

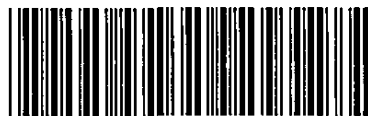
**PAR FUND MANAGEMENT LIMITED**

***Company registration number SC338649 (Scotland)***

**Financial Statements**

**For the year ended 31 March 2014**

**WEDNESDAY**



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**PAR FUND MANAGEMENT LIMITED**

**Financial statements for the year ended 31 March 2014**

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<b>Contents</b>	<b>Pages</b>
Directors, officers and advisers	1
Strategic report	2
Directors' report	3-4
Independent Auditor's report	5-6
Profit and loss account	7
Balance sheet	8
Cash flow statement	9
Notes to the financial statements	10-15

# **PAR FUND MANAGEMENT LIMITED**

## **Directors, officers and advisers**

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### **Directors**

Paul Atkinson  
Andrew Castell  
Robert Higginson  
Paul Munn

### **Secretary and registered office**

Andrew Ley  
3a Dublin Meuse  
Edinburgh  
EH3 6NW

### **Registered number**

SC338649 (Scotland)

### **Auditor**

Scott-Moncrieff  
Exchange Place 3  
Semple Street  
Edinburgh  
EH3 8BL

### **Bankers**

Adam & Company  
25 St Andrews Square  
Edinburgh  
EH2 1AF

## **PAR FUND MANAGEMENT LIMITED**

### **Strategic report for the year ended 31 March 2014**

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The directors present the strategic report and financial statements for the year ended 31 March 2014.

#### **Principal activities and review of the business**

The principal activity of the company in the year under review was investment management. The company acts as investment manager for Par Innovation Fund I LP, Par Residential Investments LP and the Par Syndicate, whose members make venture capital investments on an execution-only basis as business angels and on a discretionary basis as investors in the Par Syndicate EIS Fund.

Turnover has increased during the year to £320,612 (2013: £219,510). The company earns investment management fees in respect of discretionary investment management mandates. It also generates arrangement fees from execution-only clients and recovers certain investment costs from investee companies.

Certain of its fund products also provide for the company to receive carried interest or other performance-related fees. No carried interest or performance-related fees have been recognised to date.

#### **Results and dividends**

The results for the year are shown on the profit and loss account on page 7. The profit for the year after taxation was £11,379 (2013: £57,195).

No dividends were paid during the year.

#### **Risk and uncertainties**

The directors keep under review the uncertainties faced by the company, which include changes in the investment markets, changes in legislation and investment performance.

In accordance with the Capital Requirements Directive, Pillar 3 disclosures in respect of risk, capital and related management procedures are available from Par Fund Management Limited's registered office.

#### **Future developments**

The company is focused on increasing its funds under management and thus its revenues through continued growth of the Par Syndicate and the Par Syndicate EIS Fund. Subsequent to the year end, the company launched Par Forestry Partners LP, a fund whose purpose is to invest in commercial forestry assets.

#### **Key performance indicators**

Key performance indicators for the company considered by the directors are profitability and capital position.

This report was approved by the board on 1<sup>st</sup> July 2014 and signed on its behalf by:



**Andrew Castell**  
Director

## **PAR FUND MANAGEMENT LIMITED**

### **Directors' report for the year ended 31 March 2014**

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The directors present their report and the financial statements of the company for the year ended 31 March 2014.

#### **Directors**

The directors who served during the year were:

Paul Atkinson  
Andrew Castell  
Robert Higginson  
Paul Munn

Par Equity LLP holds indemnity insurance for the company directors.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Directors' Report, the Strategic 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 and then apply them consistently;
- make judgements and 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 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.

**PAR FUND MANAGEMENT LIMITED**

**Directors' report for the year ended 31 March 2014**

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**Disclosure of information to the auditor**

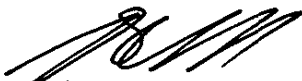
To the knowledge and belief of each of the persons who are directors at the time the report is approved:

- so far as the directors are aware, there is no relevant information of which the company's auditor is 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 information, and to establish that the company's auditor is aware of the information.

**Auditor**

The auditor, Scott-Moncrieff, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

This report was approved by the board on 1<sup>st</sup> July 2014 and signed on its behalf by:



**Andrew Castell**  
**Director**

## **PAR FUND MANAGEMENT LIMITED**

### **Independent auditor's report to the members of Par Fund Management Limited**

We have audited the financial statements of Par Fund Management Limited for the year ended 31 March 2014, which comprise the profit and loss account, balance sheet, cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice's Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 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.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

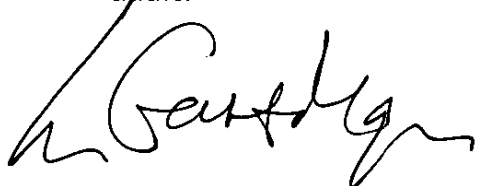
**PAR FUND MANAGEMENT LIMITED**

**Independent auditor's report to the members of Par Fund Management Limited**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where 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.



**Gareth Magee (Senior Statutory Auditor)**  
**for and on behalf of Scott-Moncrieff, Statutory Auditor**  
**Chartered Accountants**  
Exchange Place 3  
Semple Street  
Edinburgh  
EH3 8BL

1<sup>st</sup> July 2014



**PAR FUND MANAGEMENT LIMITED**

**Profit and loss account for the year ended 31 March 2014**

	<u>Notes</u>	<u>2014</u> £	<u>2013</u> £
Turnover	2	320,612	219,510
Administrative expenses		<u>(308,566)</u>	<u>(136,170)</u>
<b>Operating profit</b>	3	12,046	83,340
Interest receivable		230	86
Interest payable		<u>(1,953)</u>	<u>(1,989)</u>
<b>Profit on ordinary activities before taxation</b>		10,323	81,437
Taxation on profit on ordinary activities	4	<u>1,056</u>	<u>(24,242)</u>
<b>Profit for the financial year</b>	10	<u><u>11,379</u></u>	<u><u>57,195</u></u>

None of the company's activities were acquired or discontinued during the year.

There were no recognised gains or losses other than those included in the profit and loss account.

The notes on pages 10 to 15 form part of these financial statements.

**PAR FUND MANAGEMENT LIMITED**

**Balance sheet at 31 March 2014**

	<u>Notes</u>	<u>2014</u> £	<u>2013</u> £
<b>Fixed assets</b>			
Office equipment	5	7,312	-
<b>Current assets</b>			
Debtors	6	128,771	168,785
Cash at bank and in hand		<u>64,313</u>	<u>58,496</u>
		193,084	227,281
<b>Creditors: amounts falling due within one year</b>	7	<u>(29,841)</u>	<u>(68,105)</u>
<b>Net current assets</b>		<u>163,243</u>	<u>159,176</u>
<b>Total assets less current liabilities</b>		<u>170,555</u>	<u>159,176</u>
<b>Creditors: amounts falling after more than one year</b>	8	<u>(30,000)</u>	<u>(30,000)</u>
<b>Net assets</b>		<u>140,555</u>	<u>129,176</u>
<b>Capital and reserves</b>			
Called up share capital	9	25,000	25,000
Profit and loss account	10	115,555	104,176
<b>Shareholders' funds</b>	11	<u>140,555</u>	<u>129,176</u>

The financial statements were authorised for issue by the board of directors on 1<sup>st</sup> July 2014 and signed on its behalf by:



**Andrew Castell**  
Director

**Company Registration No: SC338649**

The notes on pages 10 to 15 form part of these financial statements.

**PAR FUND MANAGEMENT LIMITED**

**Cash flow statement for the year ended 31 March 2014**

	<u>Notes</u>	<u>2014</u> £	<u>2013</u> £
<b>Operating activities</b>			
Net cash inflow from operating activities	12a	31,300	14,840
<b>Returns on investments and servicing of finance</b>			
Interest and other income received		230	86
Interest paid		<u>(1,953)</u>	<u>(1,989)</u>
Net cash outflow from returns on investments and servicing of finance		(1,723)	(1,903)
<b>Taxation</b>			
Corporation tax paid		(20,554)	(13,998)
Corporation tax recovered		6,291	-
<b>Capital expenditure and financial investment</b>			
Fixed asset additions		(9,497)	-
Disposal of fixed assets		-	100
Issue of subordinated loan notes		<u>-</u>	<u>30,000</u>
Net cash (outflow)/inflow from capital expenditure and financial investment		(9,497)	30,100
Increase in cash	12c	<u>5,817</u>	<u>29,039</u>

The notes on pages 10 to 15 form part of these financial statements.

## PAR FUND MANAGEMENT LIMITED

### Notes to the financial statements for the year ended 31 March 2014

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#### 1 Accounting policies

##### Going concern

The board of directors is satisfied that the company has adequate availability of funding in order to continue as a going concern. Therefore the company continues to adopt the going concern basis in preparing these financial statements.

##### Basis of accounting

The financial statements are prepared on the historical cost basis of accounting and have been prepared in accordance with applicable accounting standards.

##### Turnover

Turnover shown in the profit and loss account represents revenue earned during the period, exclusive of value added tax.

##### Depreciation of tangible fixed assets

Depreciation is provided on all tangible fixed assets at rates calculated to write off the full cost or valuation less estimated residual value of each asset over its estimated useful life. The principal rates in use are:

Office equipment      33.33% straight line

#### 2 Turnover

All turnover, which was wholly generated in the UK, related to the company's principal activity of investment management.

#### 3 Operating profit

This is stated after charging:

	<u>2014</u>	<u>2013</u>
	£	£
Auditor's remuneration - audit fee	1,750	1,750
Auditor's remuneration - fees for non-audit services	<u>750</u>	<u>750</u>

**PAR FUND MANAGEMENT LIMITED**

**Notes to the financial statements for the year ended 31 March 2014**

**4 Taxation on profit on ordinary activities**

	<u>2014</u> £	<u>2013</u> £
Analysis of tax charge for the year:		
UK corporation tax charge	3,644	25,254
Prior adjustment	(4,700)	(1,012)
<b>Current tax (credit)/charge</b>	<u>(1,056)</u>	<u>24,242</u>
Factors affecting tax charge for the year:		
Profit on ordinary activities for the year	10,323	81,437
Tax on profit on ordinary activities at standard corporation tax rate of 20% (2013: 24%)	2,065	19,545
Effect of:		
Prior year over provisions	(4,700)	(1,012)
Expenses not deductible for tax purposes	3,041	7,610
Capital allowances in excess of depreciation	(1,462)	-
Group relief surrendered	-	(511)
Marginal relief	-	(1,390)
<b>Current tax (credit)/charge</b>	<u>(1,056)</u>	<u>24,242</u>

**5 Fixed assets - office equipment`**

<b>Cost</b>	
At 1 April 2013	-
Additions during the year	9,497
<b>At 31 March 2014</b>	<u>9,497</u>
<b>Accumulated depreciation</b>	
At 1 April 2013	-
Depreciation charge	2,185
<b>At 31 March 2014</b>	<u>2,185</u>
<b>Net book value</b>	
At 31 March 2014	<u>7,312</u>
At 31 March 2013	<u>-</u>

**PAR FUND MANAGEMENT LIMITED**

**Notes to the financial statements for the year ended 31 March 2014**

**6 Debtors**

	<u>2014</u>	<u>2013</u>
	£	£
Trade debtors	17,005	3,761
S455 tax repayable	-	6,291
Amounts owed by group undertakings	109,744	156,789
Prepayments and accrued income	2,022	1,944
	<u>128,771</u>	<u>168,785</u>

Amounts owed by group undertakings are detailed in note 13. As at the year end, £69,339 (2013: £92,775) of the intra-group receivables were amounts owed by Par Innovation Fund I (General Partner) Limited and Par Property GP Limited as the general partners of Par Innovation Fund I LP and Par Residential Investments LP respectively. The balance of the intra-group receivable, of £40,405 (2013: £64,014) relates to recharges of expenses between group entities, along with the operation of a group treasury arrangement whereby the majority of group companies do not maintain their own bank accounts. All intra-group balances are repayable on demand.

**7 Creditors: amounts falling due within one year**

	<u>2014</u>	<u>2013</u>
	£	£
Trade creditors	1,486	17,650
Other tax and social security	7,446	32,382
Accruals and deferred income	20,909	18,073
	<u>29,841</u>	<u>68,105</u>

**8 Creditors: amounts falling after more than one year**

	<u>2014</u>	<u>2013</u>
	£	£
Subordinated loan notes	<u>30,000</u>	<u>30,000</u>

The £30,000 6% fixed rate unsecured subordinated loan notes due 2018 were issued on 1 October 2012. The earliest repayment of the notes is 30 June 2018.

**PAR FUND MANAGEMENT LIMITED**

**Notes to the financial statements for the year ended 31 March 2014**

**9 Called-up share capital**

	<u>2014</u> £	<u>2013</u> £
Allotted, called up and fully paid		
Equity shares:		
Ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>

**10 Reserves**

	<u>Profit and loss account</u> £
At 1 April 2013	104,176
Profit for the year	<u>11,379</u>
At 31 March 2014	<u>115,555</u>

**11 Reconciliation of movement in shareholders' funds**

	<u>2014</u> £	<u>2013</u> £
Profit for the year	<u>11,379</u>	<u>57,195</u>
Net addition to shareholders' funds	<u>11,379</u>	<u>57,195</u>
Shareholders' funds at 1 April	<u>129,176</u>	<u>71,981</u>
Shareholders' funds at 31 March	<u>140,555</u>	<u>129,176</u>

**PAR FUND MANAGEMENT LIMITED**

**Notes to the financial statements for the year ended 31 March 2014**

**12 Notes to the cash flow statement**

**a) Reconciliation of operating profit to net cash flow from operating activities**

	<u>2014</u>	<u>2013</u>
	£	£
Operating profit	12,046	83,340
Depreciation	2,185	-
Decrease/(increase) in debtors	33,723	(102,971)
(Decrease)/increase in creditors	<u>(16,654)</u>	<u>34,471</u>
Net cash inflow from operating activities	<u>31,300</u>	<u>14,840</u>

**b) Analysis of change in net debt**

	<u>Brought forward</u>	<u>Cash flows</u>	<u>Other changes</u>	<u>Carried forward</u>
Cash at bank and in hand	<u>58,496</u>	<u>5,817</u>	<u>-</u>	<u>64,313</u>

**c) Reconciliation of net cash flow to movement in debt**

	<u>2014</u>	<u>2013</u>
	£	£
Net increase in cash	5,817	29,039
Net funds at 1 April	<u>58,496</u>	<u>29,457</u>
Net funds at 31 March	<u>64,313</u>	<u>58,496</u>

**13 Related party transactions**

Name of related party	Par Equity Holdings Limited
Relationship	Group company
Description of transaction	Intra group balance (receivable)
Balance as 1 April 2013	£64,014
<b>Balance at 31 March 2014</b>	<u><b>£40,405</b></u>

Name of related party	Par Innovation Fund I (General Partner)
Relationship	Group company
Description of transaction	Intra group balance (receivable)
Balance as 1 April 2013	£44,077
<b>Balance at 31 March 2014</b>	<u><b>£48,365</b></u>



## PAR FUND MANAGEMENT LIMITED

### Notes to the financial statements for the year ended 31 March 2014

Name of related party	Par Property GP Limited
Relationship	Group company
Description of transaction	Intra group balance (receivable)
Balance as 1 April 2013	£48,698
<b>Balance at 31 March 2014</b>	<b>£20,974</b>

During the year Par Equity LLP made recharges to the company, via Par Equity Holdings Limited, of £25,789 (2013: £27,152) for staff costs, £7,664 (2013: £6,844) for indemnity insurance, £15,970 (2013: £11,149) for office accommodation costs and £34,511 (2012: £9,614) for other expenses. In addition, Par Equity LLP charged general management fees of £80,000 during the year (2013: £nil).

During the year fees of £76,888 (2013: £88,400) and £42,603 (2013: £62,466) were earned in respect of investment management services provided for Par Innovation Fund I LP and Par Residential Investment LP respectively.

#### 14 Ultimate parent entity

Par Fund Management limited is a wholly owned subsidiary of Par Equity Holdings Limited (registered in Scotland SC337533).

The ultimate parent entity is Par Equity LLP, which is registered in Scotland (SC301563), and holds 100% of the issued share capital of Par Equity Holdings Limited.