

REGISTERED NUMBER: SO301657 (Scotland)

Report and Consolidated Financial Statements
for the Year Ended 31 December 2019
for
Clyde Blowers Capital IM LLP

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Clyde Blowers Capital IM LLP

**Company Information
for the Year Ended 31 December 2019**

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|---------------------------|--|
| MEMBERS: | J A McColl OBE Clyde Blowers Ltd Clyde Blowers Capital Property Ltd |
| REGISTERED OFFICE: | 5 Redwood Crescent Peel Park East Kilbride Glasgow G74 5PA |
| REGISTERED NUMBER: | SO301657 (Scotland) |
| AUDITORS: | Ernst & Young LLP G1 5 George Square Glasgow G2 1DY |
| BANKERS: | Santander UK plc 301 St Vincent Street Glasgow G2 5HN |
| SOLICITORS: | CMS Cameron McKenna Nabarro Olswang LLP 1 West Regent Street Glasgow G2 1AP |

Clyde Blowers Capital IM LLP (Registered number: SO301657)

Members' Review for the Year Ended 31 December 2019

The designated members present their report and the consolidated financial statements of Clyde Blowers Capital IM LLP ('the LLP') and its subsidiaries, for the year ended 31 December 2019.

RESULTS

The consolidated profit for the year attributable to the members amounted to £990,211 (2018: profit £2,948,838). During the year, the amount distributed to the members totaled £4,474,713 (2018: £2,112,173).

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The LLP is a limited liability partnership registered in Scotland under the Limited Liability Partnership Regulations 2001 with £137,757 of committed capital. The partnership was constituted on 14 December 2007 and is regulated by the Financial Conduct Authority.

The principal activity of the group is the provision of investment management and related services. Throughout 2019 these services were provided to two private equity funds, Clyde Blowers Capital Fund II LP ('Fund II') and Clyde Blowers Capital Fund III LP ('Fund III'), (together 'the Funds').

Both Fund II and Fund III are constituted as limited partnerships, with investors having the status of limited partners and Clyde Blowers Capital GP II LP and Clyde Blowers Capital GP III LP respectively acting as general partners.

In January 2020, it was mutually agreed by all stakeholders that Clyde Blowers Capital Fund III LP would separate from its General Partner and Manager, Clyde Blowers Capital GP III LP and Clyde Blowers Capital IM LLP. However, members of the LLP continue to be investors in the Fund through a related party, Clyde Blowers Capital Co-Investment III LP.

The designated members consider that the principal activity of the group will continue unchanged for the foreseeable future and the members continue to review new investment opportunities. The predominate focus of the LLP's investment activity will be on industrial technology with an emphasis on sustainability and the energy transition.

The profit for the year amounted to £990,211 (2018: £2,948,838). Turnover for the year was £6,205,817 (2018: £7,379,531).

The decrease in turnover is predominantly due to a decrease in management and secondee fees, the effect of which was partially offset by an increase in priority profit share from Clyde Blowers Capital Fund III LP. Administrative expenses increased in the year due to the amortisation of the remaining balance of the Fund III related brokers' fee, provisions against related party costs incurred on their behalf as well as a write off of sales invoice amounts that were no longer recoverable. These factors explain the decrease in profit year on year.

MEMBERS' PROFIT ALLOCATION

The limited liability partnership agreement governs the policies for members' drawings, subscriptions and repayment of members' capital.

All amounts drawn are subject to cash being available and the LLP reserves the right to retain such amounts as are required to provide working capital for the business.

Members contribute an initial capital amount to the LLP upon being admitted as a member. Any further capital contributions required, whether by way of equity or debt, are determined in accordance with the limited liability partnership agreement.

FUTURE DEVELOPMENTS

Going forward the LLP will continue to provide investment management and related services.

**Members' Review
for the Year Ended 31 December 2019**

DESIGNATED MEMBERS

The designated members of the partnership during the year were:

J A McColl OBE

Other changes in the designated members are as follows:

D Hawkins – resigned 29 July 2019

S Powell and K Mitchell ceased to be members after 31 December 2019 but prior to the date of this report.

G McColl and W J Thomson were admitted as members after 31 December 2019 but prior to the date of this report.

The rights and obligations of the members of the LLP are governed by the terms of the Limited Liability Partnership Agreement dated 27 April 2016 and the provisions set out in the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

GOING CONCERN

The designated members are required to prepare the statutory financial statements on a going concern basis unless it is unsuitable to presume that the LLP will continue in business for the foreseeable future. In fulfilment of this responsibility the members have considered the LLP's ability to meet its liabilities as they fall due.

The group's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, and its exposures to credit, liquidity and cash flow risk are described in the members' review.

Management information tools including budgets and cash flow forecasts are used to monitor and manage the current and future liquidity of the LLP.

The designated members have undertaken a recent and comprehensive review of the LLP's forecasts and the related risks. These forecasts extend for a period from the date of approval of these financial statements until 31 July 2022. This review reflects the current economic environment as well as the LLP's current and projected trading. These forecasts have been prepared for a range of possible scenarios, including the impact of COVID-19, with sensitivity analysis applied to the key revenue streams and costs.

The designated members have discussed the LLP's forecast cash flow, including any funding requirements from the Partners, timing of the forecasted cash receipts and cost of operating. In considering the cash flow forecast and sensitivities the designated partners are satisfied that the level of committed funding is sufficient to cover all plausible scenarios in the going concern period.

Accordingly, they continue to adopt the going concern basis in preparing this report and the statutory financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and execution of the group's strategy is subject to a number of risks. The risks affecting the group are set out below. Risks are formally reviewed by the members and appropriate processes are put in place to monitor and mitigate them. If more than one adverse event occurs, it is possible that the overall effect of such events would be compounded.

Credit risk

Credit risk is the risk of loss due to a debtor's non-payment of an obligation. The group's exposure to credit risk arises principally in respect of income due to it by Clyde Blowers Capital GP II LP and Clyde Blowers Capital GP III LP in respect of services provided under management

**Members' Review - continued
for the Year Ended 31 December 2019**

agreements. The group manages the risk by receiving the consideration for these services on a timely basis.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The group aims to mitigate liquidity risk by receiving payments in advance of providing services.

Cash flow risk

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability. The group aims to mitigate cash flow risk by producing regular cash flow forecasts and adequately managing payments.

DONATIONS

Charitable donations of £108,475 (2018: £46,097) were paid during the year, principally to local charities serving the communities in which the LLP operates. There were no political donations in the year (2018: £nil).

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the members are aware, there is no relevant audit information (as defined in Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each member has taken all of the steps that they ought to have taken as a member in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Ernst & Young LLP, will be proposed for re-appointment at the forthcoming Annual Members Meeting.

By order of the members



J A McColl OBE
Designated Member
06 July 2021

**Statement of Members' Responsibilities
for the Year Ended 31 December 2019**

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and applicable accounting standards require the members to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the group and the LLP and of the profit or loss of the group and the LLP for that year.

In preparing those financial statements, the members are required to:

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

The designated members are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the group and the LLP and enable them to ensure that the financial statements comply with the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the group and the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Independent Auditors to the Members of Clyde Blowers Capital IM LLP

Opinion

We have audited the financial statements of Clyde Blowers Capital IM LLP for the year ended 31 December 2019 which comprise the Group Income Statement, the Group and LLP Balance Sheets, Reconciliation of Members' Interests, Group Cash Flow Statement and the related notes 1 to 18, 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the group and the limited liability partnership's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

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 below. We are independent of the limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRS's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the limited liability partnership's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the limited liability partnership's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report set out on pages 2 to 4, other than the financial statements and our auditor's report thereon. The members are responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Report of the Independent Auditors to the Members of Clyde Blowers Capital IM LLP

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

We have nothing to report in this regard.

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 as applied to limited liability partnerships 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
- we have not received all the information and explanations we require for our audit.

Responsibilities of members

As explained more fully in the Members' Responsibilities Statement set out on page 5, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

**Report of the Independent Auditors to the Members of
Clyde Blowers Capital IM LLP**

Use of our report

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

Ernst & Young LLP

Nick Gomer (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Glasgow

07 July 2021

Clyde Blowers Capital IM LLP (Registered number: SO301657)**Group Income Statement
for the Year Ended 31 December 2019**

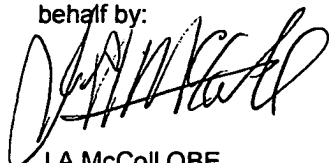
| | Notes | 2019 £ | 2018 £ |
|---|-------|-------------|-------------|
| Turnover | 2 | 6,205,817 | 7,379,531 |
| Administrative expenses | | (4,021,493) | (4,435,479) |
| Operating profit | 3 | 2,184,324 | 2,944,052 |
| Exceptional items | 4 | (1,431,054) | - |
| | | 753,270 | 2,944,052 |
| Interest receivable | | 3,444 | 2,957 |
| Profit on ordinary activities before taxation | | 756,714 | 2,947,009 |
| Taxation | 7 | 233,497 | 1,829 |
| Profit for the year available for division among members | 6 | 990,211 | 2,948,838 |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | 990,211 | 2,948,838 |

Clyde Blowers Capital IM LLP (Registered number: SO301657)

**Group and LLP Balance Sheets
for the Year Ended 31 December 2019**

| | Notes | Group 2019 £ | Group 2018 £ | LLP 2019 £ | LLP 2018 £ |
|---|-------|--------------------|--------------------|------------------|-------------------|
| Fixed assets | | | | | |
| Tangible assets | 8 | 81,559 | 107,840 | 81,559 | 107,840 |
| Investments | 9 | 250,003 | 250,003 | 3 | 3 |
| | | <u>331,562</u> | <u>357,843</u> | <u>81,562</u> | <u>107,843</u> |
| Current assets | | | | | |
| Debtors | 10 | 5,455,260 | 10,419,850 | 5,839,959 | 10,721,729 |
| Cash and cash equivalents | 11 | 485,974 | 422,474 | 483,687 | 413,480 |
| | | <u>5,941,234</u> | <u>10,842,324</u> | <u>6,323,646</u> | <u>11,135,209</u> |
| Creditors: amounts falling due within one year | 12 | (2,022,698) | (3,231,358) | (3,258,779) | (4,429,323) |
| Net current assets | | <u>3,918,536</u> | <u>7,610,966</u> | <u>3,064,867</u> | <u>6,705,886</u> |
| Total assets less current liabilities | | <u>4,250,098</u> | <u>7,968,809</u> | <u>3,146,429</u> | <u>6,813,729</u> |
| Provisions for liabilities | 13 | (1,422) | (234,919) | - | - |
| Net assets attributable to members | | <u>4,248,676</u> | <u>7,733,890</u> | <u>3,146,429</u> | <u>6,813,729</u> |
| Represented by: | | | | | |
| Equity | | | | | |
| Members capital | | 137,757 | 138,469 | 137,757 | 138,469 |
| Other reserves | | 4,110,919 | 7,595,421 | 3,008,672 | 6,675,260 |
| Total members' interests | | <u>4,248,676</u> | <u>7,733,890</u> | <u>3,146,429</u> | <u>6,813,729</u> |

The financial statements were approved by members on XX July 2021 and were signed on their behalf by:



J A McColl OBE
Designated member
06 July 2021

Clyde Blowers Capital IM LLP (Registered number: SO301657)

**Reconciliation of Members' Interests
for the Year Ended 31 December 2019**

Group

| | Members' capital £ | Other reserves £ | Total members' interests £ |
|--|--------------------------|------------------------|-------------------------------------|
| At 31 December 2017 | 139,464 | 6,758,756 | 6,898,220 |
| Profit in year available for distribution among members | - | 2,948,838 | 2,948,838 |
| Profit distributed among members | - | (2,112,173) | (2,112,173) |
| Repayment of capital contribution | (995) | - | (995) |
| At 31 December 2018 | 138,469 | 7,595,421 | 7,733,890 |
| Profit in year available for distribution among members | - | 990,211 | 990,211 |
| Profit distributed among members | - | (4,474,713) | (4,474,713) |
| Repayment of capital contribution | (712) | - | (712) |
| At 31 December 2019 | 137,757 | 4,110,919 | 4,248,676 |

LLP

| | Members' capital £ | Other reserves £ | Total members' interests £ |
|--|--------------------------|------------------------|-------------------------------------|
| At 31 December 2017 | 139,464 | 5,828,938 | 5,968,402 |
| Profit in year available for distribution among members | - | 2,958,495 | 2,958,495 |
| Profit distributed among members | - | (2,112,173) | (2,112,173) |
| Repayment of capital contribution | (995) | - | (995) |
| At 31 December 2018 | 138,469 | 6,675,260 | 6,813,729 |
| Profit in year available for distribution among members | - | 808,125 | 808,125 |
| Profit distributed among members | - | (4,474,713) | (4,474,713) |
| Repayment of capital contribution | (712) | - | (712) |
| At 31 December 2019 | 137,757 | 3,008,672 | 3,146,429 |

**Group Cash Flow Statement
for the Year Ended 31 December 2019**

| | Notes | 2019 £ | 2018 £ |
|--|-------|-------------|-------------|
| Net cash inflow from operating activities | 14 | 4,535,481 | 2,323,782 |
| Returns on investments and servicing of finance | | | |
| Interest received | | 3,444 | 2,957 |
| Dividend paid | | - | - |
| Net cash inflow from returns on investments and servicing of finance | | 3,444 | 2,957 |
| Capital expenditure and financial investment | | | |
| Payments to acquire tangible fixed assets | 8 | - | - |
| Payments to acquire investments | 9 | - | - |
| Net cash inflow/(outflow) from capital expenditure and financial investment | | - | - |
| Financing activities | | | |
| Repayment of capital contribution | | (712) | (995) |
| Distributions of profits to members | | (4,474,713) | (2,112,173) |
| Net cash outflow from financing activities | | (4,475,425) | (2,113,168) |
| Cash and cash equivalents at the beginning of the year | | 422,474 | 208,903 |
| Increase/(decrease) in cash and cash equivalents | | 63,500 | 213,571 |
| Cash and cash equivalents at the end of the year | | 485,974 | 422,474 |

**Notes to the Financial Statements
for the Year Ended 31 December 2019**

1. STATUTORY INFORMATION

Clyde Blowers Capital IM LLP is a limited liability partnership registered in Scotland. The LLP's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the group have been prepared in compliance with FRS 102, as it applies to the financial statements of the group for the year ended 31 December 2019, alongside The Partnerships (Accounts) Regulations 2008.

The financial statements have been prepared under the historical cost convention.

Basis of consolidation

The financial statements of the group consolidate the financial statements of the LLP and its subsidiaries, Clyde Blowers Capital GP II Limited ('GP II Ltd'), Clyde Blowers Capital GP III Limited ('GP III Ltd'), Clyde Blowers Capital GP (Holdings) Limited ('GP Holdings Ltd'), Redwood Capital Partners III GP Ltd ('RCP III GP Ltd'), Clyde Blowers Capital (Member) Ltd ('Member Ltd') and AlbaCap Limited (previously named Redwood Capital Partners IV Limited), (together 'the group') as at 31 December 2019.

Subsidiaries are consolidated from the date of their acquisition or formation, being the date on which the group obtains control, and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights; currently exercisable or convertible potential voting rights; or by way of contractual agreement. The financial statements of subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting year as the parent LLP and are based on consistent accounting policies. All intra group balances and transactions, including unrealised profits arising from them, are eliminated.

GP II Ltd is the general partner to CBC GP II LP which is the general partner of Fund II. GP II Ltd therefore has the right to exercise dominant influence over Fund II. Fund II does not fall to be treated as a subsidiary undertaking as the rights of GP II Limited are exercised on behalf of other investors in Fund II and, being fiduciary in nature, these rights can be disregarded when determining whether a parent-subsidiary relationship exists.

GP III Ltd is the general partner to CBC GP III LP which was the general partner of Fund III. GP III Ltd therefore had the right to exercise dominant influence over Fund III when it was under the management of the LLP. Fund III does not fall to be treated as a subsidiary undertaking as the rights of GP III Limited are exercised on behalf of other investors in Fund III and, being fiduciary in nature, these rights can be disregarded when determining whether a parent-subsidiary relationship exists.

Going Concern

The designated members are required to prepare the statutory financial statements on a going concern basis unless it is unsuitable to presume that the LLP will continue in business for the foreseeable future. In fulfilment of this responsibility the members have considered the LLPs ability to meet its liabilities as they fall due.

The group's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, and its exposures to credit, liquidity and cash flow risk are described in the members' review.

Management information tools including budgets and cash flow forecasts are used to monitor and manage the current and future liquidity of the LLP.

The designated members have undertaken a recent and comprehensive review of the LLP's forecasts and the related risks. These forecasts extend for a period from the date of approval of these financial

2. ACCOUNTING POLICIES - continued

Going Concern (continued)

statements until 31 July 2022. This review reflects the current economic environment as well as the LLP's current and projected trading. These forecasts have been prepared for a range of possible scenarios, including the impact of COVID-19, with sensitivity analysis applied to the key revenue streams and costs.

The designated members have discussed the LLP's forecast cash flow, including any funding requirements from the Partners, timing of the forecasted cash receipts and cost of operating. In considering the cash flow forecast and sensitivities the designated partners are satisfied that the level of committed funding is sufficient to cover all plausible scenarios in the going concern period.

Accordingly, they continue to adopt the going concern basis in preparing this report and the statutory financial statements.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The members consider there were no material judgements in preparing the financial statements. The following estimates have had the most significant effect on amounts recognised in the financial statements.

Impairment of non-financial assets

Where there are indicators of impairment of individual assets, the group performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.

Impairment of financial assets

Where there are indicators of impairment of individual assets, the group performs impairment tests based on the recoverable amount of the asset.

Turnover

Turnover represents net fees from the provision of investment management and related services to the Funds excluding value added tax and is wholly derived within the United Kingdom. Turnover also includes income from operating services provided to Fund entities.

Rendering of services

Revenue from investments management and related services is recognised by reference to agreed contracted amounts and recognised on delivery of service.

Interest income

Revenue is recognised as interest accrues. Interest income is included in turnover in the income statement.

Current and deferred tax

Taxation in relation to the profits of the LLP is assessed on each individual partner rather than the LLP and, accordingly, no taxation is included in these financial statements in respect of the profit attributed to the LLP. Partnership profits taxable on members per note 6 has been included for reconciliation purposes.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2019**

3. ACCOUNTING POLICIES - continued

Deferred tax arises within GP II Ltd and GP III Ltd and is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- Deferred tax assets are recognised only to the extent that the members consider that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.
- Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

The group's consolidated financial statements are presented in Sterling, which is the Partnership's functional currency. That is the currency of the primary economic environment in which the LLP operates. Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Members' profit allocations

Discretionary and non-discretionary profit allocations are recognised when formally approved by the management board.

Investments

Investments are accounted for at cost less any provision for impairment in value.

Pension costs and other post-retirement benefits

The LLP operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in administrative expenses.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

3. OPERATING PROFIT

This is stated after charging:

Group

| | 2019 | 2018 |
|-------------------------------|---------|---------|
| | £ | £ |
| Auditors' remuneration | | |
| LLP | 30,000 | 20,250 |
| Other subsidiary undertakings | - | 15,900 |
| Other services | 10,090 | 4,150 |
| Depreciation - owned assets | 26,281 | 32,619 |
| Loss on disposal of assets | - | 2,473 |
| Operating lease rentals | 214,212 | 314,079 |
| Exchange loss / (profit) | (185) | (853) |

LLP

The net profit after tax for the year attributable to the LLP was £808,125 (2018: £3,550,336). The LLP is exempt from preparing a profit and loss account in accordance with the SORP 'Accounting by Limited Liability Partnerships'.

4. EXCEPTIONAL COSTS

| | Group 2019 £ | Group 2018 £ |
|-------------------|--------------------|--------------------|
| Exceptional Items | (1,431,054) | - |

The exceptional items are in relation to the amortisation of the remaining balance of the Fund III related brokers' fee, provisions against related party costs incurred on their behalf as well as a write off of sales invoice amounts that are no longer recoverable.

In January 2020, it was mutually agreed by all stakeholders that Clyde Blowers Capital Fund III LP would separate from its General Partner and Manager, Clyde Blowers Capital GP III LP and Clyde Blowers Capital IM LLP; hence why these amounts are being expensed in the year. Members of the LLP continue to be investors in the Fund through a related party, Clyde Blowers Capital Co-Investment III LP.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

5. STAFF COSTS

| | Group 2019 £ | Group 2018 £ |
|-----------------------|--------------------|--------------------|
| Wages and salaries | 990,402 | 1,193,189 |
| Social security costs | 123,516 | 156,689 |
| Other pension costs | 39,921 | 39,627 |
| | <u>1,153,839</u> | <u>1,389,505</u> |

The average monthly number of employees (excluding members) employed by the Group during the year was 7 (2018: 8). All employee costs are classed as administrative.

6. MEMBERS' ALLOCATION

| | Group 2019 £ | Group 2018 £ |
|---|--------------------|--------------------|
| Profit for the financial year before members' remuneration and available for division among members | 990,211 | 2,948,838 |
| | <u>990,211</u> | <u>2,948,838</u> |

The average number of members during the year was 4 (2018: 5).

Based on these financial statements the profit share of the member who received the largest entitlement to profits was £323,747 (2018: £421,638).

All members and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel.

Total profit allocation / remuneration in respect of these individuals is £1,172,780 (2018: £1,558,232).

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

7. TAXATION

(a) Tax on profit on ordinary activities

The tax (credit)/charge is made up as follows:

| | | 2019 | 2018 |
|--------------------------------|----|------------------|----------------|
| | | £ | £ |
| <i>Group relief receivable</i> | | | |
| Total current tax (note (b)) | CY | - | - |
| | PY | - | - |
| Deferred tax movement | CY | (236,225) | (1,829) |
| | PY | 2,728 | - |
| Total tax | | <u>(233,497)</u> | <u>(1,829)</u> |

(b) Factors affecting the tax (credit)/charge for the year

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%).

The differences are reconciled below:

| | | 2019 | 2018 |
|---|--|------------------|------------------|
| | | £ | £ |
| Profit on ordinary activities before taxation | | <u>756,714</u> | <u>2,947,009</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19.00%) | | 143,776 | 559,932 |
| Effects of: | | | |
| Partnership profits taxable on members | | (224,157) | (526,083) |
| Expenses not deductible for tax purposes | | 79,775 | (36,031) |
| Other short-term timing differences | | (923,039) | 925,702 |
| Movement in excess expenses | | 686,814 | (925,702) |
| Non taxable income | | 606 | - |
| Losses not recognised as DTA | | - | 353 |
| Prior year adjustment | | 2,728 | - |
| Current tax credit for year (note 7(a)) | | <u>(233,497)</u> | <u>(1,829)</u> |

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

7. TAXATION – continued

(c) Factors that may affect future tax charges

As at 31 December 2019 there is no unrecognised deferred tax asset or liability.

Finance Act (No 2) 2015 included legislation to reduce the rate of UK Corporation Tax to 19% on 1 April 2017 and to 18% on 1 April 2020. The Chancellor announced in his budget on 16th March 2016 that there would be a further 1% reduction in the rate of corporation tax to 17% on 1 April 2020. This further reduction was included within the Finance Act 2016 which was substantively enacted on 6 September 2016.

(d) Deferred taxation

| | Group 2019 £ | LLP 2019 £ | Group 2018 £ | LLP 2018 £ |
|-------------------------------------|--------------------|------------------|--------------------|------------------|
| Other short-term timing differences | (18,545) | - | 941,357 | - |
| Tax losses carried forward | 19,967 | - | (706,438) | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 December 2019 (note 13) | 1,422 | - | 234,919 | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

8. TANGIBLE FIXED ASSETS

Group and LLP

| | Computer equipment £ | Fixtures, fittings and equipment £ | Total £ |
|---------------------------|----------------------------|---|------------|
| Cost: | | | |
| At 1 January 2019 | 24,062 | 301,263 | 325,325 |
| Disposals | (10,132) | - | (10,132) |
| At 31 December 2019 | 13,930 | 301,263 | 315,193 |
| Depreciation: | | | |
| At 1 January 2019 | 21,423 | 196,062 | 217,485 |
| Charge for year | 1,340 | 24,941 | 26,281 |
| Depreciation on Disposals | (10,132) | - | (10,132) |
| At 31 December 2019 | 12,631 | 221,003 | 233,634 |
| Net book value: | | | |
| At 31 December 2019 | 1,299 | 80,260 | 81,559 |
| At 1 January 2019 | 2,639 | 105,201 | 107,840 |

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

9. INVESTMENTS

| <i>Group</i> | 2019 £ | 2018 £ |
|--|-----------|-----------|
| Capital contribution in Clyde Blowers Capital Storm Co-Invest LP | 1 | 1 |
| Capital contribution in Clyde Blowers Capital Storm Co-Invest (2013) LP | 1 | 1 |
| Capital contribution in Clyde Blowers Capital Storm Co-Invest (2014) LP | 1 | 1 |
| Capital contribution in Clyde Blowers Capital Gemini Co-Invest (2015) LP | - | - |
| Capital contribution in Albaco Limited | 250,000 | 250,000 |

The investment in Clyde Blowers Capital Gemini Co-Invest (2015) LP is the equivalent of €1.

| <i>LLP</i> | 2019 £ | 2018 £ |
|---------------------------------------|-----------|-----------|
| Investment in subsidiary undertakings | 3 | 3 |

Details of the investments in which the Group holds 20% or more of the nominal share value of any class of share capital is as follows:

| <i>Name of company</i> | <i>Holding</i> | <i>Nature of business</i> | <i>Registered Office</i> | <i>Country of Incorporation</i> |
|--|-----------------|---------------------------|--------------------------|---------------------------------|
| Clyde Blowers Capital GP II Limited * | Ordinary shares | Service company | UK | Scotland |
| Clyde Blowers Capital GP III Limited * | Ordinary shares | Service company | UK | Scotland |
| Redwood Capital Partners III GP Limited * | Ordinary shares | Service company | UK | Scotland |
| Clyde Blowers Capital (Member) Limited * | Ordinary shares | Service company | UK | Scotland |
| Clyde Blowers Capital GP (Holdings) Limited | Ordinary shares | Service company | UK | Scotland |
| AlbaCap Ltd (previously named Redwood Capital Partners IV Limited) | Ordinary shares | Service company | UK | Scotland |

* Investment is held by subsidiary undertaking

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2019**

9. INVESTMENTS - continued

The Group holds 51% of the class A shares and 28% of the class B share of Clyde Blowers Capital GP (Holdings) Limited. Class A shares hold the voting rights and therefore the Group is the controlling entity. All the other companies are owned 100% by Clyde Blowers Capital GP (Holdings) Limited.

The LLP holds an investment in AlbaCap Limited (previously named Redwood Capital Partners IV Limited), which is a limited company registered in Scotland. The principal activity of the company is to hold an investment in Albaco Limited.

All investments are registered at 5 Redwood Crescent, Peel Park, East Kilbride, Glasgow, G74 5PA.

As of April 2020, it has been mutually agreed by all stakeholders that Clyde Blowers Capital Storm Co-Invest LP will transfer all of the shares held by it in Portfolio Companies to MDP Fund LP and proceed with an orderly termination and winding-up."

As of April 2020, it has been mutually agreed by all stakeholders that Clyde Blowers Capital Gemini Co-Invest (2015) LP will separate from its General Partner and Manager, Clyde Blowers Capital GP III LP and Clyde Blowers Capital IM LLP. The Fund's new AIFM will be Mirabella Financial Services LLP.

Given the relatively mature stage of the Clyde Blowers Capital Gemini Co-Invest (2015) LP, CBC has decided to focus on several new investment opportunities on a deal by deal basis. CBC will remain investors in the fund.

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group 2019 £ | Group 2018 £ | LLP 2019 £ | LLP 2018 £ |
|-------------------------------------|--------------------|--------------------|------------------|-------------------|
| Trade debtors | 100,279 | 142,419 | 88,601 | 63,964 |
| Other debtors | 29,427 | 11,394 | 182,114 | 130,282 |
| Deferred Placing Agent | - | 1,765,760 | - | 1,765,760 |
| Amounts due from related parties | 5,209,133 | 8,388,357 | 5,209,133 | 8,388,357 |
| Amounts due from group undertakings | - | - | 258,181 | 274,876 |
| Prepayments and accrued income | 116,421 | 111,920 | 101,930 | 98,490 |
| | <u>5,455,260</u> | <u>10,419,850</u> | <u>5,839,959</u> | <u>10,721,729</u> |

The amounts due from group undertakings are payable on demand and attract interest at nil%.

11. CASH AND CASH EQUIVALENTS

For the purposes of the group statement of cash flows, cash and cash equivalents comprises the following:

| | Group 2019 £ | Group 2018 £ | LLP 2019 £ | LLP 2018 £ |
|--------------------------|--------------------|--------------------|------------------|------------------|
| Cash at bank and in hand | 485,974 | 422,474 | 483,687 | 413,480 |
| | <u>485,974</u> | <u>422,474</u> | <u>483,687</u> | <u>413,480</u> |

Cash at bank earns interest at floating rates based on daily bank deposit rates.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group 2019 £ | Group 2018 £ | LLP 2019 £ | LLP 2018 £ |
|-----------------------------------|--------------------|--------------------|------------------|------------------|
| Trade creditors | 288,010 | 91,113 | 281,060 | 80,310 |
| Other creditors | 207,266 | 309,986 | 207,260 | 309,980 |
| VAT | - | 177,888 | - | 177,888 |
| Amounts due to members | 1,395,347 | 2,107,248 | 1,395,347 | 2,107,248 |
| Amounts due to related parties | 22,795 | 172,706 | 22,795 | 172,706 |
| Amounts due to group undertakings | - | - | 1,259,501 | 1,350,236 |
| Accruals and deferred income | 109,279 | 372,417 | 92,815 | 230,955 |
| | <u>2,022,698</u> | <u>3,231,358</u> | <u>3,258,779</u> | <u>4,429,323</u> |

The amounts due to group undertakings are repayable on demand and attract interest at nil%.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

13. PROVISIONS FOR LIABILITIES

Deferred tax

| | Group 2019 £ | Group 2018 £ |
|--|--------------------|--------------------|
| At 1 January 2019 | 234,919 | 236,748 |
| Deferred tax (credit)/charge in profit and loss account (note 7(a)) | (233,497) | (1,829) |
| At 31 December 2019 (note 7(d)) | 1,422 | 234,919 |

14. RECONCILIATION OF GROUP OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

| | 2019 £ | 2018 £ |
|---|-------------|-----------|
| Operating profit | 753,270 | 2,944,052 |
| Depreciation | 26,281 | 32,619 |
| Loss on disposal of fixed assets | - | 2,472 |
| Decrease in trade and other receivables | 4,964,590 | (979,351) |
| Decrease in trade and other payables | (1,208,660) | 323,990 |
| Net cash inflow from operating activities | 4,535,481 | 2,323,782 |

15. OPERATING LEASE COMMITMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

| | 2019 £ | 2018 £ |
|----------------------------|-----------|-----------|
| Expiring: | | |
| Within one year | 29,561 | 51,441 |
| Between one and five years | - | 61,586 |
| In more than five years | 1,461,696 | 1,628,747 |
| | 1,491,257 | 1,741,774 |

16. RELATED PARTY DISCLOSURES

During the year the partnership provided management services to a number of related parties. Transactions entered into, and trading balances outstanding at 31 December, are as follows:

| Entity | Transactions 2019 | Transactions 2018 | Amount due (to)/from Related Parties 2019 | Amount due (to)/from Related Parties 2018 |
|--|----------------------|----------------------|--|--|
| Clyde Blowers Capital Fund III LP | 4,680,782 | 4,426,180 | - | - |
| Ferguson Marine Engineering (Holdings) Limited | 1,350 | 400,011 | - | 200,978 |
| Allrig Inc | 28,185 | 153,996 | - | 227,545 |
| Moventas Holdings Oy | 193,577 | 167,630 | 30,551 | 158,287 |
| CBC Keto Limited | 2,039 | 31,724 | 413 | - |
| Parsons Peebles Generation Group Limited | 64,957 | 32,638 | 15,785 | 20,897 |
| David Brown Group Limited | - | 55,250 | - | - |
| Hydreco Hydraulics Limited | 58,752 | 164,375 | - | - |
| Honey Holdings Inc | - | 83,437 | - | - |
| Albaco Limited | - | 24,314 | - | - |
| DB Santasalo Sarl | 155,028 | 500 | 3,277 | - |

Clyde Blowers Capital IM LLP (Registered number: SO301657)**Notes to the Financial Statements - continued
for the Year Ended 31 December 2019****16. RELATED PARTY DISCLOSURES - continued**

During the year the partnership paid expenses on behalf of a number of related parties. Amounts paid, and balances outstanding, are as follows:

| Entity | Transactions 2019 | Impairments 2019 | Transactions 2018 | Amount due (to)/from Related Parties 2019 | Amount due (to)/from Related Parties 2018 |
|--|----------------------|---------------------|----------------------|--|--|
| Clyde Blowers Capital Fund II LP | 22,500 | - | 22,500 | - | - |
| Clyde Blowers Capital Fund III LP | 27,892 | - | 62,885 | 5,625 | - |
| Clyde Blowers Capital CIV II LP | - | (38,930) | 4,800 | - | 38,930 |
| Clyde Blowers Capital CIV III LP | - | (38,710) | 6,240 | - | 38,710 |
| Clyde Blowers Capital Co-Invest II LP | - | - | 7,207 | - | 2,726,636 |
| Clyde Blowers Capital Co-Invest III LP | 416,193 | - | 477,503 | 4,972,310 | 4,556,117 |
| Clyde Blowers Capital Storm Co-Invest (2013) LP | 11,621 | - | 15,013 | 86,676 | 75,055 |
| Clyde Blowers Capital Storm Co-Invest (2014) LP | 11,621 | - | 14,371 | 67,956 | 56,335 |
| Clyde Blowers Capital Gemini Co-Invest (2015) LP | 14,171 | - | 15,991 | 56,909 | 42,737 |
| Redwood Capital Partners III LP | - | - | 8,883 | - | 104,252 |
| Clyde Blowers Capital GP LLP | 3,520 | - | 5,400 | 18,520 | 15,000 |
| Totals | | | | 5,207,996 | 7,653,772 |

The expenses incurred on behalf of Fund II LP and Fund III LP and Fund II and Fund III LP investments, include £470,908 (2018: £1,125,348) of expenses incurred by the LLP, and subsequently recharged to Clyde Blowers Limited, a member of the LLP. There are net amounts due (to)/from Clyde Blowers Limited as at 31 December 2019 of (£56,336) (2018: £136,472).

The LLP receives money from Clyde Blowers Capital GP II LP in respect of future management fees. At 31 December 2019 the LLP owed £9,239 to Clyde Blowers Capital GP II LP (2018: £15,134).

The LLP receives money from Clyde Blowers Capital GP III LP in respect of future management fees. At 31 December 2019 the LLP owed £24,535 to Clyde Blowers Capital GP III LP (2018: £27,032).

The LLP (repaid)/received a short-term loan from CBC Property Limited, a company that has a number of directors and officers in common with the LLP, of (£115,000) (2018: £116,646). At 31 December 2019, the LLP owed CBC Property Limited (£1,646) (2018: £116,646).

The LLP holds a property lease with Franchville Investments Limited, a company that has an officer in common with the LLP. Lease costs in the year amounted to £167,051 (2018: £69,605). At 31 December 2019, the LLP owed Franchville Investments Limited £0 (2018: £0).

16. RELATED PARTY DISCLOSURES – continued

The LLP uses the services of Scotia Aviation Limited, a company that has investors in common with the LLP. Transaction costs in the year amounted to £40,325 (2018: £37,937). At 31 December 2019, the LLP owed Scotia Aviation Limited £1,886 (2018: £4,301).

The LLP incurred expenses on behalf of Albaco Limited, a company that has a director in common with the LLP. Transaction costs in the year amounted to £0 (2018: £24,314). At 31 December 2019, Albaco Limited owed the LLP £0 (2018: £0).

17. EVENTS AFTER THE REPORTING PERIOD

The designated members have considered the impact of the Covid 19 virus on operations and note that this has had limited impact on the partnership directly, however has impacted on the ongoing trading performance and post year end valuations of the investments held by the Funds which are managed by the partnership.

In January 2020, it was mutually agreed by all stakeholders that Clyde Blowers Capital Fund III LP would separate from its General Partner and Manager, Clyde Blowers Capital GP III LP and Clyde Blowers Capital IM LLP. However, members of the LLP continue to be investors in the Fund through a related party, Clyde Blowers Capital Co-Investment III LP.

18. ULTIMATE CONTROLLING PARTY

Mr J A McColl OBE, a member of the LLP, controls the LLP as a result of having the final casting vote.