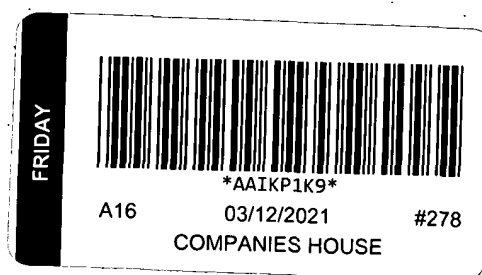


Passion Capital (GP) Limited

Report And Financial Statements

31 March 2021



Passion Capital (GP) Limited

COMPANY INFORMATION

Directors

S Glaenzer
E Burbidge
R S Dighero

Registered number

07505920

Registered office

Third Floor
65 Clerkenwell Road
London
EC1R 5BL

Accountants

Blick Rothenberg Limited
16 Great Queen Street
London
WC2B 5AH

Passion Capital (GP) Limited

DIRECTORS' REPORT For the Year Ended 31 March 2021

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

Principal activity

The principal activity of the company during the year was that of general partner for the Passion Capital Limited Partnership. This fund constitute a qualifying partnership and in accordance with Statutory Instrument 'The Partnership (Accounts) Regulations 2008 ('SI 2008/569') their financial statements have been appended to these accounts for filing with the Registrar.

Directors

The directors who served during the year were:

S Glaezer
E Burbidge
R S Dighero

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 11/26/2021 and signed on its behalf.

DocuSigned by:
Robert Dighero
EACCB058AA1DA21

R S Dighero
Director

Passion Capital (GP) Limited**STATEMENT OF INCOME AND RETAINED EARNINGS**
For the Year Ended 31 March 2021

	Note	2021 £	2020 £
Turnover		1,277,961	1,376,576
Administrative expenses		(1,277,961)	(1,376,576)
Operating profit		-	-
Profit after tax		-	-
Retained earnings at the beginning of the year		(4,145)	(4,145)
Retained earnings at the end of the year		(4,145)	(4,145)

The notes on pages 4 to 6 form part of these financial statements.

Passion Capital (GP) Limited
Registered number:07505920

BALANCE SHEET
As at 31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Fixed asset investments		2	2
		<u>2</u>	<u>2</u>
Current assets			
Cash at bank and in hand		300	300
		<u>300</u>	<u>300</u>
Creditors: amounts falling due within one year	3	(4,446)	(4,446)
Net current liabilities		<u>(4,146)</u>	<u>(4,146)</u>
Total assets less current liabilities		<u>(4,144)</u>	<u>(4,144)</u>
Net liabilities		<u>(4,144)</u>	<u>(4,144)</u>
Capital and reserves			
Called up share capital	4	1	1
Profit and loss account		(4,145)	(4,145)
		<u>(4,144)</u>	<u>(4,144)</u>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

DocuSigned by:
Robert Dighero
 EAC02058AA1D421...

11/26/2021

R S Dighero
 Director

The notes on pages 4 to 6 form part of these financial statements.

Passion Capital (GP) Limited

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 March 2021

1. Accounting policies

1.1 Basis of preparation of financial statements

Passion Capital (GP) Limited is a private company limited by shares incorporated in the UK and registered in England and Wales.

The entity's registered address is Third Floor, 65 Clerkenwell Road, London, EC1R 5BL.

The principal activities are documented in the Directors' Report.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of 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. Management do not consider there are any key accounting estimates or assumptions made that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Management are also required to exercise judgment in applying the entity's accounting policies. Due to the straight forward nature of the business management consider that no critical judgements have been made in applying the entity's accounting policies.

The following principal accounting policies have been applied:

1.2 Turnover

The turnover shown in the profit and loss account represents the company's General Partner's profit share as a first charge on net income and capital gains of Passion Capital LP, Passion Capital II LP and Passion Capital FS LP.

1.3 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.4 Financial instruments

Debtors are initially recognised at transaction value, as none contain in substance a financing transaction. Thereafter debtors are reviewed for impairment where there is objective evidence based on observable data that the balance may be impaired. The company does not hold collateral against its trade and other receivables so its exposure to credit risk is the net balance of trade and other debtors after allowance for impairment.

The company's cash holdings comprise on demand balances. All cash is held with banks with strong external credit ratings.

Other creditors are initially recognised at transaction value as none represent a financing transaction. They are only derecognised when they are extinguished.

The company only has short term receivables and payables. Its net current asset position is a reasonable measure of its liquidity at any given time.

Passion Capital (GP) Limited**NOTES TO THE FINANCIAL STATEMENTS**
For the Year Ended 31 March 2021**1. Accounting policies (continued)****1.5 Taxation**

Tax is recognised in the Statement of Income and Retained Earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

2. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 April 2020	2
At 31 March 2021	2

The company had the following subsidiary undertakings:

The company holds 100% of the capital of Passion Capital II (GP) LLP. The principal activity of the LLP is that of a general partner of a limited partnership. The aggregate capital and reserves at 31 March 2021 was £1 (2020: £1). The profit for the year ending 31 March 2020 was £nil (2020: £nil).

The company holds 100% of the capital of Passion Capital FS (GP) LLP. The principal activity of the LLP is that of a general partner of a limited partnership. The aggregate capital and reserves at 31 March 2021 was £nil (2020: £nil). The profit for the year ending 31 March 2021 was £nil (2020: £nil).

3. Creditors: Amounts falling due within one year

	2021 £	2020 £
Amounts owed to group undertakings	4,446	4,446
	4,446	4,446

Passion Capital (GP) Limited**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2021****4. Share capital**

	2021	2020
	£	£
Allotted, called up and fully paid		
1 Ordinary share of £1.00	1	1
	<u><u>1</u></u>	<u><u>1</u></u>

5. Controlling party

The company's ultimate parent undertaking is Passion Capital Investments LLP, a partnership registered in England and Wales.

Registered number: LP014323

Passion Capital LP
Report And Financial Statements
31 March 2021

Passion Capital LP

PARTNERSHIP INFORMATION

General Partner	Passion Capital (GP) Limited
Registered number	LP014323
Registered office	Third Floor 65 Clerkenwell Road London EC1R 5BL
Independent auditors	Blick Rothenberg Audit LLP 16 Great Queen Street London WC2B 5AH
Founder Partner	Passion Capital (FP) LLP
Preferred Partner	British Business Finance Limited
Manager	Passion Capital Investments LLP Third Floor 65 Clerkenwell Road London EC1R 5BL

**GENERAL PARTNER'S REPORT
For the Year Ended 31 March 2021**

The General Partner presents its report and financial statements for the year ended 31 March 2021.

Principal activity

The principal activity of the Partnership is that of a venture capital fund investing in early-stage technology startups.

Outlook

Although in the last financial year the world and the global economy have seen a massive impact from the COVID-19 pandemic, the technology sector has had a boom period resulting from increased use of digital tools and services and most of the portfolio companies in the fund have performed well. As at 31 March 2020, the manager thoroughly reviewed the portfolio and elected to make selective provisions against certain portfolio company valuations based on the information currently available. In the subsequent year as evidence of stronger than expected performance was observed or otherwise where there was a new funding round, these provisions were released and/or the portfolio company valuation was rebased. For certain portfolio companies there has been less evidence of a change in position and the manager has elected to leave the 31 March 2020 provisions in place.

The initial fund life of ten years came to an end on 4 April 2021. The Partnership has received sufficient consent from the Preferred Partner and other Limited Partners such that it can continue to operate until 4 April 2023.

General Partner

The General Partner who served during the year was: Passion Capital (GP) Ltd

General Partner's responsibilities statement

The General Partner is responsible for preparing the General Partner's report and the financial statements in accordance with applicable law and regulations.

Company law requires the General Partner to prepare financial statements for each financial year. Under that law the General Partner has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the General Partner must not approve the financial statements unless the General Partner is satisfied that he gives a true and fair view of the state of affairs of the partnership and of the profit or loss of the partnership for that period.

In preparing these financial statements, the General Partner is required to:

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

GENERAL PARTNER'S REPORT
For the Year Ended 31 March 2021

The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the partnership's transactions and disclose with reasonable accuracy at any time the financial position of the partnership and enable it to ensure that the financial statements comply with the Companies Act 2006. The General Partner is also responsible for safeguarding the assets of the partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

The General Partner at the time when this General Partner's report is approved has confirmed that:

- so far as it is aware, there is no relevant audit information of which the partnership's auditors are unaware, and
- it has taken all the steps that ought to have been taken as a General Partner in order to be aware of any relevant audit information and to establish that the partnership's auditors are aware of that information.

Auditors

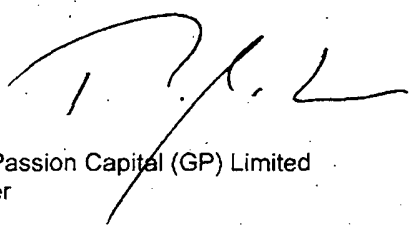
The auditors, Blick Rothenberg Audit LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the General Partner has taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 25/6/21

and signed on its behalf.


R Dighero
As director of Passion Capital (GP) Limited
General Partner

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PASSION CAPITAL I LP

Opinion

We have audited the financial statements of Passion Capital LP (the 'partnership') for the year ended 31 March 2021 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Net Assets Attributable to Partners and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying 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. We are independent of the qualifying partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the member's 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 entity'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.

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

Other Information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The members are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006 as applied to qualifying partnerships

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the qualifying partnership and its environment obtained in the course of the audit, we have not identified material misstatements in the 'members' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to qualifying 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
- certain disclosures of 'members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the members were not entitled to prepare the financial statements in accordance with the small qualifying partnerships regime and take advantage of the small qualifying partnerships' exemptions in preparing the 'members' report and from the requirement to prepare a strategic report.

Responsibilities of members

As explained more fully in the members' responsibilities statement set out on page 1, 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 qualifying 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 qualifying 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.

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:

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, and non-compliance with laws and regulations, our procedures included the following: enquiring of the general partner concerning the partnership's policies with regards to identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; enquiring of the general partner concerning the partnership's policies for detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; enquiring of the general partner concerning the partnership's policies in relation to the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations; discussing among the engagement team where fraud might occur in the financial statements and any

potential indicators of fraud; and obtaining an understanding of the legal and regulatory framework that the partnership operates in and focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the partnership. The key laws and regulations we considered in this context included the Limited Partnership Agreement of the partnership, UK Limited Partnership Act 1907, and UK anti-money laundering legislation.

As a result of performing the above, we identified the manipulation of the valuation of investments and general partner override of controls as particular focus areas.

Our procedures to respond to risks identified included the following: performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; reviewing the bank statements of the partnership for evidence of any large or unusual activity which may be indicative of fraud; enquiring of the general partner in relation to any potential litigation and claims; in addressing the risk of fraud through general partner override of controls, testing the appropriateness of journal entries and other adjustments; and assessing whether judgements made in making accounting estimates, particularly in relation to the valuation of investments are indicative of potential bias.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the general partner and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the qualifying partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to qualifying partnerships. Our audit work has been undertaken so that we might state to the qualifying partnership's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the qualifying partnership and the partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Other matters specified in the Limited Partnership Agreement

In accordance with section 7.1 of the Limited Partnership Agreement, in our opinion:

- all amounts allocated or distributed to Investors have been so allocated or distributed in accordance with the provisions of the Limited Partnership Agreement; and
- the investments acquired by the Partnership fall within the Investment Policy stated in the Limited Partnership Agreement, insofar as the Investment Policy contains objective criteria for assessment.

Neal Desai (Senior statutory auditor)
for and on behalf of
Blick Rothenberg Audit LLP
Chartered Accountants

16 Great Queen Street
London
WC2B 5AH

29 June 2021

PROFIT AND LOSS ACCOUNT
For the Year Ended 31 March 2021

	Note	2021 £	As restated 2020 £
Administrative expenses		7,599	(4,327)
Operating profit/(loss)		7,599	(4,327)
Fair value movements		23,360,169	(598,437)
Interest receivable and similar income		1	1,562
Profit for the financial year before partners' remuneration and carried interest		23,367,769	(601,202)
Partners remuneration charged as an expense - Priority profit share to the General Partner		(524,139)	(513,971)
Partners remuneration charged as an expense - Prioritised return to the Preferred Partner		(976,785)	(976,648)
Partners remuneration charged as an expense - Carried interest to the Founder Partner		(5,466,708)	522,955
Profit for the financial year after partners' remuneration and carried interest		16,400,137	(1,568,866)

The notes on pages 9 to 14 form part of these financial statements.

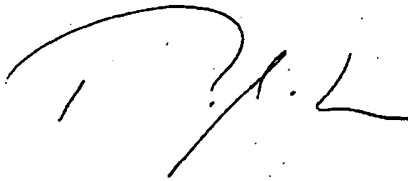
BALANCE SHEET
As at 31 March 2021

	Note	£	2021 £	£	As restated 2020 £
Fixed assets					
Investments	4		100,565,194		85,590,675
Current assets					
Debtors	5	687,736		417,494	
Cash at bank		6,132,135		119,652	
		<u>6,819,871</u>		<u>537,146</u>	
Creditors: amounts falling due within one year	6	<u>(19,139,842)</u>		<u>(13,482,055)</u>	
Net current liabilities			<u>(12,319,971)</u>		<u>(12,944,909)</u>
Net assets attributable to partners			<u>88,245,223</u>		<u>72,645,766</u>
Represented by:					
Capital contribution accounts	7		1,000		1,000
Partner loan accounts due within one year			31,804,727		32,605,407
Profit and loss account			56,439,496		40,039,359
			<u>88,245,223</u>		<u>72,645,766</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
25/6/21

R Dighero
As director of Passion Capital (GP) Ltd
General Partner



The notes on pages 9 to 14 form part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO PARTNERS
For the year ended 31 March 2021

	Capital contribution accounts £	Partner loan accounts due within one year £	Profit and loss account £	Total equity £
At 1 April 2020 (as previously stated)				
	1,000	32,605,407	53,386,146	85,992,553
Prior year adjustment	-	-	(13,346,787)	(13,346,787)
At 1 April 2020 (as restated)	1,000	32,605,407	40,039,359	72,645,766
Profit for the year	-	-	16,400,137	16,400,137
Amounts drawn during the year	-	998,221	-	998,221
Amounts distributed during the year	-	(1,798,901)	-	(1,798,901)
At 31 March 2021	2,000	64,410,134	96,478,855	88,245,223

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO PARTNERS
For the year ended 31 March 2020

	Capital contribution accounts £	Partner loan accounts due within one year £	Profit and loss account £	Total equity £
At 1 April 2019 (as previously stated)	1,000	32,095,360	55,477,967	87,574,327
Prior year adjustment	-	-	(13,869,742)	(13,869,742)
At 1 April 2019 (as restated)	1,000	32,095,360	41,608,225	73,704,585
Profits for the year	-	-	(1,568,866)	(1,568,866)
Amounts drawn during the year	-	1,274,958	-	1,274,958
Amounts distributed during the year	-	(764,911)	-	(764,911)
At 31 March 2020 (as restated)	1,000	32,605,407	40,039,359	72,645,766

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2021

1. Accounting Policies

1.1 General information

Passion Capital LP is a limited partnership incorporated in the UK and registered in England and Wales.

The partnership's registered address is Third Floor, 65 Clerkenwell Road, London, EC1R 5BL.

The principal activities are documented in the General Partner's Report.

1.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

1.3 Going concern

In accordance with the Limited Partnership Agreement the Partnership's initial fund life ended on 4 April 2021. The Partnership has received sufficient consent from the Preferred Partner and other Limited Partners such that it can continue to operate until 4 April 2023. Accordingly the General Partner continues to adopt the going concern basis in preparing the financial statements.

1.4 Investments

Investments are initially measured at cost. At each balance sheet date investments are remeasured to market value. Gains and losses on remeasurement are recognised in the profit or loss account.

All investments in portfolio companies are held as a means to benefit from increases in their marketable value and not as a medium through which the business of the partnership is carried out. Accordingly they are not accounted for as either subsidiaries or associates.

1.5 Other financial instruments

Debtors are initially recognised at transaction value, as none contain in substance a financing transaction. Thereafter debtors are reviewed for impairment where there is objective evidence based on observable data that the balance may be impaired. The partnership does not hold collateral against its trade and other receivables so its exposure to credit risk is the net balance of trade and other debtors after allowance for impairment.

The partnership's cash holdings comprise on demand balances. All cash is held with banks with strong external credit ratings.

Other creditors and accruals are initially recognised at transaction value as none represent a financing transaction. They are only derecognised when they are extinguished.

The partnership only has short term receivables and payables. Its net current asset position after adding back the value of the prioritised return is a reasonable measure of its liquidity at any given time given that the prioritised return can only be paid from net income and capital proceeds from the realisation of investments.

Loan contributions from the limited partners to finance the partnership are initially recognised at transaction value. Amounts payable within one year are measured at the undiscounted amount of amount due.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2021

1. Accounting Policies (continued)

1.6 Foreign currencies

Functional and presentation currency

The partnership's functional and presentational currency is GBP.

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 year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

1.7 Partner loan account

Partner loan account represent the loan contributions from the limited partners to finance the partnership. There is no set repayment date for these contributions and they are due to be paid out of net income or capital proceeds the partnership receives from the realisation of its investments. As there is no unconditional right to defer payment beyond twelve months from the balance sheet date they are treated as due within one year.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2021

1. Accounting Policies (continued)

1.8 Partners' Remuneration

Partners' remuneration is made up of priority profit share to the General Partner and the prioritised return to the Preferred Partner.

Priority profit share to the General Partner:

The Limited Partnership Agreement provides for a priority profit share ('PPS') to be made for each accounting period to the General Partner. The PPS ranks ahead of any other payments to the partners including the Prioritised return due to the Preferred Partner. If the profit for the year is less than the PPS, any deficiency is treated as an interest free loan. Such loan may only be extinguished by an allocation of future profits and is not recoverable in any other way. On this basis the PPS is treated as partners' remuneration charged as an expense in the profit and loss account.

Prioritised return to the Preferred Partner:

The Limited Partnership Agreement provides for a prioritised return to the Preferred Partner. This is accrued each year and is payable on a cash distribution after payment to the General Partner for its PPS, but ahead of any other payments to partners. The timing of cash distributions is at the General Partner's discretion. On this basis the prioritised return is treated as partners' remuneration charged as an expense in the profit and loss account.

Carried interest to the Founder Partner

Under the terms of the Limited Partnership Agreement the Founder Partner is conditionally entitled to an amount equivalent to 25% of the net income and gains in the partnership after the allocation to the General Partner for its PPS, the Preferred Partner for its prioritised return and the payment of all expenses. This amount is payable only if the partners have received a 4.5% compound return in cash on their investment in the partnership. The carried interest is treated as partners' remuneration charged as an expense in the profit and loss account. The corresponding liability is calculated by determining what carried interest payments would be due to the Founder Partner if all assets were realised at their balance sheet value.

1.9 Taxation

No provision for taxation has been made as each partner will be responsible for their own tax liability.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2021

2. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. The general partner considers the following are key accounting estimates or assumptions made that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year:

Valuation of Investments

Fixed asset investments are included in the balance sheet at a value determined in accordance with International Private Equity and Venture Capital Valuations Guidelines as endorsed by the BVCA.

The basis of valuation in these guidelines include valuing investments at the price at which third party capital has recently been raised, comparative industry price earnings ratios discounted for marketability and performance of the investment, and net asset valuations for asset based investments.

In accordance with the guidelines and given the early stage nature of the investments that the partnership has made, the General Partner has used the price of the most recent third party capital raise as the starting point for measuring fair value for the majority of the investments. The General Partner has then considered whether a provision is required against this amount. In making this judgement the General Partner has considered COVID-19 macro impacts on each investment, the progress of the investment since the most recent third party capital raise against expectation and the current cash runways and funding requirements of the investments.

When considering the impact of COVID-19 on the investments the General Partner has taken the following approach:

- If the impact on the investment of COVID-19 is considered to be only a temporary or short term issue and if the investment is suitably funded then no provision against the investment has been recognised.
- If the impact on the investment of COVID-19 is considered to have a permanent or longer term effect then an appropriate provision against the investment has been recognised.

The General Partner is also required to exercise judgment in applying the partnership's accounting policies. Due to the straight forward nature of the business the general partner considers that no critical judgements have been made in applying the partnership's accounting policies.

3. Auditors' remuneration

	2021 £	2020 £
Auditors' remuneration - audit and taxation services	16,065	15,750

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2021

4. Fixed asset investments

	Unlisted investments £
Valuation	
At 1 April 2020	85,590,675
Additions at cost	503,108
Disposals at valuation	(8,888,758)
Revaluations	23,360,169
At 31 March 2021	<u>100,565,194</u>

The historical cost of the unlisted investments held at the year end was £23,234,468 (2020: £24,067,206).

5. Debtors

	2021 £	2020 £
Other debtors	<u>687,736</u>	<u>417,494</u>

Included within other debtors are amounts of £625,698 (2020: £23,032) which are due after more than one year and relate to deferred consideration in relation to disposal of investments.

6. Creditors: Amounts falling due within one year

	2021 £	As restated 2020 £
Other creditors	14,113	14,212
Prioritised return	312,235	121,056
Carried interest accrual	18,813,494	13,346,787
	<u>19,139,842</u>	<u>13,482,055</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2021

7. Capital contribution accounts

	2021 £	2020 £
Capital contribution accounts	<u>1,000</u>	<u>1,000</u>

8. Partner loan accounts due within one year

The Preferred Partner loan account as at 31 March 2021 is £21,164,568 (2020: £21,790,591). The partner loan accounts relating to other partners as at 31 March 2021 is £10,604,159 (2020: £10,814,816).

9. Prior year adjustment

The General Partner has changed the accounting policy of the Partnership in respect to Carried Interest. The previous accounting policy was that carried interest payments to the Founder Partner were recognised in the accounts in the year in which they have been triggered by the required return of cash to partners. As detailed in accounting policy 1.8, the revised policy is that a Carried Interest liability is recognised in the financial statements. The liability is calculated by determining what carried interest payments would be due to the Founder Partner if all assets were realised at their balance sheet value. This change in accounting policy is considered to make the Financial Statements more relevant to the readers of the accounts.

The effects are summarised below:

Profit/(loss) for the year ended 31 March 2020 as previously reported (£2,091,821)

Effect of change in Carried Interest policy £522,955

Restated profit for the year ended 31 March 2020 (£1,568,866)

Net assets as at 31 March 2020 as previously reported £85,992,553

Effect of change in Carried Interest policy (£13,346,787)

Restated net assets as at 31 March 2020 £72,645,766

Net assets as at 31 March 2019 as previously reported £87,574,327

Effect of change in Carried Interest policy (£13,869,742)

Restated net assets as at 31 March 2019 £73,704,585