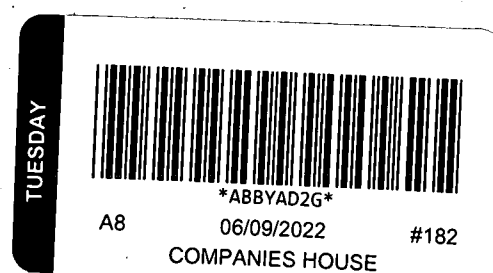




Registered Number: 08741640

POLLEN STREET CAPITAL LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**



POLLEN STREET CAPITAL LIMITED
REGISTERED NUMBER: 08741640

COMPANY INFORMATION

Directors

L McMurray
J W Scott
M J P England
I M C Gascoigne
M J G Potter
H I Garland
C A Palmer

Registered Number

08741640

Registered Office

11-12 Hanover Square
London
W1S 1JJ

Independent Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

CONTENTS

	Page
Strategic Report	4 - 6
Directors' Report	7 - 8
Directors' Responsibilities Statement	9
Independent Auditors' Report	10 - 13
Statement of Comprehensive Income	
Statement of Financial Position	
Statement of Changes in Equity	16
Statement of Cash Flows	17
Notes to the Financial Statements	18 - 32

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

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

Principal activities and review of the business

Pollen Street Capital Limited ("the Company") is an independent asset manager with both private equity and credit strategies. The Company was formed in 2013 and possesses a strong and consistent track record within the financial and business services sectors.

The private equity strategy targets buy-outs of lower-middle-market companies headquartered in Europe in the financial and business services sectors. The Company believes that its sector specialism provides superior access to deals at attractive entry prices, as well as the ability to drive growth and value creation. Value growth is revenue-led and driven by a combination of structural market growth drivers and active management. In 2021, building on the long-term performance track record, the Group successfully completed the raise of the latest flagship private equity fund, PSC IV, reaching the hard cap of £700m. In addition, the Company raised £174m for the PSC Accelerator Fund and £147m in co-investment capital. Building on this success, the Company believes that it is well positioned to continue to grow AUM within the private equity strategy in 2022 and beyond.

The credit strategy provides capital to the growing specialty finance market, which the Company believes is underserved by the banking industry, capital markets and more generalist credit funds. The strategy is supported by changes in the focus of mainstream lenders together with the implementation of new models that utilise data, analytics and technology more effectively. It provides an opportunity to deliver better products to borrowers while generating attractive returns for investors, which has been realised in the performance of the strategy since its inception in 2015. In 2021, the Company successfully raised £290m for the flagship Credit Fund III and £101m for a new SMA investing in senior European credit. The Company believes that it is well positioned to continue to grow AUM within these credit strategies in 2022 and beyond, as well as to launch new funds focused on other areas of the capital structure.

The Company employs the staff and maintains systems that are necessary to discharge all its regulatory obligations. PSC Service Company Limited, a fellow subsidiary, employs staff and maintains systems relating to general business development and activities that are not subject to regulation.

2021 has been a successful year for the Company. Against a backdrop of the global pandemic, the Company has successfully managed to raise new funds and has continued to deliver strong performance to underlying investors. The Company is well positioned to grow AUM and consequently fee income over 2022.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Section 172 of the Companies Act 2006

The Directors' overarching duty is to act in good faith and in a way that is the most likely to promote the success of the Company. In doing so, the Directors must take into consideration the interests of the various stakeholders, the impact the Company has on the community and the environment, take a long-term view on consequences of the decisions they make as well as aim to maintain a reputation for high standards of business conduct.

The importance of the stakeholder considerations, in particular in the context of decision-making, is taken into account at every board and committee meeting. All discussions involve careful considerations of the longer-term consequences of any decisions and their implications for stakeholders. For example:

- Continued investor support and engagement are critical to the long-term strategy of the Company. The directors work hard to ensure each fund delivers its investment objective and the Company maintains its track record.
- Long term shareholder value creation is critical to the success of the Company. The directors regularly review the financial performance and risk exposure of the Company.
- The Company can only operate with the approval of its regulators. The Company regularly considers how it meets various regulatory and statutory obligations and follows voluntary and best-practice guidance in relation to this.
- The Company strongly believes that a focus on responsible investing can lower risk and enhance performance of the managed funds and underlying portfolio companies, while also generating a net benefit for society. As such, incorporating Environmental, Social and Governance ("ESG") factors across its portfolio companies has been, and continues to be, a key focus of the business and its employees.

Principal risks and uncertainties

The Company is subject to a range of risks including business risk, operational risk, credit risk and liquidity risk. The Board is responsible for oversight of these risks and has established a risk management framework to ensure that the Company has adequate capital and liquidity resources to meet its liabilities as they fall due. The principal elements of the framework include:

- The Board has established a risk appetite and risk limits to control the exposure to risk. These limits were established to ensure that the Company maintains capital and liquidity resources in excess of the minimum regulatory requirements. These limits are monitored on a monthly basis
- A risk management function has been established that is responsible for oversight of risk on a day to day basis and has a reporting line directly to the Board
- From January 2022, the Company is subject to the new MIFIDPRU prudential regulations and as such will perform an Internal Capital and Risk Assessment process (the "ICARA" process)

The balance sheet remains robust with £2.2m of cash and £3.7m of equity capital at 31 December 2021.

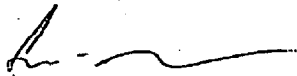
POLLEN STREET CAPITAL LIMITED
REGISTERED NUMBER: 08741640

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Strategic priorities for 2022

The strategic priorities for 2022 are to continue to build the franchise as asset manager, delivering attractive returns with highly controlled risk by being specialist and expert in its chosen fields.

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



L. McMurray
Director
Date: 29/04/2022

POLLEN STREET CAPITAL LIMITED
REGISTERED NUMBER: 08741640

DIRECTORS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

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

Directors

The directors who served during the year were:

L McMurray
J W Scott
M J P England
I M C Gascoigne
M J G Potter
H I Garland
C A Palmer

Results and dividends

The profit for the year, before taxation, amounted to £607,279 (2020: £197,960).

The directors have not recommended a dividend (2020: £nil).

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months from the date that this report and financial statements will be approved. Accordingly, the directors continue to adopt the going concern basis in preparing these financial statements.

Ukraine

Tensions between Russia, the U.S., and UK and a number of European states have heightened significantly as a result of Russia's unprovoked invasion of Ukraine. Although Pollen Street and the funds that it manages have limited exposure to the region, the current conflict has the potential to escalate further and this could result in elevated geopolitical instability, trade restrictions, disruptions to global supply chains, increases in energy prices with flow-on global inflationary impacts, and a potential adverse impact on markets and a downturn in the global economy. Beginning in February 2022, the EU, UK and the U.S., in a coordinated effort joined by several other countries, imposed a variety of new sanctions with respect to Russia and various Russia-related parties as a result of Russia's invasion of Ukraine, which may have a negative impact on the regional and global economic environment, leading to adverse effects for the performance of Honeycomb and the Pollen Street Funds.

POLLEN STREET CAPITAL LIMITED
REGISTERED NUMBER: 08741640

DIRECTORS REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Regulatory disclosures

In accordance with the rules of the FCA, the Company has published information on its risk management objectives and policies on its regulatory capital requirements and resources. This information is available on the Pollen Street Capital website: <https://www.pollencap.com/pillar-iii/>. These disclosures are unaudited.

UK Stewardship Code disclosures

The UK stewardship code disclosures of the Company as required by the FCA Prudential Sourcebook for Banks, Buildings Societies and Investment Firms (BIPRU) COBS 2.2.3 - Disclosure of commitments to the Financial Reporting Council's Stewardship Code, are available on the Pollen Street Capital website: <https://www.pollencap.com/terms-and-conditions/>. These disclosures are unaudited.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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



L McMurray
Director
Date: 29/04/2022

POLLEN STREET CAPITAL LIMITED
REGISTERED NUMBER: 08741640

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors are responsible for preparing the Strategic Report, 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

POLLEN STREET CAPITAL LIMITED
REGISTERED NUMBER: 08741640

INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Pollen Street Capital Limited ("the Company") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

Independence

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

Conclusions relating to going concern

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.

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

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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.

Other Companies Act 2006 Reporting

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Responsibilities of directors

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

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

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 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management;
- testing of journal postings made during the year to identify potential management override of controls;
- review of applicable laws and regulations to ensure no indicators of non compliance
- substantive testing on expense transactions to assess for material misstatement; and
- review of minutes of board meetings throughout the period.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

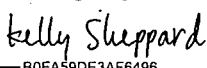
POLLEN STREET CAPITAL LIMITED
REGISTERED NUMBER: 08741640

INDEPENDENT AUDITORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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 Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Kelly Sheppard (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, UK
Date: 03 May 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

POLLEN STREET CAPITAL LIMITED
REGISTERED NUMBER: 08741640

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £'000	2020 £'000
Turnover	4	32,601	19,309
Other income		-	16
Administrative expenses		(31,991)	(19,128)
Operating profit	5	610	197
Interest receivable and similar income	9	(2)	1
Profit before tax		608	198
Tax on profit	10	(110)	(3)
Profit for the financial year		498	195

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2021 (2020: £nil).

The notes on pages 18 to 32 form part of these financial statements.

POLLEN STREET CAPITAL LIMITED
REGISTERED NUMBER: 08741640

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £'000	Restated 2020 £'000
Fixed assets			
Fixed assets	11	-	18
Contract costs	14	<u>1,567</u>	<u>1,168</u>
		1,567	1,186
Current assets			
Debtors	13	9,762	10,053
Cash at bank and in hand	12	<u>2,159</u>	<u>686</u>
		11,921	10,739
Current liabilities			
Creditors: amounts falling due within one year	16	<u>(10,117)</u>	<u>(8,525)</u>
Net current assets		1,804	2,214
Debtors: amounts falling due after more than one year	15	1,436	897
Creditors: amounts falling due after more than one year	17	<u>(1,085)</u>	<u>(1,073)</u>
Net assets		<u>3,722</u>	<u>3,224</u>
Equity			
Called up share capital	20	-	-
Share premium account	21	-	-
Capital redemption reserve	21	-	-
Profit and loss account	21	<u>3,722</u>	<u>3,224</u>
		<u>3,722</u>	<u>3,224</u>

The financial statements of Pollen Street Capital Limited (registered number: 08741640) were approved and authorised for issue by the Board and were signed on its behalf by:



L. McMurray

Director

Date: 29/04/2022

The notes on pages 18 to 32 form part of these financial statements.

The statement of financial position as at 31 December 2020 has been restated as per note 24.

POLLEN STREET CAPITAL LIMITED
REGISTERED NUMBER: 08741640

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2020	-	-	-	3,029	3,029
Loss for the year	-	-	-	195	195
At 1 January 2021	-	-	-	3,224	3,224
Profit for the year	-	-	-	498	498
At 31 December 2021	-	-	-	3,722	3,722

The notes on pages 18 to 32 form part of these financial statements.

POLLEN STREET CAPITAL LIMITED
REGISTERED NUMBER: 08741640

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £'000	Restated 2020 £'000
Cash flows from operating activities		
Profit for the financial year	498	195
Adjustments for:		
Depreciation of tangible assets	18	54
Interest paid/(received)	-	(1)
Taxation charge	110	3
(Increase) in debtors	(358)	(5,398)
Restated increase in creditors	1,604	3,915
Restated (increase) in contract costs	(399)	(1,168)
Increase in provisions	-	-
Corporation tax paid	-	-
Net cash flows from operating activities	1,473	(2,400)
Cash flows from investing activities		
Purchase of tangible fixed assets	-	-
Interest received	-	1
Net cash flows from investing activities	-	1
Net increase / (decrease) in cash and cash equivalents	1,473	(2,399)
Cash and cash equivalents at beginning of year	686	3,085
Cash and cash equivalents at end of year	2,159	686

The notes on pages 18 to 32 form part of these financial statements.

The statement of cash flows for the year ended 31 December 2020 has been restated as per note 24.

POLLEN STREET CAPITAL LIMITED
REGISTERED NUMBER: 08741640

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. GENERAL INFORMATION

These financial statements are presented in Pounds Sterling (GBP), which is the Company's functional and presentational currency.

The Company is a private company limited by shares and is incorporated in England. Its registration number is 08741640. The address of its registered office is 11-12 Hanover Square, London, W1S 1JJ.

A description of the nature of the Company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

2. ACCOUNTING POLICIES

2.1 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 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 management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied.

2.2 Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

2.3 Turnover

Turnover which is stated net of Value Added Tax, represents fees receivable for investment fund management and advisory services provided during the year and arising from continuing activities in the UK and is recognised on an accruals basis when the Company obtains the right for consideration in exchange for its performance. Turnover also includes performance fees and agency fees which are recognised on an accruals basis when the Company obtains the right for consideration in exchange for its performance.

2.4 Other income

Other income which is stated net of Value Added Tax, represents R&D expenditure credits ("RDEC") claimed by the Group in relation to qualifying research and development expenditure. RDEC income is recognised once the Group obtains confirmation from HMRC that its R&D claim has been successful.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

2.5 Tangible fixed assets

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line method.

Depreciation is provided on the following basis:

Fixtures and fittings	- 3 years
Office equipment	- 3 years
Leasehold improvements	- 10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment, and subsequently held at amortised cost, 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.

2.7 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.8 Creditors

Creditors are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument legal form. Creditors are initially measured at transaction price and subsequently held at amortised cost. These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

2.9 Foreign currency translation

The financial statements are presented in GBP, which is Pollen Street Capital Limited's functional and presentation currency.

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 the Statement of Comprehensive Income.

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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 reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences.

2.11 Contract costs for placement fees

Fees paid to placement agents are primarily incurred once the Company raises commitments within a fund. These fees generate or enhance the resources of the Company that will be used to satisfy performance obligation (i.e. raising the capital commitment for the fund) under the investment management contract and are expected to be recovered by way of earning management fees from the fund. Such fees are costs for fulfilling a contract and are recognised as an asset as the Company expect to recover them. Any capitalised contract costs are amortised over the life of the fund (5 years), with the expense recognised as the Company transfers related goods or services to the customer.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both the current and future periods.

There were no judgment or material estimation uncertainties affecting the reported financial performance in the current or prior year.

4. ANALYSIS OF TURNOVER

Analysis by origin of turnover:

	2021	2020
	£'000	£'000
UK	14,407	13,563
Europe	18,194	5,746
	<u>32,601</u>	<u>19,309</u>

5. OPERATING (LOSS) / PROFIT

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

	2021	2020
	£'000	£'000
Service charges	29,354	17,673
Placement agent costs	1,407	550
Depreciation of tangible fixed assets	15	49
Exchange differences	84	14

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

6. AUDITORS' REMUNERATION

	2021	2020
	£'000	£'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	26	26
Non-audit services:		
Non-audit consultancy fees	1	2
Taxation services	5	4

7. EMPLOYEES

	2021	2020
	£'000	£'000
Wages and salaries	503	384
Social security costs	70	54
	573	438

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

	2021	2020
	No.	No.
Management and administrative	3	3

8. DIRECTORS' REMUNERATION

None of the directors received emoluments from the Company. The directors are remunerated through PSC Service Company Limited, a fellow subsidiary.

The average number of directors in the period was 7 (2020: 7).

9. INTEREST RECEIVABLE

	2021	2020
	£'000	£'000
Other interest receivable	(2)	1

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

10. TAXATION

	2021 £'000	2020 £'000
Corporation tax		
Current tax on profits for the year	(113)	(3)
Total current tax	<u>(113)</u>	<u>(3)</u>
Deferred tax		
Origination and reversal of timing differences	3	-
Total deferred tax	<u>3</u>	<u>-</u>
Taxation on profit/(loss) on ordinary activities	<u>(110)</u>	<u>(3)</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below

	2021 £'000	2020 £'000
Profit / (loss) on ordinary activities before tax	<u>607</u>	<u>198</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(115)	(38)

Effects of:

Expenses not deductible for tax purposes, other than goodwill amortisation and impairment		
Fixed asset differences	(1)	(4)
Deferred taxation	3	1
RDEC taxation	3	3
Group relief claimed	-	35
Total tax charge for the year	<u>(110)</u>	<u>(3)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

11. TANGIBLE FIXED ASSETS

	Office Equipment £'000	Fixtures and Fittings £'000	Total £'00
Cost or valuation			
At 1 January 2021	211	580	791
Additions	-	-	-
At 31 December 2021	211	580	791
Depreciation			
At 1 January 2021	193	580	773
Charge for the year on owned assets	18	-	18
At 31 December 2021	211	580	791
Net book value			
At 31 December 2021	-	-	-
At 31 December 2020	18	-	18

12. CASH AND CASH EQUIVALENTS

	2021 £'000	2020 £'000
Cash at bank and in hand	2,159	686

13. DEBTORS

	2021 £'000	2020 £'000
Trade debtors	5,011	3,549
Amounts owed by group undertakings	1,012	6,096
Other debtors	72	56
Prepayments and accrued income	3,653	341
Deferred tax asset	14	11
Total	9,762	10,053

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

14. CONTRACT COSTS

	2021	2020
	£'000	£'000
Placement agent	<u>1,567</u>	<u>1,168</u>
Total	<u>1,567</u>	<u>1,168</u>

Included in contract costs is an amount of £1,084,952 (2020:1,072,644) which is amortised over more than one year (2-5 years)

The contract costs amount as at 31 December 2020 has been restated as per note 24.

15. DEBTORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2021	2020
	£'000	£'000
Prepayments	<u>1,436</u>	<u>897</u>
Total	<u>1,436</u>	<u>897</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	Restated 2020
	£'000	£'000
Trade creditors	-	1,108
Other creditors	482	324
Other taxation and social security	113	3
Accruals and deferred income	1,227	376
Amounts owed to group undertakings	<u>8,294</u>	<u>6,714</u>
Total	<u>10,117</u>	<u>8,525</u>

The creditors amount as at 31 December 2020 has been restated as per note 24.

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021	Restated 2020
	£'000	£'000
Accruals and deferred income	<u>1,085</u>	<u>1,073</u>

The creditors amount as at 31 December 2020 has been restated as per note 24.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

18. FINANCIAL INSTRUMENTS

	2021 £'000	Restated 2020 £'000
Financial assets		
Financial assets measured at amortised cost	<u>8,254</u>	<u>10,387</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>11,087</u>	<u>9,591</u>

Financial assets measured at amortised cost comprise cash, trade debtors, amounts owed from group undertakings and other debtors and excludes, deferred taxation and prepayments and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, amounts owed to group undertakings and accruals and excludes corporation tax, other taxation and social security and deferred income.

The Financial liabilities amount as at 31 December 2020 has been restated as per note 24.

18. FINANCIAL RISK MANAGEMENT

The Company's business is exposed to a range of financial risks. The financial risks are categorised as business risk, operational risk, market risk, credit risk, and liquidity risk. The Company has established a risk management framework to oversee this. The objective of the risk management framework is to identify and assess the risks facing the Company and to minimise the potential adverse effects of these risks on the Company's financial performance. Financial risk management is overseen by the Board of Directors.

Business risk

Business risk is the risk that the firm may not be able to carry out its business plan or strategy. The Company operates a relatively simple business model of which much of the income and expenditure is stable. The risk is mitigated by managing its income and controlling its expenditure.

Operational risk

Operational risk is the risk that the firm suffers a loss as a result of the failure of internal systems, processes or procedures caused by either external or internal factors. The Company has undertaken a detailed risk assessment process, by business area and risk area, identified potential impact, potential mitigation and the residual risk, along with any future actions that can improve the overall risk position. Operational risk is mitigated because the Company has insurance policies to protect it from a number of these risk events such as civil liability insurance.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

18. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk

Market risk is the risk that the firm suffers a loss as a result of fluctuations in the values of, or income from, assets or liabilities. The Company's functional currency is Pound Sterling and therefore it can be exposed to the effect of fluctuations in currencies other than Pound Sterling. The Company is not subject to material market risk.

Credit risk

Credit risk is the risk of suffering financial loss should the Company's customers, clients or counterparties fail to fulfil their contractual obligations to the Company. The Company does not undertake lending activity. Its credit risk therefore arises from non-payment by trade debtors or default by banking counterparties. No debtors are currently overdue.

Liquidity risk

Liquidity risk is the risk that the Company will have insufficient liquid resources available to meet its financial obligations as they fall due. The Company manages liquidity by maintaining sufficient cash with banks to meet its on-going commitments.

Maturity analysis

	2021 £'000	2020 £'000
Financial assets		
Due in less than 3 months	8,170	10,374
Due in less than one year	84	13
Due in greater than one year	-	-
	<u>8,254</u>	<u>10,387</u>
Financial liabilities		
Due in less than 3 months	8,751	7,342
Due in less than one year	1,251	1,176
Due in greater than one year	1,085	1,073
	<u>11,087</u>	<u>9,591</u>
Net financial assets / (liabilities)		
Due in less than 3 months	(581)	3,032
Due in less than one year	(1,167)	(1,163)
Due in greater than one year	(1,085)	(1,073)
	<u>(2,833)</u>	<u>796</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

18. FINANCIAL RISK MANAGEMENT (CONTINUED)

Capital risk management

The Company manages its capital to maintain a surplus over regulatory minimum requirements and sufficient working capital for the continuity of trade, organic growth and to continue as a going concern.

The capital structure of the Company consists of equity attributable to equity holders of the Company, comprising issued capital and reserves

	2021 £'000	2020 £'000
Capital		
Share capital	-	-
Share premium	-	-
Capital redemption reserve	-	-
Reserves	<u>3,722</u>	<u>3,224</u>
	<u>3,722</u>	<u>3,029</u>

19. DEFERRED TAXATION

	2021 £'000	2020 £'000
At beginning of year	11	11
Credit / (charge) to the profit or loss	<u>3</u>	<u>-</u>
At end of year	<u>14</u>	<u>11</u>

The deferred taxation balance is made up as follows

	2021 £'000	2020 £'000
Accelerated capital allowances	(8)	(11)
Tax losses carried forward	<u>22</u>	<u>22</u>
	<u>14</u>	<u>11</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

20. SHARE CAPITAL

Figures in the below table are stated in £ units.

	2021 £	2020 £
Authorised, allotted, called up and fully paid		
16,000 (2020 – 16,000) Ordinary shares of £0.01 each	<u>160</u>	<u>160</u>

Shares rank equally for voting purposes. On a show of hands each member shall have one vote and on a poll each member shall have one vote per share held.

Each share ranks equally for any dividend declared.

Each share ranks equally for any distribution made on a winding up. The shares are non-redeemable.

21. RESERVES

Share premium account

This reserve represents amounts received in respect of shares over and above their nominal value.

Capital redemption reserve

This reserve was created when the Company purchased some of its own shares in June 2014. The reserve is non-distributable.

Profit and loss account

This reserve represents all accumulated profits and losses.

22. OTHER FINANCIAL COMMITMENTS

At the year end, the Company was committed to paying a total of £2,411,005 (2020: £1,402,714) in respect of professional placement fees.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

23. RELATED PARTY TRANSACTIONS

The Company has taken the exemption available under FRS102 Section 33 to not disclose related party transactions with wholly owned group companies. Details of the debtor and creditor balances held with group companies can be found in notes 13 and 16.

All funds that the Company manages or advises are considered to be related parties. The Company had the following transactions with those funds:

Fund	Category	2021 £'000	2020 £'000
Special Opportunities Fund	Management, Advisory & Performance Fees	-	-
	Debtor	-	7
Special Opportunities Fund (Guernsey)	Management, Advisory & Performance Fees	-	-
	Debtor	-	265
PSC Fund III	Management, Advisory & Performance Fees	4,930	4,746
	Debtor	1,298	5,948
PSC Investments B	Management, Advisory & Performance Fees	-	-
	Debtor	-	57
PSC Marlin	Management, Advisory & Performance Fees	211	548
	Debtor	-	548
PSC IV	Management, Advisory & Performance Fees	16,948	5,746
	Debtor	1,646	-
PSC Accelerator	Management, Advisory & Performance Fees	87	-
	Debtor	87	-
PSC Plane	Management, Advisory & Performance Fees	-	-
	Debtor	-	-
PSC Credit III	Management, Advisory & Performance Fees	500	-
	Debtor	402	-
PSC Credit (T)	Management, Advisory & Performance Fees	199	-
	Debtor	108	-
Honeycomb Investment Trust	Management, Advisory & Performance Fees	9,718	8,206
	Debtor	4,430	9,524

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

24. PRIOR PERIOD ADJUSTMENT

The prior year adjustment relates to the incorrect recognition of placement agent fees commitment. These fees generate or enhance the resources of the Company that will be used to satisfy performance obligation under the investment management contract and are expected to be recovered by way of earning management fees from the fund. As per accounting policy 2.11 the fees are costs for fulfilling a contract so should be recognised as an asset as the Company expect to recover them. The change has resulted in an increase of £1,168,000 in Contract costs and Creditors. The following tables summarise the impact on the statement of financial position and cash flow.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	As previously reported £'000	Adjustment £'000	Restated £'000
Fixed assets			
Contract costs	-	1,168	1,168
Current liabilities	(8,430)	(95)	(8,525)
Creditors: amounts falling due after more than one year	-	(1,073)	(1,073)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	As previously reported £'000	Adjustment £'000	Restated £'000
Cash flows from operating activities			
Profit for the financial year	195	-	195
Adjustments for:			
Depreciation of tangible assets	54	-	54
Interest paid/(received)	(1)	-	(1)
Taxation charge	3	-	3
Restated (increase) in debtors	(5,398)	-	(5,398)
Restated increase in creditors	2,747	1,168	3,915
Restated (increase) in contract costs	-	(1,168)	(1,168)
Increase in provisions	-	-	-
Corporation tax paid	-	-	-
Net cash flows from operating activities	(2,400)	-	(2,400)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

25. CONTROLLING PARTY

The ultimate parent company is Pollen Street Capital Holdings Limited, an entity registered at PO Box 255, Trafalgar Court, les Banques, GY1 3QL, Guernsey. Pollen Street Capital Holdings Limited prepares consolidated accounts in which the Company is included, but these are not publicly available. These consolidated accounts are for the largest and smallest group of companies for which consolidated accounts are prepared.

There is not considered to be an ultimate controlling party during the year ended 31 December 2021.

26. SUBSEQUENT EVENTS

Ukraine

Tensions between Russia, the U.S., and UK and a number of European states have heightened significantly as a result of Russia's unprovoked invasion of Ukraine. Although Pollen Street and the funds that it manages have limited exposure to the region, the current conflict has the potential to escalate further and this could result in elevated geopolitical instability, trade restrictions, disruptions to global supply chains, increases in energy prices with flow-on global inflationary impacts, and a potential adverse impact on markets and a downturn in the global economy. Beginning in February 2022, the EU, UK and the U.S., in a coordinated effort joined by several other countries, imposed a variety of new sanctions with respect to Russia and various Russia-related parties as a result of Russia's invasion of Ukraine, which may have a negative impact on the regional and global economic environment, leading to adverse effects for the performance of Honeycomb and the Pollen Street Funds.

Spring

On 15 February 2022, Pollen Street announced that it had reached agreement on the terms of a recommended all share combination with Honeycomb Investment Trust plc. Under the terms of the agreement, Honeycomb will acquire the entire issued share capital of Pollen Street Capital Holdings Limited in exchange for shares in the combined group such that the Honeycomb and Pollen Street businesses will be combined into a single business, owned by the shareholders of Honeycomb and Pollen Street. The combination is conditional on shareholder and regulatory approval.