

Passion Capital Investments II LLP

Report And Financial Statements

31 March 2021



Passion Capital Investments II LLP

INFORMATION

Designated Members	R Dighero E Burbidge M Posern
LLP registered number	OC413439
Registered office	Third Floor 65 Clerkenwell Road London EC1R 5BL
Independent auditors	Blick Rothenberg Audit LLP 16 Great Queen Street London WC2B 5AH

MEMBERS' REPORT

For the Year Ended 31 March 2021

The members present their annual report together with the audited financial statements of Passion Capital Investments II LLP (the "LLP") for the year ended 31 March 2021.

Principal activities

The principal activity of the LLP is the provision of investment management services.

Designated Members

The following were designated members of the LLP during the year:

R Dighero
E Burbridge
M Posern (appointed 24 August 2020)

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 the underlying funds managed by the LLP have performed well. Overall there has not been any material impact on the LLP which continues to operate normally and manage the respective funds. Additionally, due to the nature of the underlying funds, management fees are still being received as normal and the business has been able to operate remotely with no significant impact to day-to-day operations.

Members' capital and interests

Each member's subscription to the capital of the LLP is determined by their share of the profit and is repayable following retirement from the LLP.

Details of changes in members' capital in the year ended 31 March 2021 are set out in the financial statements.

Members are remunerated from the profits of the LLP and are required to make their own provision for pensions and other benefits. Profits are allocated and divided between members after finalisation of the financial statements. Members draw a proportion of their profit shares monthly during the year in which it is made, with the balance of profits being distributed after the year, subject to the cash requirements of the business.

Members' responsibilities statement

The members are responsible for preparing the annual report and the financial statements in accordance with applicable law 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'.

Company law, (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008), requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) the members 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 LLP and of the profit or loss of the LLP for that period.

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

- select suitable accounting policies 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 LLP will continue in business.

MEMBERS' REPORT (CONTINUED)
For the Year Ended 31 March 2021

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and to enable them to ensure that the financial statements comply with the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008). They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

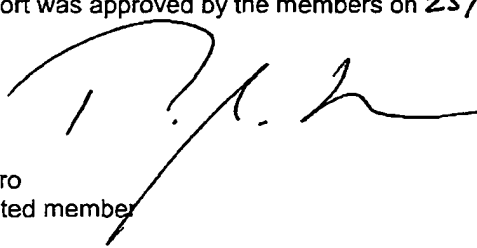
Each of the persons who are members at the time when this Members' Report is approved has confirmed that:

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

Auditors

Blick Rothenberg Audit LLP have expressed their willingness to continue as auditors

This report was approved by the members on 25/6/21 and signed on their behalf by:



R Dighero
Designated member

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PASSION CAPITAL INVESTMENTS II LLP**

Opinion

We have audited the financial statements of Passion Capital Investments II LLP (the 'LLP') for the year ended 31 March 2021, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Reconciliation of Members' Interests, the Statement of Cash Flows, and the 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).

In our opinion the financial statements:

- give a true and fair view of the state of the LLP'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; and
- have been prepared in accordance with the requirements of the Companies Act 2006, as applied to limited liability partnerships by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the LLP in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the LLP'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 members are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PASSION CAPITAL INVESTMENTS II LLP (CONTINUED)**

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of members

As explained more fully in the Members' Responsibilities Statement set out on page 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 LLP'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 LLP 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:

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, an non-compliance with laws and regulations, our procedures included the following: enquiring of management concerning the LLP's policies with regards identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; enquiring of management concerning the LLP's policies detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; enquiring of management concerning the LLP'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 LLP 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 LLP. The key laws and regulations we considered in this context included the UK Companies Act 2006 and the Financial Services and Markets Act 2000.

One particular focus area was the risk of fraud through management override of controls. 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 LLP for evidence of any large or unusual activity which may be indicative of fraud; enquiring of management in relation to any potential litigation and claims; and testing the appropriateness of journal entries and other adjustments.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PASSION CAPITAL INVESTMENTS II LLP (CONTINUED)**

Another focus area was non-compliance with the rules of the Financial Conduct Authority ('the FCA'). The LLP was authorised and regulated by the FCA throughout the period. Our procedures to respond to risks identified included the following: reviewing correspondence between the LLP and the FCA, performing analytical review to detect receipts of client money and remaining alert to the possibility of accidental receipt of client monies; and discussion of regulatory matters with the appointed officers of the LLP.

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 members and other management 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 for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the LLP's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as applied by Part 12 of The Limited Liability Partnerships (Accounts and Audit) (Applications of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP's members those matters we are required to state to them in an Auditors' 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 LLP and the LLP's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Neal Desai (Senior Statutory Auditor)

for and on behalf of
Blick Rothenberg Audit LLP
Statutory Auditors

16 Great Queen Street
London
WC2B 5AH

30 June 2021

STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 31 March 2021

	Note	2021 £	2020 £
Turnover	2	1,164,187	487,812
Administrative expenses		(412,798)	(410,132)
		<hr/>	<hr/>
Operating profit	3	751,389	77,680
Interest receivable		2	-
		<hr/>	<hr/>
Profit for the year before members' remuneration and profit shares available for discretionary division among members		751,391	77,680
		<hr/> <hr/>	<hr/> <hr/>

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

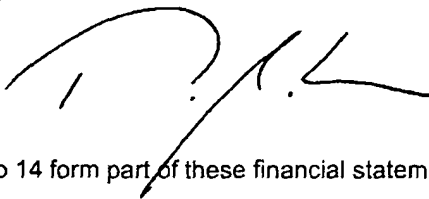
The notes on pages 10 to 14 form part of these financial statements.

BALANCE SHEET
As at 31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	5	1	1
Current assets			
Debtors: amounts falling due within one year	6	10	-
Cash at bank and in hand		752,602	128,799
		<u>752,612</u>	<u>128,799</u>
Creditors: amounts following due within one year	7	(147,996)	(106,120)
Net current assets		<u>604,616</u>	<u>22,679</u>
Net assets attributable to members		<u><u>604,617</u></u>	<u><u>22,680</u></u>
Represented by:			
Loans and other debts due to members within one year			
Other amounts	8	599,617	17,680
Members' other interests			
Members' capital classified as equity		5,000	5,000
		<u>5,000</u>	<u>5,000</u>
		<u><u>604,617</u></u>	<u><u>22,680</u></u>
Total members' interests			
Loans and other debts due to members	8	599,617	17,680
Members' other interests		5,000	5,000
		<u>604,617</u>	<u>22,680</u>

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

R Dighero
Designated member



The notes on pages 10 to 14 form part of these financial statements.

RECONCILIATION OF MEMBERS' INTERESTS
For the Year Ended 31 March 2021

	EQUITY Members' other interests			DEBT Loans and other debts due to members less any amounts due from members in debtors		Total members' interests
	Members' capital (classified as equity) £	Other reserves £	Total £	Other amounts £	Total £	Total £
Amounts due to members				114,761	114,761	
Balance at 1 April 2019	5,000	-	5,000	114,761	114,761	119,761
Profit for the year available for discretionary division among members	-	77,680	77,680	-	-	77,680
Members' interests after profit for the year	5,000	77,680	82,680	114,761	114,761	197,441
Allocated profit for the year	-	(77,680)	(77,680)	77,680	77,680	-
Drawings	-	-	-	(174,761)	(174,761)	(174,761)
Amounts due to members				17,680	17,680	
Balance at 31 March 2020	5,000	-	5,000	17,680	17,680	22,680
Profit for the year available for discretionary division among members	-	751,391	751,391	-	-	751,391
Members' interests after profit for the year	5,000	751,391	756,391	17,680	17,680	774,071
Allocated profit for the year	-	(751,391)	(751,391)	751,391	751,391	-
Drawings	-	-	-	(169,454)	(169,454)	(169,454)
Amounts due to members				599,617	599,617	
Balance at 31 March 2021	5,000	-	5,000	599,617	599,617	604,617

The notes on pages 10 to 14 form part of these financial statements.

The ability of the members of the LLP to reduce the amount of Members' other interests is restricted by the regulatory capital requirements of the FCA.

STATEMENT OF CASH FLOWS
For the Year Ended 31 March 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	751,391	77,680
Adjustments for:		
Interest receivable	(2)	-
(Increase)/decrease in debtors	(10)	47,523
Increase in creditors	41,876	24,880
Net cash generated from operating activities before transactions with members	<u>793,255</u>	<u>150,083</u>
Cash flows from investing activities		
Interest received	2	-
Net cash from investing activities	<u>2</u>	<u>-</u>
Cash flows from financing activities		
Payments to members	(169,454)	(174,761)
Net cash used in financing activities	<u>(169,454)</u>	<u>(174,761)</u>
Net increase/(decrease) in cash and cash equivalents	<u>623,803</u>	<u>(24,678)</u>
Cash and cash equivalents at beginning of year	128,799	153,477
Cash and cash equivalents at the end of year	<u><u>752,602</u></u>	<u><u>128,799</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	752,602	128,799
	<u><u>752,602</u></u>	<u><u>128,799</u></u>

The notes on pages 10 to 14 form part of these financial statements.

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 Investments II LLP is a limited liability partnership incorporated in the UK and registered in England and Wales.

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

The principal activities are documented in the Members' Report.

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 and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships".

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 LLP's accounting policies. Due to the straight forward nature of the business management consider that no critical judgments have been made in applying the LLP's accounting policies.

The LLP is the parent undertaking of a small group and as such is not required by the Companies Act 2006 to prepare group accounts. These financial statements therefore present information about the LLP as an individual undertaking and not about its group.

The following principal accounting policies have been applied:

1.2 Going concern

These financial statements have been prepared on the going concern basis as the members have prepared forecasts which show that the LLP will be able to meet its liabilities as and when they fall due for a period of at least twelve months from the date of signing the financial statements.

1.3 Turnover

Turnover is recognised by the LLP in respect of investment management services supplied during the year, exclusive of value added tax. Fees are recognised over the period in which services are provided.

1.4 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.5 Financial instruments

The entity does not trade in financial instruments and all such instruments arise directly from operations.

All trade and other debtors are initially recognised at transaction value, as none contain in substance a financing transaction. Thereafter trade and other debtors are reviewed for impairment where there is objective evidence based on observable data that the balance may be impaired. The entity 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.

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

1. Accounting policies (continued)

1.5 Financial instruments (continued)

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

Trade and other creditors and accruals are initially recognised at transaction value as none represent a financing transaction. They are only derecognised when they are extinguished. As the LLP only has short term receivables and payables, its net current asset position is a reasonable measure of its liquidity at any given time.

1.6 Foreign currency translation

Functional and presentation currency

The LLP'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.

1.7 Related Party policy

The company is exempt under section 33 of FRS102 from disclosing transactions or balances between wholly owned group companies.

2. Turnover

The turnover for the period was derived from the LLP's principal activity.

All turnover arose within the United Kingdom.

3. Operating profit

The operating profit is stated after charging:

	2021	2020
	£	£
Auditors' remuneration - audit of the LLP's annual financial statements	4,595	4,500
Auditors' remuneration - fees payable to the LLP's auditor for audit and non-audit services for other group entities	11,105	10,855
Auditors' remuneration - non-audit services for the LLP	1,225	1,200
Exchange differences	4,255	(7,527)
	<u>21,180</u>	<u>8,928</u>

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

4. Information in relation to members

	2021 Number	2020 Number
The average number of members during the year was	<u>3</u>	<u>2</u>
	2021 £	2020 £

The amount of profit attributable to the member with the largest entitlement was	<u>301,071</u>	<u>38,840</u>
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5. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 April 2020	<u>1</u>
At 31 March 2021	<u>1</u>

The LLP has the following subsidiary undertaking:

The LLP holds 100% of the ordinary share capital of Passion Capital II (CM) Limited. The registered office of the company is in the UK. The principal activity of the company is that of a general partner of limited partnerships. The aggregate capital and reserves at 31 March 2021 was £1. There was no profit or loss for the year ending 31 March 2021.

6. Debtors

	2021 £	2020 £
Amounts owed by related entities	<u>10</u>	<u>-</u>
	<u>10</u>	<u>-</u>

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

7. Creditors: Amounts falling due within one year

	2021	2020
	£	£
Trade creditors	620	2,420
Amounts owed to related entities	117,286	74,621
Accruals and deferred income	30,090	29,079
	147,996	106,120

8. Loans and other debts due to members

	2021	2020
	£	£
Other amounts due to members	599,617	17,680
	599,617	17,680

Loans and other debts due to members rank equally with debts due to ordinary creditors in the event of a winding up.

Loans and other debts due to members may be further analysed as follows:

	2021	2020
	£	£
Falling due within one year	599,617	17,680
	599,617	17,680

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

9. Related party transactions

During the year the LLP paid introducer fees totalling £17,480 (2020: £113,631) to a company controlled by a close family member of one of the designated members. At the balance sheet date £620 (2020: £620) was owed to this company.

The entities disclosed below are related parties of Passion Capital Investments II LLP ('PCI II LLP') by virtue of being under common control.

	2021 £	2020 £
Amounts due from/(to)		
Passion Capital GC (FP) LLP	10	-
Passion Capital Investments LLP ('PCI LLP')	(117,285)	(74,621)
Transactions during the period		
During the period PCI LLP recharged PCI II LLP payroll costs of	202,143	114,023
During the period PCI LLP recharged PCI II LLP marketing costs of	60,570	55,305
During the period PCI LLP paid for other expenses on behalf of PCI II LLP of	80,479	27,696
	<u>202,143</u>	<u>114,023</u>

10. Analysis of Net Debt

	At 1 April 2020 £	Arising from cash flows £	At 31 March 2021 £
Cash at bank and in hand	128,799	623,803	752,602
Net debt (before members' debt)	<u>128,799</u>	<u>623,803</u>	<u>752,602</u>
<i>Loans and other debts due to members</i>			
Other amounts due to members	(17,680)	(581,937)	(599,617)
	<u>111,119</u>	<u>41,866</u>	<u>152,985</u>