cash and cash equivalents at the beginning of the year		117,879	184,962
Cash and cash equivalents at the end of the year		90,632	117,879

The accompanying notes on pages 13 to 20 form an integral part of these financial statements.

Capital Structured Solutions (Scotland) LP

Notes to the financial statements

For the year ended 31 December 2022

1 Reporting Entity

Capital Structured Solutions (Scotland) LP (the "Partnership") was registered in the United Kingdom on 15 December 2005 and formed in accordance with a Limited Partnership Agreement ("LPA") dated 15 December 2005, as amended and restated on 21 March 2006, 24 August 2006, 16 March 2007, 29 July 2011, 6 December 2011, 18 September 2012 and 2 April 2015. On 9 September 2010 the name of the Partnership was changed from Duke Street Capital Structured Solutions (Scotland) LP to Capital Structured Solutions (Scotland) LP.

The purpose of the Partnership is to carry on in Scotland and elsewhere the business of an asset holding entity.

2 Accounting Policies

(a) Basis of preparation

Under the Companies Act, the General Partner has the choice whether their financial statements are prepared under that applicable law and either UK Accounting Standards (UK Generally Accepted Accounting Practice) or International Financial Reporting Standards (IFRSs) as adopted by the EU. These financial statements have been prepared in accordance with UK Generally Accepted Accounting Principles including FRS 102: 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' as issued in September 2015 ("FRS 102").

These financial statements are prepared on a historical cost basis with the exception of investments held at fair value through profit or loss.

(b) Going Concern

As noted above, the Partnership is an asset holding entity, with its primary costs comprising legal and professional, administrative and regulatory expenditure. Consequently the COVID-19 pandemic and Russia's invasion of Ukraine have had no significant impact on the Partnership's liquidity and its ability to remain a going concern.

The Managing Member has assessed the Partnership's expected income and running costs and, in March 2023, the Managing Partner has committed to provide the Partnership with a facility of up to £61,000 in order that the Partnership may continue to meet its expected liabilities, as they fall due, for a period of at least 12 months from the date of signing of these accounts.

(c) Financial assets and liabilities

The Partnership has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets are initially recognised on the date that the contractual rights to the cash flows from the asset are owned by the Partnership. Financial liabilities are initially recognised on the date that the contractual obligations to the cash flows from the liabilities are owed by the Partnership. The financial assets and liabilities are recognised in the Statement of Financial Position at transaction price less transaction costs.

Capital Structured Solutions (Scotland) LP

Notes to the financial statements (continued)

For the year ended 31 December 2022

2 Accounting Policies (continued)

(c) Financial assets and liabilities (continued)

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions. Financial liabilities are derecognised when the contractual obligation from the liability is settled.

(d) Investments

Investments are held at fair value as determined by the Managing Partner in accordance with International Private Equity and Venture Capital Valuation Guidelines ("IPEV"). Notwithstanding the basis of valuation stated above, the eventual realisation proceeds will inevitably differ from the reported valuation and the differences could be significant.

Unquoted investments are valued either at the value of net assets or on the basis of maintainable earnings or revenues capitalised at an appropriate multiple (based on current market-based multiples) which may be subject to an appropriate discount.

The Managing Partner has apportioned the net attributable enterprise value appropriately and across each financial instrument taking into account amounts accruing on each respective instrument and less any impairment provisions.

(e) Debtors and prepayments

Debtors and prepayments are initially held at the transaction price. Subsequently debtors and prepayments are measured at amortised cost using the effective interest method less any impairment.

(f) Creditors and accruals

Creditors and accruals are initially held at the transaction price. Subsequently creditors and accruals are measured at amortised cost using the effective interest method less any impairment.

(g) Expenses

Expenses are recognised on an accruals basis.

(h) Income taxes

Under the current system of taxation in United Kingdom, the Partnership is exempt from paying income taxes with the partners being ultimately responsible for any tax due.

However, some dividend and interest income may be received by the Partnership subject to withholding tax imposed in certain countries of origin. Income that is subject to such tax is recognised gross of the taxes and the corresponding withholding tax is recognised as tax expense.

Capital Structured Solutions (Scotland) LP

Notes to the financial statements (continued)

For the year ended 31 December 2022

2 Accounting Policies (continued)

(i) Foreign currency

The Partnership's functional and presentation currency is Pound Sterling ("£") as the Partnership, its Limited Partner commitments and all Partnership drawdowns and distributions are denominated in Pound Sterling as per the LLPA.

Monetary assets and liabilities in currencies other than Pound Sterling are translated into Pound Sterling at the rate of exchange ruling at the reporting date. Transactions in currencies other than Pound Sterling are translated into the reporting currency at the rate of exchange ruling at the date of the transaction. Any resulting gains and losses are recognised in the Statement of Comprehensive Income in the year in which these arise.

(j) Realised and unrealised gains and losses

Realised gains and losses arising on the disposal of investments are calculated by reference to the proceeds

(k) Critical accounting estimates and judgements

The preparation of the financial statements requires the use of judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Although these estimates are based on the Managing Member's best knowledge of current events and actions, actual results ultimately may differ from those estimates and the differences could be material. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. The area involving a higher degree of judgement of complexity, or area where assumptions and estimates are significant to the financial statements is the fair value of investment disclosed in note 2(d).

(l) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less.

(m) Bank interest expense and income

Interest income and expense are recognised in profit or loss, on an accruals basis.

(n) Derecognition

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in such transferred financial assets that is created or retained by the Partnership is recognised as a separate asset or liability.

The Partnership derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Capital Structured Solutions (Scotland) LP

Notes to the financial statements (continued)

For the year ended 31 December 2022

2 Accounting Policies (continued)

(o) Consolidation

'Subsidiaries' are investees controlled by the Partnership. The Partnership 'controls' an investee when it has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Partnership takes into consideration potential voting rights that are currently exercisable.

Subsidiary and associate relationships may exist in the underlying investment portfolios but in accordance with the requirements of FRS 102.9.9B these are not consolidated and are accounted for at fair value through profit or loss.

(p) Carried Interest

The Partnership is entitled to a return of 19.28% once CSS Investor A's underlying investment in Tusk LP Incorporated have achieved a preferred return of 7% per annum (compounded semi-annually) on their original investment. At present, the underlying investments have not met the relevant hurdle amount and as such no carried interest is recognised. Carried interest would be accounted for as an allocation of realised profits to the Partnership as Carried Interest Partner when the underlying investments achieve the preferred return.

There is no provision for carried interest payable in the LPA.

3 Material Agreements

(a) Administration Fees

Aztec Financial Services (Guernsey) Limited ("Aztec") was appointed by the board of the Managing Partner to provide administration, company secretarial, registrar and accounting services to the Partnership with effect from 29 April 2022. Prior to Aztec being appointed in this role, the Partnership's administrator was TMF Group Fund Services (Guernsey) Limited ("TMF").

Administration fees are paid to Aztec by the Partnership in line with the Administration agreement, administration fees were also charged in the year ended 31 December 2022 by the former administrator, TMF. Total administration fees incurred during the year were £37,811 (2021: £32,470) of which £34,021 was outstanding at 31 December 2022 (2021: £19,869), administration fees for 2022 include the cost of transition of administrators from TMF to Aztec.

Capital Structured Solutions (Scotland) LP

Notes to the financial statements (continued)

For the year ended 31 December 2022

4 Investments

	CSS Investor A LLP £	Cornhill Finance Limited £	2022 Total £	2021 Total £
Cost				
Opening cost as at 1 January	16,379,062	403,072	16,782,134	18,467,114
Additions during the year	-	-	-	-
Disposals during the year	-	-	-	(1,684,980)
Cost as at year end	16,379,062	403,072	16,782,134	16,782,134
Movement in unrealised gains/(losses)				
Unrealised gains/(losses) at 1 January	(14,489,387)	1,583,152	(12,906,235)	(10,350,137)
Movement in unrealised gains in the year	179,158	188,808	367,966	(2,556,098)
Realised gains	-	-	-	4,700
of which reallocated due to share transfer	-	-	-	(4,700)
Fair value of investment as at year end	2,068,833	2,175,032	4,243,865	3,875,899

The Partnership has an investment of 21.7% of CSS Investor A LLP. The Partnership has committed £38,990,925 (2021: £38,990,925) to CSS Investor A LLP of which Enil (2021: Enil) remains undrawn.

The Partnership owns 100% of the Ordinary share capital of Cornhill Finance Limited. There are 510,805 (2021: 510,805) shares in Pension Insurance Corporation Group Limited held (in trust) by Cornhill Finance Limited on behalf of Capital Structured Solutions (Scotland) LP. These shares are referable to the interests of a Partner in Capital Structured Solutions (Scotland) LP who is prohibited from receiving a distribution of the shares until a loan owing by that Partner to Pension Corporation II LP Inc has been repaid in full.

As at 31 December 2022, the Net Asset Value was £3.8907 (2021: £3.3466) per ordinary share of £1 each in Pension Insurance Corporation Group Limited. The Market Consistent Embedded Value per ordinary share of £1 each (as used in the table above) was £4.153 (2021: £3.7678). This has been included in the fair value of Cornhill Finance Limited. The MCEV is a theoretical valuation calculated by Pension Insurance Corporation Group Limited (PICGL) and published in their half-year report as at 30 June 2022. It may differ significantly from the proceeds obtained in an arm's length transaction, especially given the relative lack of liquidity of the PICGL shares.

Capital Structured Solutions (Scotland) LP

Notes to the financial statements (continued)

For the year ended 31 December 2022

4 Investments (continued)

In addition, Cornhill Finance Limited holds on trust for the Partnership an interest of 4.311% in Pension Corporation II LP Inc. As at 31 December 2022, the Net Asset Value of this investment in Pension Corporation II LP Inc was £53,658 (2021: £61,613). This has been included in the fair value of Cornhill Finance Limited.

Level 1

The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3

Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The Partnership's investments are considered to be Level 3 financial assets as defined by FRS 102, there has been no movement in or out of this category during the year.

5 Cash and cash equivalents

	31 December 2022 £	31 December 2021 £
Cash at bank	90,632	117,879

6 Creditors and accruals

	31 December 2022 £	31 December 2021 £
Cost on behalf group entities	-	5,645
Investment creditor	10	10
Administration fees	31,521	19,869
Management fees	9,307	-
	40,838	25,524

7 Commitments

The Partners have committed £38,990,925 (2021: £38,990,925) to the Partnership in accordance with the LPA and the surplus is pro-rated amongst Partners based on their respective capital commitments of which £nil (2021: £nil) remains undrawn.

As at 31 December 2022, the Partnership has distributed £48,922,507 (2021: £48,922,507) to the Limited Partners.

Capital Structured Solutions (Scotland) LP

Notes to the financial statements (continued)

For the year ended 31 December 2022

8 Financial Risk Management

The Partnership has exposure to six main areas of risk - currency risk, liquidity risk, credit risk, market price risk, interest rate risk and capital risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Partnership monitors this risk through the preparation of quarterly accounting that include revaluations of non-reporting currency transactions. The Partnership's transactions are typically all denominated in Pound Sterling and therefore currency risk is deemed minimal.

Liquidity risk

Liquidity risk is the risk that the Partnership will have insufficient financial resources to discharge its financial liabilities when they become due. The Partnership monitors this risk through the preparation of quarterly accounting. The risk is managed by reviewing the forecast expenditure of the Partnership on a quarterly basis. See note 2(b) on Going Concern for further details.

Credit risk

Credit risk is the risk that the Partnership will incur a financial loss as the result of another party failing to discharge an obligation. In the normal course of business, the Partnership may lend money to portfolio companies and therefore would be exposed to credit risk. There are no current lending arrangements in place.

The Partnership holds cash deposits with RBSI. RBSI have credit rating 'A' by the credit rating agency Fitch Ratings.

Market price risk

Market price risk is the risk that the value of investments presented on the Statement of Financial Position may differ from the value that investments are realised for at a future date. The investments are valued in line with the methodology outlined in note 2(d) and this requires consideration of various inputs which may be subjective and can involve judgemental decisions to be made by the Managing Partner.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Other than cash and cash equivalents, the Partnership's financial assets and liabilities are non-interest bearing. Accordingly, a sensitivity analysis for interest rate risk has not been prepared as it is not considered material to the financial statements.

Capital Structured Solutions (Scotland) LP

Notes to the financial statements (continued)

For the year ended 31 December 2022

8 Financial Risk Management (continued)

Capital risk

Capital risk is the risk that the value of the Partnership's capital will fluctuate. Capital contributions from partners are recognised at the date when such funds are due. All Partner's commitments have been fully paid and therefore capital risk is considered to be low.

9 Related Party Transactions

The management fee charged by Tusk GP Limited (the "Managing Partner") was equal to the Managing Partner's expenses plus a margin not being greater than 10%.

On 25 February 2019, the Managing Partner and the General Partner approved an amendment to the LPA clause that deals with the management fee. The management fee is based on a recovery of Tusk GP Limited's costs with no margin, but reduced by the Priority Profit Share income that Tusk GP Limited receives from the other Limited Partnerships. As at 31 December 2022 management fees of £9,307 are outstanding to the Managing Partner (2021: £nil).

10 Ultimate Controlling Party

Tusk GP Limited as the Managing Partner is responsible for the management and operation of the Partnership. Tusk GP Limited is a wholly owned subsidiary of the Adelie Charitable Trust, whose controlling party is SG Kleinwort Hambros Trust Company (CI) Limited as trustee.

11 Post Balance Sheet Events

In March 2023, the Company entered into a loan facility agreement under which the Managing member will provide a loan facility of up to £61,000 to CSS Scotland LP.

The board of the Managing Member has evaluated the need for disclosure and/or adjustments resulting from subsequent events through to the date the financial statements were available to be issued and no other events have occurred which require adjustment or disclosure.