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Par Equity LLP

LLP registration number S0301563

Members' Report and Consolidated Financial statements

For the year ended 31 March 2022



PAR EQUITY LLP

Members' Report and Financial Statements

For the year ended 31 March 2022

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PAR EQUITY LLP

Members' Report

The members present their annual report and the audited consolidated financial statements of Par Equity LLP (the "LLP") for the year ended 31 March 2022. In these financial statements, the LLP and its subsidiaries are referred to as the "Group". All figures are shown in GBP unless otherwise stated.

Principal Activities

The principal activity and core business of the Group is to provide investment management services to investment funds and individual clients. The Group also undertakes certain activities outwith the financial services arena. All of the Group's principal activities are undertaken through the LLP's subsidiaries. Par Fund Management Limited is an investment management firm, authorised and regulated by the Financial Conduct Authority. Par Advisers Limited provides board-level advice and support to investee companies within its portfolio in the form of access to the Group's investment team as well as members of the Par Investor Network. The function of the LLP is to act as a holding entity and in addition to this it holds a number of proprietary investments in high growth potential companies. As a holding entity, the LLP doesn't conduct significant levels of business in its own right. Its revenues are in the form of expense recoveries from group companies and, where circumstances warrant, dividend distributions from group companies. It may also realise sale proceeds from the disposal of investments.

Key Performance Data - Group

	31 March 2022 £	31 March 2021 £
Turnover	4,601,767	2,059,693
Profit on ordinary activities before taxation and members' remuneration charged as an expense	2,630,877	636,371

This year saw a 123% increase in group turnover, largely due to successful investment exits which generated £1.6m in performance fees. Expenditure increased by 60% as the Group continued to improve both its product and service offering as well as its infrastructure. This expenditure should, it is hoped, help the Group to accelerate further the growth in its investor base.

During the year the Group deployed £28.3 million (2021: £18.3 million) in venture capital investments on behalf of investors and co-investment partners, attracting a further £61.8 million (2021: £31.5 million) in investment into portfolio companies from third parties. Par Residential Investments II LP disposed its final properties during the period and is now in the process of being wound up. Par Residential Investments III LP, having previously reached the end of its investment period, is gradually realising its property interests. Par Forestry Partners LP reached the end of its investment period in November 2019 and is currently holding and managing its forestry assets until they are realised in future years. Par Forestry III LP launched in the year with a first close in October 2021 raising £4.7 million. An institutional fund, Par Forestry IV LP, was also launched in the year with commitments totalling £50 million.

Future developments

The Group's five-year plan calls for it to increase its assets under management. To that end, it's seeking to introduce further investment funds to the market in the next financial year, focused on venture capital, as well as growing its latest commercial forestry vehicles. In terms of investment appetite from individual investors, the Par Investor Network remains active and inflows into the Par EIS Fund since the year end are running ahead of the equivalent period in both 2021/22 and 2020/21. Investment into new and existing portfolio companies continues post year end and the outlook for the current financial year is positive.

The Members are closely monitoring both the war in Ukraine and the high inflation rates the UK is currently experiencing. Neither is deemed to have a significant impact on the Group however investment inflows continue to be closely monitored.

PAR EQUITY LLP

Members' Report *(continued)*

Members

The following individuals were the members during the period:

Designated members (as defined by the Limited Liability Partnerships Act 2000):

- Andrew Castell
- Paul Munn (designated member from 30/09/2021)
- Andrew Ley (retired 30/09/2021)

Members:

- Paul Atkinson
- Robert Higginson
- Simon Best (retired 30/09/2021)
- James Kilcullen (retired 30/09/2021)
- Malcolm McPherson (retired 30/09/2021)

Members' drawings, division of profits, contributions and repayments

The LLP's drawings policy allows each member to draw a proportion of their profit share throughout the year, with a priority profit share for those members dedicating substantially all of their time to the business. Each equity member is required to subscribe to a capital proportion linked to their share of the profit.

Members' capital is classified as 'Equity' because members do not have unconditional right to repayment of capital.

Profits of the LLP are not automatically divided and become due to members following the discretionary division of profits upon approval of the Financial Statements. Therefore, in the year to which the profits relate they are recognised as 'Equity' within the 'Reconciliation of Members' Interests', and then transferred to 'Loans and other debts due to members' in a subsequent period when the division occurs.

Group profits, other than those that relate to the LLP, are not automatically divided and are subject to discretionary division and are therefore recognised as 'Equity' within the 'Reconciliation of Members' Interests', and then transferred to 'Loans and other debts due to members' in a subsequent period when the division occurs.

Principal Risks & Uncertainties

The principal risks to the Group are (i) that its investment performance will fail to satisfy client expectations or (ii) its clients will choose to allocate their assets to other asset classes not catered for by the Group. Either outcome could lead to static or decreased assets under management, reduced turnover, and lower operating profits. The Group does not utilise forward currency contracts to manage its own financial currency risks or other derivative instruments to reduce the volatility of the earnings.

Price risk arises on financial instruments because of changes in, for example, equity prices or foreign exchange rates. The Group maintains investments in a number of private limited companies which are exposed to price risk. This risk exposure is within the Group's risk appetite.

Members' Statement as to Disclosure of Information to the Auditor

The designated partners, having made enquiries of fellow members and the LLP's auditor, confirm that:

- to the best of each member's knowledge and belief, there is no information relevant to the preparation of their report of which the LLP's auditor is unaware; and
- each member has taken all the steps a member might reasonably be expected to have taken to be aware of relevant audit information and to establish that the LLP's auditor is aware of that information.

PAR EQUITY LLP

Members' Report (*continued*)

Statement of Members' Responsibilities

The members are responsible for preparing the Members' Report and the financial statements in accordance with applicable laws and regulations.

Company law, as applied by The Limited Liability Partnership (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, requires the members to prepare financial statements each year. Under that regulation the designated partners have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under the regulation the designated partners must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and the Group and of the profit or loss of the Group for that period. In preparing the accounts, the designated partners are required to:

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

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

Auditor

Johnston Carmichael LLP were appointed as auditor to the Company on 24 March 2022 and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a general meeting.

This report was approved by the members on 30 November 2022 and signed on their behalf by:

DocuSigned by:

BD18306EA6DA484...
Andrew Castell
Designated Member

PAR EQUITY LLP**Independent auditor's report to the members of Par Equity LLP (continued)****Opinion**

We have audited the financial statements of Par Equity LLP (the "limited liability partnership") and its subsidiaries (the "Group") for the year ended 31 March 2022 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the LLP Balance Sheet, the Consolidated Reconciliation of Members' Interests, LLP Reconciliation of Members' Interests, the Consolidated Statement of Cash Flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 Group's and the limited liability partnership's affairs as at 31 March 2022 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 Auditor responsibilities for the audit of the financial statements section of our report. We are independent of the Group and limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the 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 Group's or limited liability partnership's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The members are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

PAR EQUITY LLP

Independent auditor's report to the members of Par Equity LLP *(continued)*

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 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 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 3, 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 Group's and the limited liability partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the Group or the limited liability partnership or to cease operations, or have no realistic alternative but to do so.

Auditor 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 considered 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:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and limited liability partnership, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- FRS 102;
- Statement of Recommended Practice Accounting by Limited Liability Partnerships;
- Companies Act 2006, as applicable to Limited Liability Partnerships; and
- Financial Services legislation.

We gained an understanding of how the Group and limited liability partnership are complying with these laws and regulations by making enquiries of management. We corroborated these enquiries through our review of submitted returns, external inspections, relevant correspondence with regulatory bodies.

PAR EQUITY LLP

Independent auditor's report to the members of Par Equity LLP (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

We assessed the susceptibility of the Group's and limited liability partnership's financial statements to material misstatement, including how fraud might occur, by meeting with those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management oversee the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk.

The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing the level of and reasoning behind the Group's and limited liability partnership's procurement of legal and professional services;
- Performing audit procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias.

Our audit procedures were designed to respond to the risk of material misstatements 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 intentional concealment, forgery, collusion, omission or misrepresentation. 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.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the limited liability partnership's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.



Richard Sutherland (Senior Statutory Auditor)
For and on behalf of Johnston Carmichael LLP

Chartered Accountants
Statutory Auditor

30 November 2022
Date:

7-11 Melville Street
Edinburgh
EH3 7PE

PAR EQUITY LLP

Consolidated Income Statement
For the year ended 31 March 2022

	Note	31 March 2022	31 March 2021
		£	£
Turnover	2	4,601,767	2,059,693
Other operating income		442,639	116,407
Other expenses		(507,901)	(229,382)
Administrative expenses		(2,087,935)	(1,460,141)
Operating profit	3	2,448,570	486,577
Bank and other interest		(30,156)	(21,320)
Realised gain on investments		140,859	158,103
Unrealised gain on revaluation of investments		71,604	13,011
Profit on ordinary activities before taxation and members' remuneration charged as an expense		2,630,877	636,371
Taxation	6	(346,457)	-
		2,284,420	636,371
Members' remuneration charged as an expense		(380,000)	(276,000)
Attributable to minority interest		(120,657)	(28,068)
Profit for the financial year available for discretionary division among members		1,783,763	332,303

All amounts are in respect of continuing operations.

The notes on pages 16 to 27 form part of these financial statements

PAR EQUITY LLP

Consolidated Statement of Comprehensive Income
For the year ended 31 March 2022

	31 March 2022 £	31 March 2021 £
Profit for the financial year available for discretionary division among members	1,783,763	332,303
Total comprehensive income for the year	1,783,763	332,303


The notes on pages 16 to 27 form part of these financial statements

PAR EQUITY LLP

Consolidated Balance Sheet
at 31 March 2022

	Note	31 March 2022 £	31 March 2021 £
Investments	10	370,608	386,933
Tangible fixed assets	9	34,150	12,985
		<u>404,758</u>	<u>399,918</u>
Current assets			
Debtors	11	542,934	491,485
Cash at bank		2,864,316	908,706
		<u>3,407,250</u>	<u>1,400,191</u>
Creditors: amounts falling due within one year	12	(946,935)	(506,302)
Net current assets		<u>2,460,315</u>	<u>893,889</u>
Total assets less current liabilities		2,865,073	1,293,807
Creditors: amounts falling due after more than one year	12	(300,000)	(300,000)
Provisions for liabilities and charges	13	(72,302)	-
Net assets attributable to members		<u><u>2,492,771</u></u>	<u><u>993,807</u></u>
Represented by:			
Loans and other debts due to members			
Fair value reserve		146,933	298,571
Other reserves		307,469	344,835
		<u>454,402</u>	<u>643,406</u>
Members' other interests			
Members' capital classified as equity		186,000	241,800
Fair value reserve		74,518	(78,067)
Other reserves		1,654,659	184,133
		<u>1,915,177</u>	<u>347,866</u>
Memorandum of members' total interests			
Loans and other debts to members		454,402	643,406
Members' other interests		1,915,177	347,866
Members' total interests		<u>2,369,579</u>	<u>991,272</u>
Minority Interest		123,192	2,535
Net assets attributable to members		<u><u>2,492,771</u></u>	<u><u>993,807</u></u>

The financial statements were approved and authorised for issue by the members on 30 November 2022 and were signed on their behalf by:

DocuSigned by:

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Andrew Castell
Designated Member

LLP registration number: SO301563


The notes on pages 16 to 27 form part of these financial statements

PAR EQUITY LLP

LLP Balance Sheet
at 31 March 2022

	Note	31 March 2022 £	31 March 2021 £
Investments	10	248,581	244,006
Tangible fixed assets	9	-	-
		<u>248,581</u>	<u>244,006</u>
Current assets			
Debtors	11	562,642	644,183
Cash at bank		712,004	106,606
		<u>1,274,646</u>	<u>750,789</u>
Creditors: amounts falling due within one year	12	(118,475)	(20,119)
Net current assets		<u>1,156,171</u>	<u>730,670</u>
Total assets less current liabilities		<u>1,404,752</u>	<u>974,676</u>
Provisions for liabilities and charges	13	(53,977)	-
Total assets attributable to members		<u><u>1,350,775</u></u>	<u><u>974,676</u></u>
Represented by:			
Loans and other debts due to members			
Fair value reserve		146,933	298,571
Other reserves		307,469	344,835
		<u>454,402</u>	<u>643,406</u>
Members' other interests			
Members' capital classified as equity		186,000	241,800
Fair value reserve		27,651	(151,638)
Other reserves		682,722	241,108
		<u>896,373</u>	<u>331,270</u>
Memorandum of members' total interests			
Loans and other debts to members		454,402	643,406
Members' other interests		896,373	331,270
Members' total interests		<u><u>1,350,775</u></u>	<u><u>974,676</u></u>

The financial statements were approved and authorised for issue by the members on 30 November 2022 and were signed on their behalf by:

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Andrew Castell
Designated Member

LLP registration number: SO301563

The notes on pages 16 to 27 form part of these financial statements

PAR EQUITY LLP

Consolidated Reconciliation of Members' Interests

	Equity				Debt			Members' Total Interest	Minority Interest	Net assets
	Members' Capital	Fair Value Reserve	Other Reserves	Total	Loans and other debts due to members	Fair Value Reserve	Other Reserves			
	£	£	£	£	£	£	£	£	£	£
At 1 April 2021 (restated)	241,800	(78,067)	184,133	347,866	298,571	344,835	643,406	991,272	2,535	993,807
Transfer following division of prior year profits	-	151,638	(241,108)	(89,470)	(151,638)	241,108	89,470	-	-	-
Profit for the year available for discretionary division among members	-	-	1,571,300	1,571,300	-	-	-	1,571,300	120,657	1,691,957
Division of current year profit	-	-	-	-	-	380,000	380,000	380,000	-	380,000
Repayment of capital	(55,800)	-	-	(55,800)	-	-	-	(55,800)	-	(55,800)
Distributions	-	-	-	-	-	(658,474)	(658,474)	(658,474)	-	(658,474)
Reclassification	-	-	1,405	1,405	-	-	-	1,405	-	1,405
Dividend paid	-	-	(72,591)	(72,591)	-	-	-	(72,591)	-	(72,591)
Changes in fair value	-	71,610	-	71,610	-	-	-	71,610	-	71,610
Realisation of fair value	-	(70,663)	211,520	140,857	-	-	-	140,857	-	140,857
At 31 March 2022	186,000	74,518	1,654,659	1,915,177	146,933	307,469	454,402	2,369,579	123,192	2,492,771

Amounts due from members

Amounts due to members

-

454,402

Balance at 31 March 2022

454,402

The Reconciliation of Members' Interests has been reclassified, please refer to Note 19 for further details.

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

The notes on pages 16 to 27 form part of these financial statements

PAR EQUITY LLP

Consolidated Reconciliation of Members' Interests (restated)

	Equity				Debt			Members' Total Interest	Minority Interest	Net assets
	Members' Capital	Fair Value Reserve	Other Reserves	Total	Loans and other debts due to members	Fair Value Reserve	Other Reserves			
	£	£	£	£	£	£	£	£	£	£
At 1 April 2020	241,800	(21,393)	(137,164)	83,243	321,943	253,783	575,726	658,969	(25,533)	633,436
Transfer following division of prior year profits	-	23,372	(91,052)	(67,680)	(23,372)	91,052	67,680	-	-	-
Profit for the year available for discretionary division among members	-	-	161,189	161,189	-	-	-	161,189	28,068	189,257
Division of current year profit	-	-	-	-	-	276,000	276,000	276,000	-	276,000
Distributions	-	-	-	-	-	(276,000)	(276,000)	(276,000)	-	(276,000)
Changes in fair value	-	13,012	-	13,012	-	-	-	13,012	-	13,012
Realisation of fair value	-	(93,058)	251,160	158,102	-	-	-	158,102	-	158,102
At 31 March 2021	241,800	(78,067)	184,133	347,866	298,571	344,835	643,406	991,272	2,535	993,807

Amounts due from members

-

Amounts due to members

643,406

Balance at 31 March 2021

643,406

The Reconciliation of Members' Interests has been reclassified, please refer to Note 19 for further details.

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

The notes on pages 16 to 27 form part of these financial statements

PAR EQUITY LLP

LLP Reconciliation of Members' Interests

	EQUITY				DEBT			TOTAL MEMBERS'
	Members' Capital	Fair Value Reserve	Other Reserves	Total	Loans and other	debts due to members	Total	INTERESTS
	£	£	£	£	Fair Value Reserve	Other Reserves	£	Total
					£	£		£
At 1 April 2021 (<i>restated</i>)	241,800	(151,638)	241,108	331,270	298,571	344,835	643,406	974,676
Transfer following division of prior year profits	-	151,638	(241,108)	(89,470)	(151,638)	241,108	89,470	-
Repayment of capital	(55,800)	-	-	(55,800)	-	-	-	(55,800)
Distributions	-	-	-	-	-	(278,474)	(278,474)	(278,474)
Profit for the year available for discretionary division among members	-	-	610,520	610,520	-	-	-	610,520
Changes in fair value	-	4,575	-	4,575	-	-	-	4,575
Realisation of fair value	-	23,076	72,202	95,278	-	-	-	95,278
At 31 March 2022	<u>186,000</u>	<u>27,651</u>	<u>682,722</u>	<u>896,373</u>	<u>146,933</u>	<u>307,469</u>	<u>454,402</u>	<u>1,350,775</u>

Amounts due from members
Amounts due to members

-
454,402
454,402

The Reconciliation of Members' Interests has been reclassified, please refer to Note 19 for further details.

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

The notes on pages 16 to 27 form part of these financial statements

PAR EQUITY LLP

LLP Reconciliation of Members' Interests (restated)

	EQUITY				DEBT			TOTAL MEMBERS'
	Members' Capital	Fair Value Reserve	Other Reserves	Total	Loans and other debts due to members			INTERESTS
	£	£	£	£	Fair Value Reserve	Other Reserves	Total	Total
					£	£	£	£
At 1 April 2020	241,800	(23,372)	91,052	309,480	321,943	253,783	575,726	885,206
Transfer following division of prior year profits		23,372	(91,052)	(67,680)	(23,372)	91,052	67,680	-
Profit for the year available for discretionary division among members	-	-	(10,063)	(10,063)	-	-	-	(10,063)
Changes in fair value	-	(58,570)	-	(58,570)	-	-	-	(58,570)
Realisation of fair value	-	(93,068)	251,171	158,103	-	-	-	158,103
At 31 March 2021	<u>241,800</u>	<u>(151,638)</u>	<u>241,108</u>	<u>331,270</u>	<u>298,571</u>	<u>344,835</u>	<u>643,406</u>	<u>974,676</u>

Amounts due from members
Amounts due to members

-
643,406
643,406

The Reconciliation of Members' Interests has been reclassified, please refer to Note 19 for further details.

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

The notes on pages 16 to 27 form part of these financial statements

PAR EQUITY LLP

Consolidated Statement of Cash Flows
For the year ended 31 March 2022

	Notes	31 March 2022 £	31 March 2021 £
Cash flows from operating activities			
Operating profit for the financial year		2,448,570	486,577
Adjustments for:			
Taxation		(328,132)	-
Depreciation of tangible assets		9,030	13,268
Increase in debtors		(51,449)	(266,022)
Increase in creditors		391,335	252,163
Reclassification of Share Premium		1,405	-
Net cash inflow from operating activities		2,470,759	485,986
Cash flows from investing activities			
Interest received		484	355
Purchase of tangible fixed assets		(30,195)	(11,593)
Sale of investments proceeds		254,412	392,290
Purchase of investments		(25,619)	(6,116)
Net cash flow from investing activities		199,082	374,936
Cash flows from financing activities			
Interest paid		(30,640)	(21,675)
Net proceeds from loan note issue		-	140,000
Dividend paid to external shareholders		(72,591)	-
Members' remuneration		(380,000)	(276,000)
Repayment of capital to members		(55,800)	-
Drawings paid to members		(175,200)	-
Net cash flow from financing activities		(714,231)	(157,675)
Increase in cash and cash equivalents		1,955,610	703,247
Effect of exchange rates on cash and cash equivalents		-	-
Cash and cash equivalents at 1 April 2021		908,706	205,459
Cash and cash equivalents at 31 March 2022	1a	2,864,316	908,706

Note 1a - Analysis of cash and cash equivalents including changes in net debt

	1 April 2021 £	Cashflows £	Other non- cash changes £	Changes in market value £	31 March 2022 £
Cash at bank	908,706	1,955,610	-	-	2,864,316
Net debt (before members' debt)	908,706	1,955,610	-	-	2,864,316
<i>Loans and other debts due to members</i>					
Other amounts due to members	(643,406)	658,474	(621,108)	151,638	(454,402)
Net debt	265,300	2,614,084	(621,108)	151,638	2,409,914

The notes on pages 16 to 27 form part of these financial statements

PAR EQUITY LLP**Notes to the Financial Statements
for the year ended 31 March 2022****1. Accounting Policies****(a) Statement of compliance**

Par Equity LLP is a limited liability partnership registered in Scotland. The Registered Office is 3a Dublin Meuse, Edinburgh EH3 6NW.

The Group's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Group for the year ended 31 March 2022.

(b) Going concern

The members have assessed a period of 12 months from the date of approval of the financial statements and are satisfied that no material uncertainties exist that may cast significant doubt on the ability of the LLP to continue as a going concern. The members have adopted the going concern basis of accounting in preparing the financial statements.

(c) 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 and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" (SORP) issued in December 2021.

The financial statements are prepared in sterling, which is the functional currency of the company.

Monetary amounts in these financial statements are rounded to the nearest £.

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 LLP's accounting policies (see note 1(h)).

(d) Basis of consolidation

The Group financial statements consolidate the accounts of the LLP and its subsidiary undertakings and the LLP has taken advantage of the exemption contained within Section 408 of the Companies Act 2006 not to present its own profit and loss account.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities.

In the LLP's financial statements, investments in subsidiaries are accounted for at cost less impairment.

(e) Turnover

Turnover shown in the profit and loss account represents revenue earned by the Group during the period, exclusive of value added tax. Investment Fund fee income is based on a percentage of assets under management and accrued for the period to which it relates. Arrangement fees and performance fees are based on agreed fee rates applied to capital deployed or sales proceeds received. They are recognised in the period in which the transaction occurred together with any transaction specific recharges and associated expenditure. Monitoring fee income charged by the Group to portfolio companies is at an agreed fee rate often linked to the amount of capital deployed.

(f) Taxation

A provision has been included for taxation in the financial statements in respect of tax payable by the subsidiary companies. No provision has been made for taxation in respect of Par Equity LLP. Each member is individually liable for any tax liabilities arising out of their interest in the LLP. Tax is assessed on the individual members and not on the LLP.

PAR EQUITY LLP**Notes to the Financial Statements
for the year ended 31 March 2022 (continued)****1. Accounting Policies (continued)****(g) Deferred taxation**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

(h) Significant judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is the fair value of investments. The group holds equity instruments that are not quoted in active markets. The group's accounting policy on fair value measurements is outlined in the investments accounting policy below.

(i) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such costs include costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life of 3-10 years.

De minimis amounts of expenditure on fixed assets are depreciated in full in the month of addition.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

(j) Investments

Investments in portfolio companies are stated at fair value, which is calculated in line with Par Equity's venture capital portfolio valuation policy and is based on the principles of the International Private Equity and Venture Capital ("IPEV") Valuation Guidelines. Any gain or loss on valuation is recognised in the statement of comprehensive income for the year.

Investments in subsidiary undertakings are stated at cost less impairment.

PAR EQUITY LLP

**Notes to the Financial Statements
for the year ended 31 March 2022 (continued)**

1. Accounting Policies (continued)

(k) Cash and cash equivalents

Cash and cash equivalents in the balance sheet and statement of cash flows comprise cash at banks and short term deposits with an original maturity date of three months or less.

(l) Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

(m) Foreign currency

Foreign currency transactions are translated to the Group's functional currency at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange prevailing at the balance sheet date, and any differences arising are taken to the income statement.

Assets and liabilities of subsidiaries are denominated in foreign currencies and translated into functional currency at the rate of exchange prevailing at the balance sheet date. Revenue and expense items of such subsidiaries are translated at the average monthly exchange rate during the year. The resulting exchange differences are recognised in the statement of comprehensive income.

(n) Members' participating interests

Members' participation rights are the rights of a member against the LLP that arise under the members' agreement (for example, in respect of amounts subscribed or otherwise contributed remuneration and profits).

Members' participation rights in the earnings or assets of the LLP are analysed between those that are, from the LLP's perspective, either a financial liability or equity, in accordance with section 22 of FRS 102. A member's participation rights including amounts subscribed or otherwise contributed by members, for example members' capital, are classed as liabilities unless the LLP has an unconditional right to refuse payment to members, in which case they are classified as equity.

All amounts due to members that are classified as liabilities are presented within 'Loans and other debt due to members' and, where such an amount relates to current year profits, they are recognised within 'Members' remuneration charged as expense' in arriving at the relevant year's result.

Where there exists an asset and liability component in respect of an individual member's participation rights, they are presented on a gross basis unless the LLP has both a legally enforceable right to set off the recognised amounts, and it intends either to settle on a net basis or to settle and realise these amounts simultaneously, in which case they are presented net.

Other amounts applied to members, for example remuneration paid under an employment contract and interest on capital balances, are treated in the same way as all other divisions of profits, as described above, according to whether the LLP has, in each case, an unconditional right to refuse payment. Amounts payable to members under employment contracts and unavoidable interest on members capital are charged to "members remuneration charged as an expense" in the relevant year.

(o) Leases

Rentals paid under the operating leases are charged to the income statement on a straight-line basis over the term of the lease. Lease incentives are recognised over the lease term on a straight line basis.

PAR EQUITY LLP

Notes to the Financial Statements
for the year ended 31 March 2022 (continued)

2. Turnover

The whole of the turnover is attributable to the principal activity of the Group. The Group's total turnover arose in the UK.

3. Operating profit

This is stated after charging

	31 March 2022	31 March 2021
	£	£
Auditor's remuneration - audit	67,029	38,926
Auditor's remuneration - tax and non-audit services	-	12,034
Depreciation of tangible fixed assets	9,030	13,268
Operating lease rentals - land and buildings	44,072	42,751
Operating lease rentals - other	1,752	1,752

4. Staff costs - Group

	31 March 2022	31 March 2021
	£	£
Employment costs comprise:		
Salaries and bonuses	1,359,816	807,045
Pension costs	43,854	33,984
Social security and other costs	167,879	95,405
	<u>1,571,549</u>	<u>936,434</u>

The average number of employees during the period, calculated on a month-by-month basis was 18 (31 March 2021: 17).

5. Information in relation to members

	31 March 2022	31 March 2021
The average number of members during the period was	<u>6</u>	<u>8</u>

PAR EQUITY LLP

Notes to the Financial Statements
for the year ended 31 March 2022 (continued)

6. Taxation

	31 March 2022 £	31 March 2021 £
The Group tax charge is made up as follows:		
UK taxation	327,322	-
Deferred tax	18,325	-
	<u>346,457</u>	<u>-</u>
Total current tax charge for the year	346,457	-
	<u>2,250,877</u>	<u>360,371</u>
Profit on ordinary activities before tax		
Profit multiplied by standard tax rate of 19% (2021: 19%)	427,666	68,470
Effects of:		
Adjustment to tax charge in respect of previous periods	761	-
Expenses not deductible for tax purposes	7,116	323
Income not allowable for tax purposes	(22,575)	(13,601)
Fixed asset differences	(1,623)	-
LLP profit attributable to members	(15,651)	(16,999)
Chargeable gains	36,228	-
Remeasurement of deferred tax to average of 19%	4,910	-
Deferred tax asset not recognised	(90,375)	(38,193)
	<u>346,457</u>	<u>-</u>
Current tax charge for the year		

7. Consolidated profit

The consolidated profit for the period before drawings amounted to £1,783,763 (31 March 2021: £332,303).

8. Profit attributable to members of the LLP

The profit dealt with in the financial statements of the LLP is £710,374 (31 March 2021: £89,470).

PAR EQUITY LLP

Notes to the Financial Statements
for the year ended 31 March 2022 (continued)

9. Tangible fixed assets

	Office Equipment £	Furniture £	Total £
Group			
<u>Cost</u>			
At 1 April 2021	88,579	11,897	100,476
Additions	30,195	-	30,195
At 31 March 2022	<u>118,774</u>	<u>11,897</u>	<u>130,671</u>
<u>Depreciation</u>			
At 1 April 2021	(80,192)	(7,299)	(87,491)
Charge for the year	(7,640)	(1,390)	(9,030)
As at 31 March 2022	<u>(87,832)</u>	<u>(8,689)</u>	<u>(96,521)</u>
Net book value at 31 March 2022	<u>30,942</u>	<u>3,208</u>	<u>34,150</u>
Net book value at 1 April 2021	<u>8,387</u>	<u>4,598</u>	<u>12,985</u>
LLP			
<u>Cost</u>			
At 1 April 2021 and 31 March 2022	<u>2,129</u>	<u>5,309</u>	<u>7,438</u>
<u>Depreciation</u>			
At 1 April 2021 and 31 March 2022	<u>(2,129)</u>	<u>(5,309)</u>	<u>(7,438)</u>
Net book value at 31 March 2022	<u>-</u>	<u>-</u>	<u>-</u>
Net book value at 1 April 2021	<u>-</u>	<u>-</u>	<u>-</u>

PAR EQUITY LLP

Notes to the Financial Statements
for the year ended 31 March 2022 (continued)

10. Fixed asset investments in portfolio companies and subsidiary undertakings

	Investments in Equities £	Investment in Subsidiary Undertakings £	Total £
Group			
At 1 April 2020	601,993	-	601,993
Additions	6,116	-	6,116
Disposals	(234,188)	-	(234,188)
Changes in fair value	13,012	-	13,012
	<hr/>	<hr/>	<hr/>
As at 1 April 2021	386,933	-	386,933
	<hr/>	<hr/>	<hr/>
Additions	25,619	-	25,619
Disposals	(158,680)	-	(158,680)
Changes in fair value	116,736	-	116,736
	<hr/>	<hr/>	<hr/>
As at 31 March 2022	<u>370,608</u>	<u>-</u>	<u>370,608</u>

	Investments in Equities £	Investment in Subsidiary Undertakings £	Total £
LLP			
At 1 April 2020	529,647	1,000	530,647
Additions	6,116	-	6,116
Disposals	(234,187)	-	(234,187)
Changes in fair value	(58,570)	-	(58,570)
	<hr/>	<hr/>	<hr/>
As at 1 April 2021	243,006	1,000	244,006
	<hr/>	<hr/>	<hr/>
Additions	-	-	-
Disposals	-	-	-
Changes in fair value	4,575	-	4,575
	<hr/>	<hr/>	<hr/>
As at 31 March 2022	<u>247,581</u>	<u>1,000</u>	<u>248,581</u>

Investments in subsidiaries are not listed and are held at cost less impairment.

PAR EQUITY LLP

Notes to the Financial Statements
for the year ended 31 March 2022 (continued)

10. Fixed asset investments in portfolio companies and subsidiary undertakings (continued)

Subsidiary undertakings within the group:

Name of Company	Class of Share	% of Class Held *	Nature of Business
Par Equity Holdings Limited	Ordinary	89.6%	Intermediate holding company
Par Fund Management Limited	Ordinary	100%	Investment management
Par Advisers Limited	Ordinary	100%	Business advisory, management consultancy and employment agency services
Par Nominees Limited	Ordinary	100%	Nominee company
Par Innovation Fund I (General Partner) Limited	Ordinary	100%	General partner of Par Innovation Fund I LP
Par Property (General Partner) Limited	Ordinary	100%	General partner of Par Residential Investments II LP
Par Property III GP Limited	Ordinary	100%	General partner of Par Residential Investments III LP
Par Forestry (General Partner) Limited	Ordinary	100%	General partner of Par Forestry Partners LP
Par Forestry (GP) III Limited	Ordinary	100%	General partner of Par Forestry III LP
Par Forestry (General Partner) IV Limited	Ordinary	100%	General partner of Par Forestry IV LP
Par Syndicate Limited	Ordinary	Limited by Guarantee	Management consultancy
Par Equity (US) Management LLC	-	-	Dormant

* The percentage given under “% of Class Held” is the percentage held by the immediate parent company. Par Equity Holdings Limited is the immediate parent of all the other subsidiaries excluding Par Nominees Limited of which Par Syndicate Limited is the immediate parent company. Par Equity LLP therefore controls 89.6% of the share capital of all the above subsidiaries.

Each subsidiary undertaking trades from and has its registered office at 3a Dublin Meuse, Edinburgh EH3 6NW with the exception of Par Equity (US) Management LLC which is registered in the United States of America and has no share capital.

Par Forestry (General Partner) IV Limited was incorporated on 24 May 2021.

PAR EQUITY LLP

Notes to the Financial Statements
for the year ended 31 March 2022 (continued)

11. Debtors

	Group		LLP	
	31 March 2022 £	31 March 2021 £	31 March 2022 £	31 March 2021 £
Trade debtors	405,636	330,720	-	-
Prepayments and accrued income	113,668	91,878	35,181	21,196
Amount due from related undertakings	-	-	517,461	606,987
Other debtors	23,630	68,887	10,000	16,000
	<u>542,934</u>	<u>491,485</u>	<u>562,642</u>	<u>644,183</u>

12. Creditors

	Group		LLP	
	31 March 2022 £	31 March 2021 £	31 March 2022 £	31 March 2021 £
Amounts due within one year				
Trade creditors	124,241	23,542	43,312	2,558
Other creditors	54,880	34,884	506	506
Other taxes and social security costs	258,952	73,155	11,939	12,055
Amount due to related undertakings	-	-	-	-
Accruals and deferred income	181,538	374,721	62,718	5,000
Corporation tax	327,322	-	-	-
	<u>946,935</u>	<u>506,302</u>	<u>118,475</u>	<u>20,119</u>

	Group		LLP	
	31 March 2022 £	31 March 2021 £	31 March 2022 £	31 March 2021 £
Amounts due after one year				
Subordinated loan note	300,000	300,000	-	-
	<u>300,000</u>	<u>300,000</u>	<u>-</u>	<u>-</u>

Subordinated loan notes comprise of £300,000 of 8% fixed rate unsecured subordinated loan notes due 2030. Unless redeemed, the earliest repayment of the notes is 30 June 2030.

PAR EQUITY LLP

Notes to the Financial Statements
for the year ended 31 March 2022 (continued)

13. Provisions for liabilities

	Deferred Tax (Note 14) £	Other provisions £	Total £
Group			
As at 1 April 2021	-	-	-
Charged to income statement	18,325	-	18,325
Recognition of other provision	-	53,977	53,977
As at 31 March 2022	<u>18,325</u>	<u>53,977</u>	<u>72,302</u>
	Deferred Tax (Note 14) £	Other provisions £	Total £
LLP			
As at 1 April 2021	-	-	-
Recognition of other provision	-	53,977	53,977
As at 31 March 2022	<u>-</u>	<u>53,977</u>	<u>53,977</u>

Other Provisions relate to future payments in connection with proprietary investments.

14. Deferred taxation

The following are the deferred tax liabilities recognised by the Group and movements thereon:

	Liabilities 2022 £	Liabilities 2021 £
Balances:		
Fixed asset timing difference	18,325	-
	<u>18,325</u>	<u>-</u>
		2022
Movements in the year:		£
Liability at 1 April 2021		-
Charge to statement of income and retained earnings		18,325
Liability at 31 March 2022		<u>18,325</u>

PAR EQUITY LLP

Notes to the Financial Statements
for the year ended 31 March 2022 (continued)

15. Financial Commitments

Total rentals payable under non-cancellable operating leases are as follows:

Land and buildings (group and LLP)

	Group		LLP	
	31 March 2022 £	31 March 2021 £	31 March 2022 £	31 March 2021 £
No later than one year	46,874	43,545	-	-
Later than one year and no later than five years	192,000	14,610	-	-
Later than five years	16,000	-	-	-
	<u>254,874</u>	<u>58,155</u>	<u>-</u>	<u>-</u>

Other (group and LLP)

	Group		LLP	
	31 March 2022 £	31 March 2021 £	31 March 2022 £	31 March 2021 £
No later than one year	1,752	1,752	-	-
Later than one year and no later than five years	2,190	3,942	-	-
Later than five years	-	-	-	-
	<u>3,942</u>	<u>5,694</u>	<u>-</u>	<u>-</u>

16. Related Party Transactions

Balances and transactions between the LLP and its subsidiary Par Equity Holdings Limited, which is a related party of the LLP, have been eliminated on consolidation and are not disclosed in this note.

All members who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration in respect of these individuals during the period was £492,222 (2021: £345,644).

17. Financial Instruments

	Group		LLP	
	31 March 2022 £	31 March 2021 £	31 March 2022 £	31 March 2021 £
Financial assets held at fair value	<u>370,608</u>	<u>386,933</u>	<u>247,581</u>	<u>243,006</u>

Financial assets measured at fair value comprise investments in portfolio companies.

18. Post balance sheet events

Investments held by the Group are unlisted, and as such, no regular valuation information is available. The Group's year end valuations have been reviewed in September 2022 which has resulted in an estimated £72,000 decrease in value of one of the LLP's investments due to a conversion of loan notes and therefore a dilution in the share capital. The valuations will be reviewed again in March 2023.

PAR EQUITY LLP

Notes to the Financial Statements for the year ended 31 March 2022 *(continued)*

19. Prior period reclassification

A prior period reclassification has been made in relation to the categorisation of 'Other Reserves' and 'Fair Value Reserve' as Equity or Debt within the Reconciliation of Members' Interests. In the prior year financial statements, all amounts were disclosed as Equity, as they were deemed to be subject to discretionary division. However, upon approval of the Financial Statements all profits of the LLP for that period are deemed to be divided and therefore they should convert into debt at that point. The impact of this reclassification is that profits relating to the period in question are initially treated as Equity and then converted to Debt in the subsequent period upon approval of the financial statements. There was no impact to the Income Statement or Statement of Comprehensive Income in the current or prior year however the Consolidated and LLP Balance Sheets were updated to ensure the disclosure of Total Assets Attributable to Members was appropriately split. The total movement from Equity to Debt at 1 April 2020 was £575,726 with a further £67,680 moved in the year to 31 March 2021, giving a total debt balance at 1 April 2021 of £643,406.