

Registered number: 05235343

SV HEALTH INVESTORS UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



SV HEALTH INVESTORS UK LIMITED

CONTENTS

	Page(s)
Company Information	1
Directors' Report	2 - 5
Independent Auditors' Report to the Members of SV Health Investors UK Limited	6 - 9
Consolidated Statement of Comprehensive Income	10
Consolidated Balance Sheet	11
Company Balance Sheet	12
Consolidated Statement of Changes in Equity	13
Company Statement of Changes in Equity	14
Consolidated Statement of Cash Flows	15
Notes to the Financial Statements	16 - 35

SV HEALTH INVESTORS UK LIMITED

COMPANY INFORMATION

Directors	C E Bingham J A J Costine
Registered number	05235343
Registered office	71 Kingsway London WC2B 6ST
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT
Bankers	Barclays Bank plc 1 Churchill Place London E14 5HP
Solicitors	Travers Smith LLP 10 Snow Hill London EC1A 2AL

SV HEALTH INVESTORS UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and the audited financial statements of SV Health Investors UK Limited (the "Company") together with its subsidiaries (the "Group") for the year ended 31 December 2020.

Principal activities

The principal activity of the Group during the year was the provision of investment advice and/or management to Delaware limited partnership Venture capital funds, two English limited partnership funds and a UK based Investment Trust.

The Company is a holding company for the corporate member interest in SV Health Managers LLP. SV Health Managers LLP is a corporate member with a 2-97% controlling interest in seven legal entities associated with the Dementia Discovery Fund and SV7 Impact Medicine Fund LP, which are consolidated but do not materially impact the results or Balance Sheet of the business.

Review of business and future developments

The business has performed well in 2020 resulting in an increase in profit of 80%, largely attributed to the additional income from the SV7 Impact Medicine Fund and a decrease in operating expenses due to reduced office expenses as a result of the impact of Covid.

In June 2020, SV Health Managers (SVHM), 100% owned subsidiary of SV Health Investors Ltd held its final close for the SV7 Impact Medicine Fund ("SV7 IMF") reaching a total commitment of \$265m. SV7 IMF had initially been launched in December 2018 and the final close was above the initial target which is overall a great success story for the first solely focused biotech fund by SVHM. International Biotechnology Trust plc has performed well during the year resulting in an increase in its NAV by 29.8% reaching record levels in both terms of the NAV and share price during the 2020 year. Dementia Discovery Fund ("DDF") has been focussing on its core focus and performed well during the year.

Throughout the year, the Group has weathered the effects of the global pandemic. The Directors have actively managed the situation and employed additional processes to ensure the continuation of the Groups's operations. Liquidity was identified as a critical area and therefore, the directors produced longer-term, detailed cashflow forecasts to ensure sufficient cash balances were maintained to meet upcoming investment rounds and other obligations. As a result, it is the Group's belief that the results presented for the year ended 31 December 2020 have not been materially altered due to the presence of COVID-19. We have not yet seen an impact on the going concern of SV Health Investors Ltd, SV Health Managers LLP, nor its funds under management, however we will continue to closely monitor the situation.

The principle risks of the business are:

- To fail to provide strong investment management services to underlying investors, causing them to remove their capital or decide not to invest in future funds.
- Poor management of IBT so that it underperforms the market to such a degree that the IBT Board replaces us as manager.
- To fail to adequately control the activities of the team so that the business complies with applicable compliance law and controls costs so as to make a profit.

Results and dividends

The consolidated results of the Group for the financial year are set out in detail on page 10. The consolidated profit for the financial year amounted to £7,425k (2019: loss £97k). The consolidated net assets are £1,216k (2019: £1,663k)

The Directors do not recommend the payment of a dividend (2019: £Nil).

SV HEALTH INVESTORS UK LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Directors

The directors who served during the year and up to the date of signing the financial statements were:

C E Bingham
J A J Costine

Going concern

The Company and the Group meet their day-to-day working capital requirements through their bank facilities. The Company and the Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company and the Group should be able to operate within the level of its current facilities. After making enquiries, the Directors have a reasonable expectation that the Company and the Group has adequate resources to continue in operational existence for the foreseeable future. The Company and the Group therefore continue to adopt the going concern basis in preparing their financial statements.

Directors' insurance and indemnities

The directors have the benefit of Directors' and officers' liability insurance for the benefit of the Company, the Directors and its officers. The Company has entered into qualifying third-party indemnity arrangements for the benefit of all its Directors in a form and scope which comply with the requirements of the Companies Act 2006, which was in force throughout the year and remains in force at the date of signing.

Financial risk management objective and policies

The Group's principal financial instruments comprise bank balances, trade receivables and trade payables. The main purpose of these instruments is to maintain funds for the Group's operations. The Group's approach to managing risks applicable to the financial instruments is shown below.

Currency risk

The purpose of the Company's foreign currency management is to manage the effect of exchange rate fluctuations on income, expenses, cash flows and assets and liabilities denominated in selected foreign currencies, in particular denominated in US dollars.

The majority of revenues are generated in Pounds Sterling and US Dollars while expenses are predominantly Pounds Sterling. The extent that exchange rate fluctuations impact the profitability of the business is not considered to be material due to the limited level of foreign currency expenditure.

Liquidity risk

In respect of bank balances the liquidity risk is minimal as the Company constantly monitors its bank balances to ensure that they are sufficient to finance the Company's operations.

Credit risk

Trade receivables are managed in respect of credit and cash flow risk by policies concerning monitoring of amounts and time outstanding. Trade payables liquidity risk is managed by ensuring sufficient funds are available to meet the amounts due through regular review of bank balances and the regular preparation of management accounts.

Payables

The Group's policy for creditor payment is to pay within 30 days unless a different period has been agreed with the supplier.

SV HEALTH INVESTORS UK LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law 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 Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Disclosure of information to auditors

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

Independent auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors. They will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small company exemption

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 414B of the Companies Act 2006. In addition, the Company has taken advantage of the exemption available and has not presented a Strategic Report.

SV HEALTH INVESTORS UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

This report was approved by the board and signed on its behalf by:



J A J Costine
Director

Date: 12 August 2021

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SV HEALTH INVESTORS UK LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, SV Health Investors UK Limited's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2020 and of the Group's profit and the Group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 31 December 2020, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 group's and 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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

SV HEALTH INVESTORS UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SV HEALTH INVESTORS UK LIMITED (CONTINUED)

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for assessing the Group's and 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 Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SV HEALTH INVESTORS UK LIMITED
(CONTINUED)**

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to intentional manipulation of turnover or posting fraudulent journal entries for personal gain or to present a more favourable financial position. Audit procedures performed by the engagement team included:

- Enquiring with the Directors over any areas of known or suspected instances of non-compliance with laws and regulations or fraud;
- Reviewing board meeting minutes;
- Identifying and testing journal entries, in particular journal entries posted with unusual account descriptions or characteristics; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.
- Agreed company revenue to the drawings from SV Health Managers LLP and traced the receipt to bank statement.
- Recalculating group turnover based on relevant legal agreements in addition to agreeing to invoices and bank, ensuring accurately recorded in the appropriate period.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SV HEALTH INVESTORS UK LIMITED
(CONTINUED)**

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility



Robert Hawkins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
Date: 12 August 2021

SV HEALTH INVESTORS UK LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £000	2019 £000
Turnover	4	14,635	12,517
Gross profit		14,635	12,517
Other operating income	5	539	247
Staff costs	8	(2,121)	(1,746)
Other operating expenses		(5,739)	(6,853)
Operating profit	6	7,314	4,165
Interest payable and similar expenses	10	(3)	(3)
Gain/(loss) on investments		117	(63)
Profit before taxation		7,428	4,099
Tax on profit	11	(3)	2
Profit for the financial year		7,425	4,101
Foreign exchange translation		(16)	-
Other comprehensive income for the year		(16)	-
Total comprehensive income for the year		7,409	4,101
Profit for the year attributable to:			
Non-controlling interests		7,341	4,198
Owners of the parent Company		84	(97)
		7,425	4,101
Total comprehensive income for the year attributable to:			
Non-controlling interest		7,341	4,198
Owners of the parent Company		68	(97)
		7,409	4,101

The notes on pages 16 to 35 form part of these financial statements.

SV HEALTH INVESTORS UK LIMITED
REGISTERED NUMBER: 05235343

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £000	2019 £000
Fixed assets			
Tangible assets	12	118	292
Investments	13	2,362	1,338
		<u>2,480</u>	<u>1,630</u>
Current assets			
Debtors	14	719	3,955
Cash at bank and in hand	15	6,529	2,462
		<u>7,248</u>	<u>6,417</u>
Creditors: amounts falling due within one year	16	(8,512)	(6,883)
Net current liabilities		<u>(1,264)</u>	<u>(466)</u>
Total assets less current liabilities		<u>1,216</u>	<u>1,164</u>
Capital and reserves			
Called up share capital	19	300	300
Profit and loss account	21	746	678
Equity attributable to owners of the parent Company		<u>1,046</u>	<u>978</u>
Non-controlling interests		170	186
Total shareholders' funds		<u>1,216</u>	<u>1,164</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


J A J Costine
 Director

Date: 12 August 2021

The notes on pages 16 to 35 form part of these financial statements.

SV HEALTH INVESTORS UK LIMITED
REGISTERED NUMBER: 05235343

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £000	2019 £000
Fixed assets			
Investments	13	861	844
Current assets			
Debtors	14	40	25
Cash at bank and in hand	15	104	120
		<u>144</u>	<u>145</u>
Creditors: amounts falling due within one year	16	(19)	(30)
Net current assets		<u>125</u>	<u>115</u>
Total assets less current liabilities		<u>986</u>	<u>959</u>
Capital and reserves			
Called up share capital	19	300	300
Profit and loss account brought forward		659	670
Profit/(loss) for the financial year		27	(11)
		<u>686</u>	<u>659</u>
Total shareholders' funds		<u>986</u>	<u>959</u>

Of the Group profits for the financial year, a profit of £26,911 (2019: loss £10,156) relates to the parent Company. The directors have taken advantage of the exemption available under s408 of the Companies Act 2006 and not presented a profit and loss account for the Company alone.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



J A J Costine
Director

Date: 12 August 2021

The notes on pages 16 to 35 form part of these financial statements.

SV HEALTH INVESTORS UK LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital £000	Profit and loss account £000	Equity attributable to owners of parent Company £000	Non- controlling interests £000	Total shareholders' funds £000
At 1 January 2019	300	775	1,075	186	1,261
Comprehensive income for the financial year					
Profit for the financial year	-	(97)	(97)	4,198	4,101
Total comprehensive income for the financial year	-	(97)	(97)	4,198	4,101
Contributions by and distributions to owners					
Distribution of profits	-	-	-	(4,198)	(4,198)
Total transactions with owners	-	-	-	(4,198)	(4,198)
At 31 December 2019 and 1 January 2020	300	678	978	186	1,164
Comprehensive income for the financial year					
Profit for the financial year	-	84	84	7,341	7,425
Foreign exchange translation	-	(16)	(16)	-	(16)
Total comprehensive income for the financial year	-	68	68	7,341	7,409
Contributions by and distributions to owners					
Distribution of profits	-	-	-	(7,341)	(7,341)
Transfer of capital	-	-	-	(16)	(16)
Total transactions with owners	-	-	-	(7,357)	(7,357)
At 31 December 2020	300	746	1,046	170	1,216

The notes on pages 16 to 35 form part of these financial statements.

SV HEALTH INVESTORS UK LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital £000	Profit and loss account £000	Total shareholders' funds £000
At 1 January 2019	300	670	970
Comprehensive expense for the financial year			
Loss for the financial year	-	(11)	(11)
Total comprehensive expense for the financial year	-	(11)	(11)
At 31 December 2019 and 1 January 2020	300	659	959
Comprehensive income for the financial year			
Profit for the financial year	-	27	27
Total comprehensive income for the financial year	-	27	27
At 31 December 2020	300	686	986

The notes on pages 16 to 35 form part of these financial statements.

SV HEALTH INVESTORS UK LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020	2019
	£000	£000
Cash flows from operating activities		
Profit for the financial year	7,425	4,101
Adjustments for:		
Depreciation of tangible assets	193	128
Net interest expense/ (income)	3	(1)
Taxation charge	3	1
Decrease/(increase) in debtors	3,236	(1,688)
(Decrease)/increase in creditors	(1,267)	2,324
Corporation tax paid	(2)	(9)
Unrealised gain on investment	(117)	(63)
Net cash generated from operating activities	9,474	4,793
Cash flows from investing activities		
Purchase of tangible assets	(19)	(115)
Purchase of interest in a partnership	(908)	(437)
Net cash used in investing activities	(927)	(552)
Cash flows from financing activities		
Transfer of capital	(16)	28
Interest paid	(3)	(3)
Distributions paid to non-controlling interests	(4,445)	(3,296)
Net cash used in financing activities	(4,464)	(3,271)
Net increase in cash and cash equivalents	4,083	970
Cash and cash equivalents at beginning of financial year	2,462	1,482
Exchange (losses)/gains on cash and cash equivalents	(16)	10
Cash and cash equivalents at the end of financial year	6,529	2,462
Cash and cash equivalents at the end of financial year comprise:		
Cash at bank and in hand	6,529	2,462

The notes on pages 16 to 35 form part of these financial statements.

SV HEALTH INVESTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

SV Health Investors UK Limited (the "Company") together with its subsidiaries (the "Group") is a private company limited by shares, incorporated in England & Wales under the Companies Act. The address of the registered office is 71 Kingsway, London, WC2B 6ST.

The principal activity of the Group during the year was the provision of investment advice and/or management to Delaware limited partnership venture capital funds, an English limited partnership fund and a UK based Investment Trust.

The Company is a holding company for the corporate member interest in SV Health Managers LLP. SV Health Managers LLP is a corporate member with a 100% controlling interest in seven legal entities associated with the Dementia Discovery Fund and SV7 Impact Medicine Fund LP, which are consolidated but do not materially impact the results or Balance Sheet of the business.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied consistently throughout the year:

2.2 Exemptions for qualifying entities under FRS 102 (individual financial statements)

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemption:

- From preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows.

SV HEALTH INVESTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.3 Basis of consolidation

The financial statements include in full the results of the Company and all subsidiary undertakings.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the Group owns less than 50% of the voting powers of an entity but controls the entity by virtue of an agreement with other investors which gives it control of the financial and operating policies of the entity it accounts for that entity as a subsidiary.

Any subsidiary undertakings or associates sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the Group's interest in the entity.

2.4 Going concern

The Company and the Group meet their day-to-day working capital requirements through their bank facilities. The Company and the Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company and the Group should be able to operate within the level of its current facilities. After making enquiries, the Directors have a reasonable expectation that the Company and the Group has adequate resources to continue in operational existence for the foreseeable future. The Company and the Group therefore continue to adopt the going concern basis in preparing their financial statements.

2.5 Foreign currency translation

Functional and presentation currency

The Company and the Group's functional and presentation currency is the pound sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'Other operating expenses'.

2.6 Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable from investment advisory and management services provided on an accruals basis, excluding value added tax. No discounts or rebates are allowed by the Group.

SV HEALTH INVESTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.7 Finance leases

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Assets held under finance leases are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit so as to give a constant periodic rate of charge on the remaining balance outstanding at each accounting year. Assets held under finance leases are depreciated over their useful lives

2.8 Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Incentives received to enter into an operating lease are credited to the Statement of Comprehensive Income, to reduce the lease expense, on a straight-line basis over the period of the lease.

2.9 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Current and deferred taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively. Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

SV HEALTH INVESTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.11 Tangible assets

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Depreciation is calculated using the straight-line method, to allocate the depreciable amount to their residual values over their estimated useful lives.

Depreciation is provided on the following basis:

Leasehold improvements	- Lower of five years and the lease term
Fixtures and fittings	- 33%
IT equipment	- 50%
Telephone system	- 25%

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other operating expenses'.

2.12 Pension costs

The Group contributes to a money purchase personal pension plan on behalf of its employees. Pension costs are charged to the Statement of Comprehensive Income in the year in which they become payable.

2.13 Investment

Investments by group undertakings

Investments by group undertakings are initially recognised at transaction price and subsequently measured at fair value through profit or loss ("FVTPL"). The Group measures fair value reliably through market inputs and recent arm's length transactions. Where there are no recent transactions, the Group relies on prior equity funding rounds as a fair representation of their value.

Investments in subsidiaries

Investments in subsidiaries are initially recognised at transaction price and subsequently measured at fair value through profit or loss ("FVTPL"). The Group measures fair value reliably through market inputs and recent arm's length transactions. Where there are no recent transactions, the Group relies on prior equity funding rounds as a fair representation of their value.

2.14 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

SV HEALTH INVESTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.15 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.16 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.17 Related Party Transactions

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

SV HEALTH INVESTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.18 Financial Instruments

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

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss.

Financial assets are derecognised when:

- the contractual rights to the cash flows from the asset expire or are settled, or;
- substantially all the risks and rewards of the ownership of the asset are transferred to another party or;
- 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.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies, are initially recognised at transaction price.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

SV HEALTH INVESTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.18 Financial Instruments (continued)

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.19 Segmental reporting

The Group's activities consist solely of the provision of investment management and advisory services to Delaware limited partnerships and Investment Trusts. As a result, no segmental reporting is required for the Company and the Group.

2.20 Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

The Group operates a defined contribution plans for its employees. A defined contribution plan is a pension plan under which the partnership pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the Balance Sheet. The assets of the plan are held separately from the Partnership in independently administered funds.

(iii) Annual bonus plan

The Partnership operates an annual bonus plan for employees. An expense is recognised in the Statement of Comprehensive Income when the Group has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

(iv) Other benefits

The Group also provides life assurance disability benefit, health and dental care to employees. These costs are recognised as an expense in the period in which the service is received.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.21 Impairment of non-financial assets

At each Balance Sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Comprehensive Income, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in Statement of Comprehensive Income.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Statement of Comprehensive Income.

2.22 Allocation of profits

The allocation of profits is determined on a discretionary basis by the respective Board of SVHM after the finalisation of the annual profits. The cash needs of the business take precedence over the monthly drawing needs of the partners.

Both the monthly fixed share and annual variable shares represent payments on account of current year profits and are reclaimable from members until profits have been allocated. Any over-distribution of profits during the year is also recoverable from members.

Members' drawings are paid out according to the terms of the partnership deed that defines the terms of the division of profits.

Any transfer of Members' interest from equity to debt (and vice versa) occurring during the year would be approved by the Board of the relevant LLP and disclosed in these financial statements.

2.23 Other operating income

Operating income arises from the recharge of employee time to various third-party companies. Employee time recharges are based on the proportion of time spent working with third parties, multiplied by the employee cost to the Company.

SV HEALTH INVESTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The preparation of financial statements in conformity with FRS 102 requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities. The estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and constitute management's best judgements at the date of the financial statements. In the future, actual experience could differ from those estimates.

The members do not consider the Group to have any critical accounting estimates or judgements that could have a significant effect upon the financial results.

4. Turnover

An analysis of turnover by class of business is as follows:

	2020 £000	2019 £000
Management fee and service income	14,635	12,517

All turnover arose within the United Kingdom.

5. Other operating income

	2020 £000	2019 £000
Rent income	151	122
Interest income	3	4
Foreign exchange gain	5	-
Other operating income	380	121
	<u>539</u>	<u>247</u>

6. Operating profit

The operating profit is stated after charging/(crediting):

	2020 £000	2019 £000
Depreciation of tangible assets	193	178
Rentals under operating leases - land and buildings	354	358
Foreign exchange (gain)/loss	(27)	12

SV HEALTH INVESTORS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

7. Auditors' remuneration

	2020 £000	2019 £000
Fees payable to the Group's auditors for the audit of the Group's annual financial statements	16	14
Additional overrun costs in relation to 2018	-	25
Audit of the financial statements of the Company's subsidiaries	24	20
	40	59
Fees payable to the Group's auditors in respect of:		
Fees in respect of services pursuant to regulations	-	4
Tax compliance and advisory services	125	127
	125	131

8. Employees

Staff costs were as follows:

	Group 2020 £000	Group 2019 £000
Wages and salaries	1,788	1,487
Social security costs	233	183
Other pension costs	100	76
	2,121	1,746

The average monthly number of employees, including the directors, during the year was as follows:

	2020 Number	2019 Number
Directors	2	2
Professionals	9	7
Support	6	6
	17	15

SV HEALTH INVESTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

9. Directors' remuneration

The directors receive no remuneration for their service to the Company (2019: £Nil). The directors receive a distribution of profits as designated members of SV Health Managers LLP. The highest paid member of SV Health Managers LLP received a profit share of £3,056,854 (2019: £1,342,000). The total remuneration of key management personnel was £7,263,550 (2019: £4,197,000).

Being members of SV Health Managers LLP, the directors are considered to be related parties within the scope of section 33 of FRS102.

10. Interest payable and similar expenses

	2020 £000	2019 £000
Other interest payable	3	3

11. Tax on profit

	2020 £000	2019 £000
Corporation tax		
Current tax on profits for the financial year	5	-
Total current tax	5	-
Deferred tax		
Origination and reversal of timing differences	(2)	(2)
Total deferred tax	(2)	(2)
Total tax charge/(credit)	3	(2)

SV HEALTH INVESTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

11. Tax on profit (continued)

Factors affecting tax charge/(credit) for the year

The tax assessed for the financial year is lower than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £000	2019 £000
Profit before taxation	7,428	4,099
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	1,411	779
Effects of:		
Tax effect of profits allocated to non-controlling interests	(1,395)	(797)
Tax effect of non-taxable income	(11)	18
Deferred tax	(2)	(2)
Total tax charge/(credit) for the financial year	3	(2)

Factors that may affect future tax charges

On 3 March 2021, the Chancellor of the Exchequer announced that the main rate of corporation tax in the United Kingdom will rise to 25% with effect from 1 April 2023 for companies earning annual taxable profits in excess of £250,000. Companies earning annual taxable profits of £50,000 or less will continue to pay corporation tax at 19% with a marginal rate adjustment for companies earning annual taxable profits between the two levels. These changes had not been substantively enacted at the balance sheet date and therefore no adjustment has been made to deferred taxation balances to account for this change.

SV HEALTH INVESTORS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. Tangible assets

Group

	Leasehold improvements £000	Furniture & fittings £000	IT equipment £000	Total £000
Cost				
At 1 January 2020	297	83	40	420
Additions	-	-	19	19
At 31 December 2020	297	83	59	439
Accumulated depreciation				
At 1 January 2020	95	20	13	128
Charge for the year	143	28	22	193
At 31 December 2020	238	48	35	321
Net book value				
At 31 December 2020	59	35	24	118
At 31 December 2019	202	63	27	292

Company

Tangible assets in respect of the Company were £Nil (2019: £Nil).

13. Investments

Group

	Investments by group undertakings	
	2020 £000	2019 £000
Fair value		
At 31 January 2020	1,338	901
Additions	1,056	500
Unrealised gain/(loss) on investment	(32)	(63)
At 31 December 2020	2,362	1,338

SV HEALTH INVESTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

13. Investments (continued)

DDF

An additional investment of £554,715, recognised at fair value, has been made into the DDF Portfolio through the Group's co-investment vehicle Dementia Discovery GP LP. The investment at year end was £1,747,077 (2019:£1,337,632) including an unrealised loss totalling £145,268 (2019: £63,129). A corresponding liability of £1,485,779 (2019:£1,156,799) is recognised to reflect the portion of the investment in the DDF portfolio attributable to the external ownership of the Dementia Discovery GP LP Investor Partners' co-investment.

IMF

During 2020, the SV7 Impact Medicine Fund held its final close and an investment of £500,816, recognised at fair value, was made into portfolio via the Group's co-investment vehicle SV7 IMF FP LP. The investment at the year end was £614,939 (2019: nil) including an unrealised gain of £114,123 (2019: £Nil). A corresponding liability of £581,152 (2019: £Nil) is recognised to reflect the portion of the investment in the SV7 IMF portfolio attributable to the external ownership of SV7 IMF FP LP investor partners' co-investment.

Fair Value Estimation

The financial assets that are measured and reported at fair value are classified and disclosed under the following category based on the degree to which the input is observable.

Level 1: An unadjusted quoted price in an active market provides the most reliable evidence of fair value and is used to measure fair value whenever available. The Partnership does not adjust the quoted price for these investments.

Level 2: Inputs are other than unadjusted quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3: Inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgement or estimation.

The majority of assets within the Portfolio are classified as Level 3 with the exception of two quoted assets that are Level 1.

Sensitivity Analysis

Group investment are comprised of investments in the Dementia Discovery Fund and SV7 Impact Fund. The key estimates used in determining the fair value are performance and expectation of future events. Reported figures are based on best estimates, however, all other factors remaining constant, a movement of plus or minus 10% in 2020 would have an impact on the fair value of £236k.

Company

	2020 £000	2019 £000
Cost		
At 31 January 2020	844	809
Additions	17	35
At 31 December 2020	861	844

SV HEALTH INVESTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

13. Investments (continued)

Indirect subsidiary holdings

	SV DDF Number 1 Ltd £	SV DDF Number 2 Ltd £	DD GP LLP £	DD GP LP £	SV7 (IMF) FP GP LLP £	SV7 (IMF) FP LP £	SV7 (IMF) GP LLP £	Total £
Cost at 31 December 2020	100	1	100	1	1	1	1	205
Additions	-	-	-	-	-	38,800	-	38,800
Disposal	-	-	-	-	-	-	-	-
Gain/(loss)	-	-	-	-	-	-	-	-
Unrealised	-	-	-	-	-	(4,118)	-	(4,118)
Net Book Value at 31 December 2020	100	1	100	1	1	34,682	1	34,886
Cost at 31 December 2019	100	1	100	1	-	-	-	202
Accumulated (Impairment) / Appreciation at 31 December 2019	-	-	-	-	-	-	-	-
Net Book Value at 31 December 2019	100	1	100	1	-	-	-	202

Subsidiary undertaking

*These entities are consolidated via control and not via ownership, the Investment Committee of these entities oversees the investment and operational aspects. The majority of the shareholding or ownership of these entities are held by staff of SVHM LLP and therefore the use of control over these entities via the Investment Committee is the correct metric for consolidating these entities into the Group.

SV HEALTH INVESTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

13. Investments (continued)

Subsidiary undertaking

Direct subsidiary undertaking

The following was a direct subsidiary undertaking of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
SV Health Managers LLP	71 Kingsway, London, WC2B 6ST	Fund management activities	Partnership Interest	83%

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
SV DDF Number 1 Ltd	71 Kingsway, London, WC2B 6ST	Activities of financial services holding companies	Ordinary	100%
SV DDF Number 2 Ltd	50 Lothian Road, Edinburgh, EH3 9WJ	Activities of financial services holding companies	Ordinary	100%
Dementia Discovery GP LLP (DD GP LLP)	71 Kingsway, London, WC2B 6ST	Activities of financial services holding companies	Partnership Interest	97%
Dementia Discovery GP LP (DD GP LP)*	50 Lothian Road, Edinburgh, EH3 9WJ	Activities of financial services holding companies and carry vehicle	Partnership Interest	14%
SV7 (IMF) FP GP LLP	50 Lothian Road, Edinburgh, EH3 9WJ	Activities of financial services holding companies	Partnership Interest	100%
SV7 (IMF) FP LP*	50 Lothian Road, Edinburgh, EH3 9WJ	Activities of financial services holding companies and carry vehicle	Partnership Interest	2%
SV7 (IMF) GP LLP	71 Kingsway, London, WC2B 6ST	Activities of financial services holding companies	Partnership Interest	100%

SV HEALTH INVESTORS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

14. Debtors

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Trade debtors	205	3,145	-	-
Amounts owed by group undertakings	-	-	40	23
Other debtors	319	672	-	-
Prepayments and accrued income	195	138	-	-
Deferred taxation	-	-	-	2
	719	3,955	40	25

15. Cash at bank and in hand

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Cash at bank and in hand	6,529	2,462	104	120

16. Creditors: amounts falling due within one year

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Trade creditors	810	3,237	-	6
Other creditors	2,244	1,147	-	-
Accruals and deferred income	415	352	19	24
Loans and other debts due to minority interest holders	5,043	2,147	-	-
	8,512	6,883	19	30

Amounts owed to group undertakings are unsecured, non- interest bearing and payable on demand.

SV HEALTH INVESTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

17. Financial instruments

	Group 2020 £000	Group 2019 £000
Financial assets		
Financial assets measured at fair value through profit or loss	2,362	1,338

Financial assets measured at fair value through profit or loss comprise of investments. The determination of the fair value is outlined in note 13.

18. Deferred taxation

Group

	2020 £000
At beginning of year	2
Charged to profit or loss	(2)
At end of year	-

The deferred tax assets consists of following:

	Company 2020 £000	Company 2019 £000
Short term timing differences	-	2

19. Called up share capital

	2020 £000	2019 £000
Authorised, allotted, called up and fully paid		
300,000 (2019: 300,000) Ordinary shares of £1 (2019: £1) each	300	300

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

SV HEALTH INVESTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

20. Consolidated analysis of net debt

	At 1 January 2020 £000	Cash flows £000	Exchange losses on cash and cash equivalents £000	At 31 December 2020 £000
Cash at bank and in hand	2,462	4,083	(16)	6,529

21. Reserves

Profit and loss account

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

Non controlling interests

Non-controlling interest (NCI), represents the share of equity ownership in a subsidiary's equity that is not owned or controlled by the parent entity. During the year £7,341k (£4,198k) profit was allocated to non-controlling interests, £2,298k (2019: 2,051k) was paid out in 2020 and the remaining £5,043k was accrued (2019: £2,147).

22. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £99,526 (2019: £75,927). There were no pension costs due or payable as at 31 December 2020 (2019: £Nil).

23. Commitments under operating leases

At 31 December the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2020 £000	Group 2019 £000
Not later than 1 year	305	297
Later than 1 year and not later than 5 years	355	661
	<u>660</u>	<u>958</u>

SV HEALTH INVESTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

24. Related party disclosure

The Group had the following related party transactions:

- a) £40k (2019: £23k) of profit share was allocated to SV Heath Investors UK Ltd, the parent company, and £40k was owed to SV Heath Investors UK Ltd by SV Health Managers LLP by the year end (2019: £23k was owed to SV Heath Investors UK Ltd).
- b) £2,363k (2019: £2,548k) of income relating to Management Fee and Performance Fee from International Biotechnology Trust plc was received during the year. £Nil (2019: £1k) were owed at the year end which related to expenses paid on behalf of IBT by Manager.
- c) £4,154k (2019: £1,962k) of income relating to Management Fee from SV7 (IMF) GP LLP, the General Partner to SV7 Impact Medicine Fund LP. £Nil Management Fees remained receivable at the year end (2019: £185k). There were no amounts relating to recharges (2019: £82k) receivable at the year end.
- d) £6,246k (2019: £6,350k) of income relating to Management Fee from Dementia Discovery Fund GP LP, the general partner to Dementia Discovery LP and DDF Parallel LLP. £166k was receivable from Dementia Discovery Fund GP LP at the year-end (2019: £166k) relating to a drawdown payments. A further £60k (2019: £114k) was receivable in relation to recharges at the year end.
- e) £1,871k (2019: £1,655k) of income from SV Health Investors LLC for venture capital advisory services. The full amount was a receivable at year end. A loan of £1,063k was made to SV Health Investors LLC in 2019 and remains receivable at year end. £284k (2019: £Nil) of the income in relation to advisory fees incurred in 2019 also remained receivable at the year end.
- f) £2,628k (2019: £2,162k) was owed to SV Health Investors LLC for Investment Advisory Fees for the Dementia Discovery Fund GP LP. No amounts for recharges were owed at the year end (2019: £33k). £409 (2019: £Nil) was owed to SV Health Investors LLC for Investment Advisory Fees for the SV7 Impact Medicine Fund LLP.
- g) During the period the partnership organised for £7k (2019: £18k) of payroll expenses to be processed associated with personal work for Kate Bingham, which she reimbursed in full, including the costs of the payroll agency. There was no cost to the partnership

25. Post balance sheet events

SV Health Managers LLP has established a new AIF in June 2021 called SV Biotech Crossover Opportunities Fund.

Payments of £3,208k were made to non-controlling interests post year end to the date of these financial statements in relation to the 2020 profit allocated to non-controlling interests.

26. Ultimate parent undertaking and controlling party

The ultimate controlling party of the Group and Company is Kate Bingham.