

## Annual Report and Financial Statements

Palamon Capital Partners, Ltd.

For the year ended 31 December 2021



**Palamon Capital Partners, Ltd.**

**Year ended 31 December 2021**

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**Palamon Capital Partners, Ltd.**

**Year ended 31 December 2021**

**Directors' Report**

The Directors present their 23rd annual report and the audited financial statements for the year ended 31 December 2021.

**Activities**

Palamon Capital Partners, Ltd. (the "Company") is a Delaware corporation (2947699) and was incorporated in the United States of America on 28 September 1998. The Company's principal activity is to participate as Limited Partner in the Limited Partnership known as Palamon Capital Partners, LP ("SLP"). The Company has a 2% investment in SLP. In addition, the Company has undertaken to provide services, facilities and staff to SLP as determined by the general partner of SLP, Palamon Capital Partners, LLP. As the Limited Partner, the Company receives a share of the profit of SLP, in an amount determined from time to time by agreement between the Partners of SLP.

**Results and dividend**

The profit on ordinary activities before taxation amounts to £32,866 for the year to 31 December 2021, compared to a loss of £113,678 for 2020. The Directors approved the payment of a dividend for the year of £20,000 (2020: £20,000).

**Directors**

The Directors of the Company at 31 December 2021 and those who served during the year were:

H. May  
S.G. Ritzema  
J.P. Smith (resigned 24 December 2021)

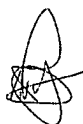
**Directors' Interests**

No Director had any interest at any time in the share capital of the Company. The Directors also had no interest in any contracts or arrangements with the Company during the year, other than those disclosed in note 5.

**Independent auditors**

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the annual general meeting.

Approved by the Board of Directors and signed on the order of the Board



**S.G. Ritzema**  
Director

26 April 2022

**Palamon Capital Partners, Ltd.**

**Year ended 31 December 2021**

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

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

UK 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 Section 396 of the Companies Act 2006 as modified by SI 2009/1801. The financial statements have not been prepared in accordance with any set GAAP. 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 those financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with Section 396 of the Companies Act 2006 as modified by SI 2009/1801. The Directors 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.

**Statement of disclosure of information to auditors**

In the case of each Director in office at the date the Directors' Report is approved:

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

By order of the Board

**S.G. Ritzema**

Director

26 April 2022



# Independent auditors' report to the Directors of Palamon Capital Partners, Ltd

## Report on the audit of the financial statements

### Opinion

In our opinion, Palamon Capital Partners, Ltd's financial statements for the year ended 31 December 2021 have been properly prepared, in all material respects, in accordance with the basis of preparation and accounting policies in note 1 to the financial statements and comply with the requirements of Section 396 of the Companies Act in the United Kingdom, as applied to overseas companies.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2021; the profit and loss account and the cashflow statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), including ISA (UK) 800, and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

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

### Emphasis of matter - Basis of preparation

In forming our opinion on the financial statements, which is not modified, we draw attention to note 1 to the financial statements which describes the basis of preparation. The financial statements are prepared in accordance with a special purpose framework for the Directors for the specific purpose as described in the Use of this report paragraph below. As a result, the financial statements may not be suitable for another purpose.

### Conclusions relating to going concern

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

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

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

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

## **Reporting on other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the Directors for the financial statements**

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements in accordance with the basis of preparation and accounting policies in note 1 to the financial statements and comply with the requirements of Section 396 of the Companies Act in the United Kingdom, as applied to overseas companies and for determining that the basis of preparation and accounting policies are acceptable in the circumstances. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax regulations, such as US state and federal tax rules on corporations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the requirements of Section 396 of the Companies Act in the United Kingdom, as applied to overseas companies. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and the potential for manipulation of financial data and the accuracy over the inputs related to revenue. Audit procedures performed by the engagement team included but are not limited to:

- enquiring with the Directors as to any actual or suspected instances of fraud or non-compliance with laws and regulations;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
- testing the completeness and accuracy of the profit share through agreement to the signed declarations of profit share to the Company

- reviewing correspondence with the tax authorities in relation to compliance with laws and regulations;
- inspecting the current and deferred tax assessments, identifying and testing key inputs in the calculations and considering their appropriateness in line with tax rules;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- reviewing relevant meeting minutes for additional matters relevant to the audit.

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

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

### **Use of this report**

This report, including the opinion, has been prepared for and only for the Company's Directors as a body for management purposes in accordance with our engagement letter dated 1 February 2022 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the Company, save where expressly agreed by our prior consent in writing.



PricewaterhouseCoopers LLP  
Chartered Accountants  
London  
26 April 2022

**Palamon Capital Partners, Ltd.**

**Profit and loss account for the year to 31 December 2021**

	Note	2021 £	2020 £
<b>Revenue</b>			
Profit share	1.2	4,311,958	4,102,054
Rental income	20	269,302	274,528
Total revenue		4,581,260	4,376,582
<b>Expenses</b>			
Foreign exchange gain / (loss)		27,874	(143,597)
Professional fees and other costs		(4,575,688)	(4,341,428)
Total expenses		(4,547,814)	(4,485,025)
<b>Operating profit / (loss)</b>	2	<b>33,446</b>	<b>(108,443)</b>
Interest receivable and similar income		1	1
Interest payable and similar charges	3	(581)	(5,236)
Profit / (loss) on ordinary activities before taxation		32,866	(113,678)
Tax (expense) / credit	6	(7,418)	138,746
Profit after tax		25,448	25,068
Dividends		(20,000)	(20,000)
<b>Profit for the financial year</b>		<b>5,448</b>	<b>5,068</b>

There are no recognised gains and losses other than the profit for the financial year (2020: £nil). Accordingly, a statement of total recognised gains and losses is not presented.

All results derive from continuing operations.

There is no material difference in the profit on ordinary activities before taxation and the profit for the financial year as stated above and their historical cost equivalents (2020: £nil).

The notes on pages 11 to 21 form part of these financial statements.



**Palamon Capital Partners, Ltd.**

**Balance sheet as at 31 December 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Investments	7	200	200
Property, plant and equipment	8	330,212	251,804
		<hr/> 330,412	<hr/> 252,004
<b>Current assets</b>			
Trade and other receivables	9	3,349,861	4,171,719
Cash at bank and in hand	10	235,372	227,769
		<hr/> 3,585,233	<hr/> 4,399,488
<b>Trade and other payables: amounts falling due within one year</b>	11	(3,885,045)	(4,618,368)
		<hr/> (299,812)	<hr/> (218,880)
<b>Net current liabilities</b>			
<b>Trade and other payables: amounts falling due after more than one year</b>	12	-	(7,972)
		<hr/> (299,812)	<hr/> (226,852)
<b>Net assets</b>		<hr/> <b>30,600</b>	<hr/> <b>25,152</b>
<b>Capital and reserves</b>			
Called up share capital	14	1	1
Share premium account	15	1,235	1,235
Profit and loss account	15	29,364	23,916
<b>Total shareholders' funds</b>		<hr/> <b>30,600</b>	<hr/> <b>25,152</b>

The notes on pages 11 to 21 form part of these financial statements.

These financial statements were approved by the Board of Directors on 26 April 2022 and signed on its behalf by:



**S.G. Ritzema**  
Director

26 April 2022

**Palamon Capital Partners, Ltd.**

**Cashflow statement for the year to 31 December 2021**

	Note	2021 £	2020 £
<b>Net cash inflow from operating activities</b>	16	830,523	1,128,439
<b>Return on investments and servicing of finance</b>			
Interest received		1	1
Interest paid		-	(5,099)
<b>Tax payments on account</b>		(24,341)	-
<b>Net cash inflow before financing</b>		<b>806,183</b>	<b>1,123,341</b>
<b>Capital expenditure</b>			
Payments to acquire property, plant and equipment		(164,782)	(1,078)
<b>Financing activities</b>			
Dividends paid		-	(20,000)
Repayment of finance lease obligation		(15,206)	(30,412)
<b>Loans between group entities</b>			
Repayment of loan		(618,592)	(1,312,236)
<b>Increase / (decrease) in cash in the year</b>	10	<b>7,603</b>	<b>(240,385)</b>

The notes on pages 11 to 21 form part of these financial statements.

**Palamon Capital Partners, Ltd.**

**Notes to the financial statements**

**1. Accounting policies**

**1.1 Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with Section 396 of the Companies Act 2006 as modified by SI 2009/1801. The going concern basis has been adopted, which assumes that Palamon Capital Partners, Ltd. (the "Company") will continue in operational existence for the foreseeable future having adequate funds to meet its obligations as they fall due. The financial statements have not been prepared in accordance with a set GAAP.

The principal accounting policies are set out below.

**1.2 Revenue**

Revenue is recognised in the period in which it is earned, to the extent the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company. The Company receives a share of the profits of Palamon Capital Partners, LP ("SLP") in such proportion as agreed between the Partners of SLP from time to time, in accordance with the Limited Partnership Agreement of SLP. The profit share received is to fund the expenses of the Company for the period. Any profit share received in respect of future accounting periods is not recognised as revenue in the current period, and is deferred and recognised over the period in which the related expenses are incurred by the Company. Rental income is recognised in accordance with the policy set out in note 1.12, "Lease agreements".

**1.3 Expenses**

Expenses consist of costs that arise in the general administration of the Company and provision of services to SLP, including operating expenses, salaries, depreciation and foreign exchange gains and losses. Expenses are recognised on an accruals basis.

**1.4 Depreciation**

Depreciation is provided on property, plant and equipment on a straight-line basis to write off each asset to its net realisable value over its expected useful economic life. The following rates have been applied:

Furniture and fittings	20%
Office and computer equipment	33%
Accounting software	20%

Depreciation is not provided on artworks as the Directors are of the opinion that their estimated residual value is not materially different from cost.

**Palamon Capital Partners, Ltd.**

**Notes to the financial statements (continued)**

**1. Accounting policies (continued)**

**1.5 Foreign currency translation**

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences arising from translation are accounted for in the profit and loss account.

**1.6 Defined contribution pension schemes**

The Company has organised a Group Personal Pension for its employees and makes a contribution to each employee's pension plan. Pension costs are charged to the profit and loss account in the period in which they arise.

**1.7 Investments**

Investments are stated at cost. Provision for a write down below cost will be made if, in the opinion of the Directors, there has been an impairment in value. The Directors carry out an impairment review of its investments as and when necessary but at least once a year, taking into consideration events and economic circumstances.

**1.8 Cash**

Cash and cash equivalents include cash held at bank and cash in hand.

**1.9 Debtors**

Financial assets, including trade and other receivables, are recognised at cost. At the end of each reporting period, the recoverability of financial assets is assessed for objective evidence of impairment. If the asset is impaired, the impairment loss will be recognised in the profit and loss account.

**1.10 Creditors**

Financial liabilities, including trade and other creditors, accruals and loans that are classified as debt are recognised when the Company has an obligation to act or perform in a particular way. Liabilities are classified as current liabilities if payment is due within one year or less. If not, they are presented as due after more than one year. The settlement of an obligation usually involves the payment of cash, but could also involve the transfer of other assets, provision of services, the replacement of that obligation with another obligation, or the conversion of the obligation to equity.

**Palamon Capital Partners, Ltd.**

**Notes to the financial statements (continued)**

**1. Accounting policies (continued)**

**1.11 Taxation and Deferred taxation**

Taxation expense for the year comprises current and deferred tax recognised in the reporting period. Current or deferred taxation assets and liabilities are not discounted.

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years.

Deferred tax is accounted for at expected tax rates on all differences arising from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements. A deferred tax asset is only recognised when it is more likely than not that the asset will be recoverable in the foreseeable future out of suitable taxable profits from which the amounts relating to the underlying timing differences can be deducted.

**1.12 Lease agreements**

**Finance leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Company. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Lease payments are apportioned between the reduction of the lease liability and finance charges in the Profit and Loss account so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

**Operating leases**

Rental income is recognised on a straight line basis over the period of the lease. Rental expenses applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

**1.13 Terms of Reference**

In accordance with its Terms of Reference, Palamon Capital Partners, Ltd. provides services of an administrative nature to Palamon Capital Partners, LP ("SLP"). The scope of these services is agreed from time to time with SLP's general partner, Palamon Capital Partners, LLP ("LLP"). As a limited partner in SLP, the Company is entitled to a share of the profits of SLP. Under the Terms of Reference, the Company may be required to make payments on behalf of other Palamon entities, including Palamon European Equity, L.P., Palamon European Equity 'B', L.P., Palamon European Equity 'C', L.P., Palamon European Equity 'D', L.P., Palamon European Equity GmbH & Co. Beteiligungs KG, Palamon European Equity II, L.P., Palamon European Equity II "BOA", L.P.,

**Palamon Capital Partners, Ltd.**

**Notes to the financial statements (continued)**

**1. Accounting policies (continued)**

**1.13 Terms of Reference (continued)**

Palamon European Equity III, L.P., Palamon European Equity III "A", L.P., Palamon European Equity III "B", L.P., Palamon European Equity III "C", L.P., Palamon III Holdings, L.P. and Palamon MYD Investments L.P. collectively known as "the Funds". Such payments are subject to approval by LLP and confirmation from SLP that the Company will be reimbursed in full.

**2. Operating profit / (loss)**

	2021 £	2020 £
Operating profit / (loss) is determined after taking account of the following items:		
Auditors' remuneration:		
Audit services	26,501	28,750
Other services - tax	31,528	44,130
<b>Total</b>	<b>58,029</b>	<b>72,880</b>
Net (profit) / loss on foreign currency translation	(27,874)	143,597
Depreciation	86,374	96,974
Operating lease rentals		
Land and buildings	706,020	706,187
Other	8,040	8,044

**3. Interest payable and similar charges**

	2021 £	2020 £
Bank interest payable	-	-
Other interest payable	581	5,236
<b>Total</b>	<b>581</b>	<b>5,236</b>

**4. Employees**

	Note	2021 £	2020 £
Staff costs during the year:			
Wages and salaries		1,567,436	1,702,372
Social security costs		204,227	213,621
Pension costs	17	107,587	130,526
<b>Total</b>		<b>1,879,250</b>	<b>2,046,519</b>

**Palamon Capital Partners, Ltd.**

**Notes to the financial statements (continued)**

**4. Employees (continued)**

	2021	2020
	No.	No.
Average monthly number of persons employed	11	14

**5. Directors' remuneration**

Directors' remuneration of £38,585 (2020: £58,606) was paid to RBC Trust Company (International) Limited for Directors' services.

**6. Tax expense / (credit)**

	Note	2021 £	2020 £
US tax on profits of the current year		8,777	-
US tax refund on profits of the prior year		(2,712)	(317,518)
Current tax charge / (credit)		6,065	(317,518)
Deferred tax debit	13	1,353	178,772
Tax expense / (credit)		7,418	(138,746)

The current tax assessed for the year is different from that calculated when the US corporation tax rate of 21% (2020: 21%) is applied to the profit on ordinary activities. The differences are explained below.

	2021 £	2020 £
Profit / (loss) on ordinary activities before tax	32,866	(113,678)
Taxation at effective rate of 21% (2020: 21%) on profit on ordinary activities	6,902	(23,872)
Permanent differences:		
Travel & entertainment expenses	2,774	3,341
Other disallowed expenses	161	158
Timing differences on flow through taxable income and expenses	631	257,234
Timing differences between depreciation and capital allowances	4,022	7,192
Timing differences: use of brought forward US Corporate Tax Losses	(5,713)	(244,053)
Tax charge for the current year	8,777	-

**Palamon Capital Partners, Ltd.**

**Notes to the financial statements (continued)**

**7. Investments**

	2021 £	2020 £
Investment in Palamon Capital Partners, LP	200	200

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

**8. Property, plant and equipment**

	Furniture & Fittings £	Office, computer equipment £	Accounting software £	Artworks £	Total £
<b>Cost</b>					
Balance at 1 Jan 2021	1,469,541	357,881	230,117	129,753	2,187,292
Additions during year	156,480	8,302	-	-	164,782
Disposals during year	-	-	-	-	-
Balance at 31 Dec 2021	1,626,021	366,183	230,117	129,753	2,352,074
<b>Accumulated Depreciation</b>					
Balance at 1 Jan 2021	1,375,969	329,402	230,117	-	1,935,488
Charged during year	57,624	28,750	-	-	86,374
Released on disposals	-	-	-	-	-
Balance at 31 Dec 2021	1,433,593	358,152	230,117	-	2,021,862
<b>Net book value at 31 Dec 2021</b>	<b>192,428</b>	<b>8,031</b>	<b>-</b>	<b>129,753</b>	<b>330,212</b>
Net book value at 31 Dec 2020	93,572	28,479	-	129,753	251,804

Office, computer equipment with a carrying value of £nil (2020: £20,000) are held under a finance lease.



**Palamon Capital Partners, Ltd.**

**Notes to the financial statements (continued)**

**9. Trade and other receivables**

	Note	2021 £	2020 £
Trade debtors		30,843	338,749
Amounts owed by Palamon Capital Partners, LP		184,718	302,688
Profit share owed by Palamon Capital Partners, LP		1,181,966	757,594
Amounts owed by other Palamon entities		163,133	53,550
Other debtors		288,386	1,255,856
Corporation tax refund & payments on account		335,793	317,518
Deferred tax	13	746,083	747,436
Prepayments and accrued income		418,939	398,328
<b>Total</b>		<b>3,349,861</b>	<b>4,171,719</b>

**10. Increase / (decrease) in cash for the year**

	2021 £	2020 £
Increase / (decrease) in cash in the year	7,603	(240,385)
Movement in net funds in the year	7,603	(240,385)
Net funds at 1 January	227,769	468,154
<b>Net funds at 31 December</b>	<b>235,372</b>	<b>227,769</b>

**11. Trade and other payables: amounts falling due within one year**

	2021 £	2020 £
Trade creditors	113,717	130,006
Loan from Palamon Capital Partners, LP	-	618,592
Other creditors including taxation and social security	259,192	360,175
Other creditors: Finance lease obligations due within one year	600	15,225
Accruals and deferred income	3,511,536	3,494,370
<b>Total</b>	<b>3,885,045</b>	<b>4,618,368</b>

Within Accruals and deferred income, an amount of £2,995,568 (2020: £3,108,000 in respect of expenses to be incurred in 2021) relates to deferred profit share in respect of expenses to be incurred in 2022.

**Palamon Capital Partners, Ltd.**

**Notes to the financial statements (continued)**

**12. Trade and other payables: amounts falling due after more than one year**

	2021 £	2020 £
Accruals and deferred income	-	7,972
<b>Total</b>	<b>-</b>	<b>7,972</b>

**13. Deferred taxation**

The movement in the deferred taxation asset during the year was:

	2021 £	2020 £
Asset brought forward	747,436	926,208
Deferred tax (debit) / credit	(1,353)	(178,772)
<b>Total</b>	<b>746,083</b>	<b>747,436</b>

The Company's asset for deferred taxation consists of the tax effect of timing differences in respect of:

	2021 £	2020 £
Excess of depreciation on fixed assets over taxation allowances	32,293	28,270
Unrealised profits from Palamon Capital Partners, LP	713,790	713,656
US corporation tax losses carried forward	-	5,510
<b>Total</b>	<b>746,083</b>	<b>747,436</b>

**14. Called up share capital**

	2021 £	2020 £
<b>Authorised</b>		
1,000 (2020: 1,000) Ordinary shares of US\$0.01 per share	6	6
<b>Issued, called-up and fully paid</b>		
20 (2020: 20) Ordinary shares of US\$0.01 per share	1	1

**Palamon Capital Partners, Ltd.**

**Notes to the financial statements (continued)**

**15. Reconciliation of movements in shareholders' funds**

	Called up share capital £	Share premium account £	Profit & loss account £	Total shareholders' funds £
Balance at 1 Jan 2021	1	1,235	23,916	25,152
Profit for the financial year	-	-	5,448	5,448
<b>Balance at 31 Dec 2021</b>	<b>1</b>	<b>1,235</b>	<b>29,364</b>	<b>30,600</b>

**16. Net cash inflow from operating activities**

	2021 £	2020 £
Operating profit / (loss)	33,446	(108,443)
Adjustment for non-cash and non-operating items:		
Depreciation	86,374	96,974
(Decrease) / increase in creditors	(128,078)	902,970
Decrease in debtors	838,781	236,938
<b>Net cash inflow from operating activities</b>	<b>830,523</b>	<b>1,128,439</b>

**17. Pensions**

The Company has a company sponsored personal pension scheme, which at 31 December 2021 had 9 members (2020: 11 members). Pension contributions amounted to £107,587 (2020: £130,526) of which £8,749 (2020: £9,038) remained unpaid at the year-end.

**18. Related party transactions**

The Company received a profit share of £4,199,526 for the year ending 31 December 2021 from Palamon Capital Partners, LP ("SLP") (2020: £5,381,054) and £1,181,966 (2020: £757,594) remained unpaid at the year-end. The Partners of SLP have agreed that, of the profit share, an amount of £2,995,568 (2020: £3,108,000) should be deferred to provide for the future costs of the Company. This deferred amount is included in trade and other payables (see Note 11).

During the year, SLP made loans of £3,076,497 (2020: £4,638,371) to the Company, all of which represented advance profit share. At the year end these loans were fully settled by an allocation of profit share and £nil (2020: £nil) remained outstanding.

During the year, the Company repaid £618,592 (2020: £1,312,236) of loans advanced by SLP in prior years and at the year end an amount of £nil (2020: £618,592) remained outstanding.

**Palamon Capital Partners, Ltd.**

**Notes to the financial statements (continued)**

**18. Related party transactions (continued)**

Trade and other receivables include £184,718 (2020: £302,688) of cumulative business expenses paid by the Company on behalf of Palamon Capital Partners, LP and the Funds. Also included in trade and other receivables are cumulative business expenses paid by the Company on behalf of Palamon Capital Partners, LP's other partners, with £162,905 (2020: £53,550) owed by Palamon Capital Partners, LLP and £228 (2020: £Nil) owed by Palamon Delaware LP. These amounts will be fully reimbursed to the Company.

**19. Lease commitments**

At 31 December the Company had annual commitments under non-cancellable operating leases as set out below

	Land and Buildings		Other	
	2021 £	2020 £	2021 £	2020 £
Operating leases which expire within 2-5 years	322,400	-	8,000	8,000
Operating leases which expire after 5 years	-	782,040	-	-
<b>Total</b>	<b>322,400</b>	<b>782,040</b>	<b>8,000</b>	<b>8,000</b>

The Company signed a lease on its premises at 33 King Street ("33 KS") on 7 December 2016. The rent was agreed at £782,040 per annum and the term of the lease was for a period of 15 years and four months from 16 February 2017 to 23 June 2032 with options to terminate on 24 March 2022 or 24 March 2027. The Company assigned the lease as of 24 March 2022.

SLP has signed a lease on new premises at 60 Charlotte Street ("60 CS") on 15 October 2021. The term of the lease is for a period of 5 years and 1 month from 15 October 2021 to 14 November 2026 and the rent has been agreed at £322,400 per annum. Currently, there is the benefit of a 10 month rent-free period that ends on 14 August 2022.

At 31 December 2021 the Company had annual commitments under a non-cancellable finance lease as set out below

	Computer Equipment	
	2021 £	2020 £
Finance leases which expire within 1 year	600	18,246
<b>Total</b>	<b>600</b>	<b>18,246</b>

The Company signed a finance lease arrangement on certain computer equipment (see note 8) in 2018. The lease arrangement includes fixed lease payments of £3,041 per month and a purchase option at the end of the lease term which has been exercised.

**Palamon Capital Partners, Ltd.**

**Notes to the financial statements (continued)**

**20. Rental income**

On 13 January 2014, the Company entered into an agreement to sub-underlet part of its premises to TPS Invest Services Limited ("TPS") with a term expiring on 25 December 2016. The sub-underlease was assigned by TPS to Jetstone (Services) Limited ("Jetstone Services") on 10 February 2015 in accordance with the terms of the sub-underlease dated 13 January 2014. The rental income was agreed at £246,450 per annum with a rent free period which ended on 11 May 2014.

On 21 December 2016, the Company extended the sub-underlease with Jetstone Services until 14 February 2017 and entered into a new underlease agreement with Jetstone Services with effect from 16 February 2017 and expiring on 24 December 2021. The underlease was assigned by Jetstone Services to Jetstone Asset Management (UK) LLP ("Jetstone") on 18 June 2020 in accordance with the terms of the underlease dated 21 December 2016. The rental income was agreed at £294,500 per annum with a rent-free period until 15 June 2017. Rental income for the year ended 31 December 2021 is £269,302 (2020: £274,528). The underlease ended on 24 December 2021 and Jetstone left the premises on that date.

**21. Going concern**

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has the resources to continue in business for the foreseeable future. The Company holds assets and cash on account and has access to sufficient future profit share to cover expenditure for the foreseeable future.

The Directors have considered the impact Covid-19 and the related uncertainties surrounding the virus and ultimate economic recoveries and are not aware of material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. The Directors have reviewed the liquidity available to the Company and given the current cash balances and access to profit share, the Company is considered to be a going concern.

**22. Ultimate controlling party**

The ultimate controlling party is RBC Trustees (Jersey) Limited as trustee of the A Michael Hoffman 1999 Settlement and RBC Trustees (Jersey) Limited as trustee of the Louis G Elson 1999 Settlement.