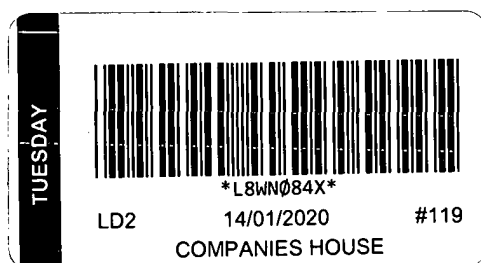


**Limited Liability Partnership Registration No. OC313315**

**BROCKTON CAPITAL LLP**

**Annual Report and Financial Statements**

**For the year ended 31 March 2019**



# **BROCKTON CAPITAL LLP**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2019**

### **CONTENTS**

### **Pages**

<b>Officers and professional advisers</b>	<b>1</b>
<b>Members' report</b>	<b>2-3</b>
<b>Statement of members' responsibilities</b>	<b>4</b>
<b>Independent auditor's report</b>	<b>5-6</b>
<b>Income statement</b>	<b>7</b>
<b>Balance sheet</b>	<b>8</b>
<b>Cash flow statement</b>	<b>9</b>
<b>Statement of changes in members' interests</b>	<b>9</b>
<b>Notes to the financial statements</b>	<b>10-19</b>

**BROCKTON CAPITAL LLP**

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2019**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DESIGNATED MEMBERS**

Jason Blank  
David Marks  
Richard Selby

**REGISTERED OFFICE**

89 Wardour Street  
London  
W1F 0UB

**BANKERS**

Barclays Bank PLC  
1 Churchill Place  
London  
E14 5HP

**STATUTORY AUDITOR**

Deloitte LLP  
1 New Street Square  
London  
EC4A 3HQ  
United Kingdom

## **BROCKTON CAPITAL LLP**

### **MEMBERS' REPORT**

**For the year ended 31 March 2019**

The members are pleased to present their annual report and the audited financial statements of Brockton Capital LLP ("the LLP") for the year ended 31 March 2019.

#### **PRINCIPAL ACTIVITY**

The principal activity of the LLP is investment advisory activities relating to investment in any form of real estate and other real estate related investments. The LLP also provides real estate asset management and development management services. The LLP is registered in England and Wales.

#### **RESULTS**

The results for the year are set out on page 7. The members regard the results and prospects to be satisfactory. There are no current planned business developments.

#### **REVIEW OF BUSINESS**

The LLP's revenue is derived from investment advisory, asset management, and development management fees in connection with Brockton Capital Fund I L.P., Brockton Capital Fund II L.P., and Brockton Capital Fund III LP, and professional fees charged to Brockton Everlast Management Limited.

The LLP has made a profit for the year of £857,717 (2018: profit of £6,335,617).

Overheads remain tightly controlled and the LLP believes it has a strong base for continued operation.

#### **DESIGNATED MEMBERS**

The designated members who served throughout the year were as follows:

Jason Blank  
David Marks  
Richard Selby

Jason Blank and David Marks comprise the management committee.

#### **MEMBERS' DRAWINGS AND CAPITAL POLICY**

Members subscribe for capital in proportion to their equity interest in the LLP. Capital may only be withdrawn when a member leaves the LLP. Members' capital has been classified as a current liability because members can retire from the LLP with less than one year's notice.

The members' policy on drawings is dependent upon the working capital requirements of the LLP. A level of monthly drawings is provided within the LLP agreement for members and further distributions are made once the results for the year and allocation of profit have been finalised.

Capital is repaid to members on resignation or retirement from the firm or at such other time as is determined by the management committee.

## **BROCKTON CAPITAL LLP**

### **MEMBERS' REPORT (continued) For the year ended 31 March 2019**

#### **CREDITOR PAYMENT POLICY**

The LLP's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction. Trade creditors at 31 March 2019 were equivalent to 10 days (2018: 30 days).

#### **DISABLED EMPLOYEES**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the LLP continues and that appropriate training is arranged. It is the policy of the LLP that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### **EMPLOYEE CONSULTATION**

The LLP places considerable value on the involvement of its members and employees and has continued to keep them informed on matters affecting them as members and employees and on the various factors affecting the performance of the LLP. This is achieved through formal and informal meetings.


#### **GOING CONCERN**

After making enquiries, the members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. See note 1 of the financial statements for further details.

#### **INDEPENDENT AUDITOR**

The independent auditor, Deloitte LLP, have indicated their willingness to continue in office. Their continuing appointment is confirmed by the members.

Approved by the management committee and signed on behalf of the Committee on 9 January 2020.



**JASON BLANK**

## **BROCKTON CAPITAL LLP**

### **STATEMENT OF MEMBERS' RESPONSIBILITIES**

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

Company law as applied to limited liability partnerships by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations") 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Under company law as applied to limited liability partnerships 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable financial reporting framework has 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 LLP will continue in business.

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

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 enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to limited liability partnerships by the Regulations. 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.

The members who held office at the date of approval of this Report of the Members confirm that, so far as they each are aware, there is no relevant account information of which the LLP's independent auditor are unaware; and each member has taken all the steps that ought to have been taken as a member to be aware of any relevant account information and to establish that the LLP's independent auditor is aware of that information.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BROCKTON CAPITAL LLP**

## **Opinion**

In our opinion the financial statements Brockton Capital LLP (the 'limited liability partnership'):

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

We have audited the financial statements which comprise:

- the income statement;
- the balance sheet;
- the cash flow statement;
- the statement of changes in members' interests; and
- the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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**

We are required by ISAs (UK) to report in respect of the following matters where:

- the members' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the limited liability partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

## **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 auditor's 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 respect of these matters.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BROCKTON CAPITAL LLP**

## **Responsibilities of members**

As explained more fully in the members' responsibilities statement, 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 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 limited liability partnership or to cease operations, or have no realistic alternative but to do so.

## **Auditor's 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.

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

## **Report on other legal and regulatory requirements**

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

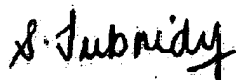
Under the Companies Act 2006 as applied to limited liability partnerships we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

### **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 to limited liability partnerships. 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.



Sara Tubridy (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom

10 January 2020



**BROCKTON CAPITAL LLP****INCOME STATEMENT****For the year ended 31 March 2019**

	Notes	2019 £	2018 £
REVENUE	2	10,078,656	15,554,617
COST OF SALES	3	<u>(293,563)</u>	<u>(805,643)</u>
GROSS PROFIT		9,785,093	14,748,974
OPERATING EXPENSES	4	<u>(5,143,479)</u>	<u>(3,994,490)</u>
PROFIT FROM OPERATIONS	5	4,641,614	10,754,484
Finance income	7	<u>-</u>	<u>7,382</u>
PROFIT FOR THE YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES		4,641,614	10,761,866
Members' remuneration charged as an expense	1	<u>(3,783,897)</u>	<u>(4,426,249)</u>
PROFIT FOR THE YEAR ALLOCATED TO MEMBERS		<u>857,717</u>	<u>6,335,617</u>

All results relate to continuing activities.

There have been no recognised income or expenses in either the current year or prior year other than the profit for the year; accordingly no Statement of Comprehensive Income is presented.

The notes on pages 10 to 19 form an integral part of these financial statements.

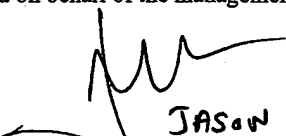
# BROCKTON CAPITAL LLP

## BALANCE SHEET As at 31 March 2019

	Notes	2019 £	2018 £
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible asset	9	-	293,563
Right-of-use asset	10	2,987,536	-
Property, plant and equipment	11	404,941	594,706
		<b>3,392,477</b>	<b>888,269</b>
<b>CURRENT ASSETS</b>			
Client and other receivables	12	1,174,808	685,886
Intercompany loans receivable	14	1,723,402	452,231
Cash and cash equivalents	20	322,957	1,215,967
		<b>3,221,167</b>	<b>2,354,084</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	(2,363,191)	(907,457)
Finance lease commitments	17	(3,052,984)	-
Intercompany loans payable	14	(1,048,610)	-
Members' capital classified as liability		(1,155,867)	(1,155,867)
Other amounts due to members	15	(225,810)	(98,070)
		<b>(7,846,462)</b>	<b>(2,161,394)</b>
<b>NET CURRENT (LIABILITIES) / ASSETS</b>		<b>(4,625,295)</b>	<b>192,690</b>
<b>NET (LIABILITIES) / ASSETS ATTRIBUTABLE TO MEMBERS</b>		<b>(1,232,818)</b>	<b>1,080,959</b>
<b>REPRESENTED BY:</b>			
Loans and other debts due from members		(165,433)	(165,433)
Members' other interests		(1,067,385)	1,246,392
		<b>(1,232,818)</b>	<b>1,080,959</b>
<b>TOTAL MEMBERS' INTERESTS</b>			
Members' capital		1,155,867	1,155,867
Loans and other debts due from members		(165,433)	(165,433)
Members' other interests		(1,067,385)	1,246,392
Net amounts due to members		225,810	98,070
		<b>148,859</b>	<b>2,334,896</b>

The notes on pages 10 to 19 form an integral part of these financial statements. These financial statements were approved and authorised for issue by the management committee on 9 January 2020.

Signed on behalf of the management committee:

  
Designated Member **JASON BLANK**

Limited Liability Partnership Registration No. OC313315

# **BROCKTON CAPITAL LLP**

## **CASH FLOW STATEMENT**

**For the year ended 31 March 2019**

		<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
	<b>Notes</b>		
Net cash inflow from operating activities	18	6,307,264	13,119,792
Net cash used in investing activities	19	(75,944)	(50,091)
Net cash used in financing activities	19	(7,124,330)	(12,342,103)
Net (decrease) / increase in cash and cash equivalents		(893,010)	727,598
Cash and cash equivalents at beginning of the year	20	1,215,967	488,369
Cash and cash equivalents at end of the year	20	322,957	1,215,967

## **STATEMENT OF CHANGES IN MEMBERS' INTERESTS**

**For the year ended 31 March 2019**

	<b>Members' regulatory capital</b>	<b>Members' other capital</b>	<b>Members' other reserves</b>	<b>Amounts due to / (from) members</b>	<b>Loans and other debts due from members</b>	<b>Total members' interests</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2017	750,000	405,867	2,757,671	167,028	(165,433)	3,915,133
Decrease in amounts due to members	-	-	-	(68,958)	-	(68,958)
Profit for the year available for discretionary division among members	-	-	6,335,617	-	-	6,335,617
Distribution of profits to members	-	-	(7,846,896)	-	-	(7,846,896)
Members' interests after profit for the year at 31 March 2018	750,000	405,867	1,246,392	98,070	(165,433)	2,334,896
Opening balance adj. in respect of IFRS 16 adoption	-	-	(14,786)	-	-	(14,786)
Increase in amounts due to members	-	-	-	127,740	-	127,740
Profit for the year available for discretionary division among members	-	-	857,717	-	-	857,717
Distribution of profits to members	-	-	(3,156,708)	-	-	(3,156,708)
Members' interests after profit for the year at 31 March 2019	750,000	405,867	(1,067,385)	225,810	(165,433)	148,859

The notes on pages 10 to 19 form an integral part of these financial statements.

# **BROCKTON CAPITAL LLP**

## **NOTES TO THE FINANCIAL STATEMENTS** **For the year ended 31 March 2019**

### **1. ACCOUNTING POLICIES**

#### **General information**

These financial statements are presented in pounds sterling, the currency of the primary economic environment in which the LLP operates. The LLP was incorporated, and is domiciled, in the United Kingdom.

The LLP falls outside of those entities required to comply with IFRS 8, Segmental Reporting. The LLP has not made any voluntary disclosures within the financial statements in respect of IFRS 8.

#### **Basis of accounting**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union.

At the date of authorisation of these financial statements, the following new and revised Standards and Interpretations have been adopted and have not had any significant impact on the amounts reported on in these financial statements.

#### **Standards affecting presentation and disclosure**

- IFRS 16: Leases
- IFRIC 23: Uncertainty over Income Tax Treatments
- Amendments to IFRS 9: Prepayment Features with Negative Compensation
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The adoption of these amendments did not have any impact on the financial statements of the LLP for the current period or any prior period and is not likely to affect future periods.

#### **New and revised IFRSs adopted by the EU that are mandatorily effective from 1 January 2019:**

##### **IFRS 9 Financial Instruments**

The new standard addresses the classification, measurement and recognition of financial assets and financial liabilities. It simplifies the existing categories of financial instruments, introduces an expected credit loss model and redefines the criteria required for hedge effectiveness. On adoption of this standard, no adjustments were required to the financial statements.

##### **IFRS 15 Revenue from Contracts with Customers**

This standard combines a number of previous standards, setting out a five step model for the recognition of revenue and establishing principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue. The adoption of this standard has no impact on the fees receivable by the LLP.

##### **IFRS 16 Leases**

This standard is effective for annual reporting periods beginning on or after 1 January 2019, and the LLP has decided to early adopt. The operating lease for the premises occupied by the LLP has led to bringing a right-of-use asset onto the statement of financial position and a corresponding lease liability. The implementation of IFRS 16 impacted the balance sheet due to the recognition of a right-to-use asset and finance lease liability. The net impact on the income statement was immaterial and is discussed in more detail below:

The LLP has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated.

At inception of a contract, the LLP assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the LLP assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the LLP has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

## **BROCKTON CAPITAL LLP**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 March 2019**

#### **1. ACCOUNTING POLICIES (CONTINUED)**

- the LLP has the right to direct the use of the asset. The LLP has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the LLP has the right to direct the use of the asset if either:
- the LLP has the right to operate the asset; or
- the LLP designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the LLP allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the LLP has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

For contracts entered into before 1 January 2019, the LLP determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
- the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
- the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
- facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

#### **Critical accounting judgements and key sources of estimation uncertainty**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form a basis for making the judgements about the carrying value of assets and liabilities that are not readily apparent from other sources.

The members have reviewed the estimates and assumptions used in the preparation of the financial statements. The members do not believe that there is a significant risk which would lead to material adjustments to the carrying value of any assets and liabilities in the next financial year due to the changes in the estimates or assumptions.

#### **Accounting convention**

The financial statements have been prepared in accordance with the historical cost convention. The principal accounting policies adopted are set out below.

#### **Going concern**

The LLP's business activities, together with the factors likely to affect its future development, performance and position are set out in the Members' Report on pages 2 to 3.

As at 31 March 2019 the LLP had net liabilities of £1,232,818, but this includes members' capital of £1,155,867 classified as a liability. The LLP's forecasts and projections, taking account of reasonably possible changes in trading performance, and support from a parent entity, show that the LLP should be able to operate within the level of its current facilities and meet its liabilities when they fall due.

A letter of support from Brockton Everlast Inc Limited, a parent entity of the LLP, has been provided confirming financial support for a period of at least 12 months from the date of approval of these financial statements. After making enquiries, the members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

## **BROCKTON CAPITAL LLP**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**For the year ended 31 March 2019**

#### **1. ACCOUNTING POLICIES (CONTINUED)**

##### **Revenue recognition**

Revenue represents amounts chargeable to clients for investment and other advisory services provided during the period. Revenue is only recognised where the LLP has a contractual right to receive consideration for the work undertaken.

##### **Expenses**

Expenses are accounted for in the Income Statement on an accruals basis.

##### **Intangible assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

##### **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment loss.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in income.

Depreciation is provided to write off the cost less the estimated residual value of property, plant and equipment by equal instalments over the estimated useful economic lives as follows:

Leasehold improvements	5 years
Fixtures and fittings	5 years
Computer equipment	3 years

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and on demand deposits.

##### **Financial Assets**

Financial assets are classified into following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'available-for-sale' financial assets and 'loan and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All financial assets held by the LLP, with the exception of derivative instruments are classified as loans and receivables.

Loans and receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method, less any impairment.

##### **Financial liabilities**

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest rate method. Interest cost is recognised by applying the effective interest rate, except for short-term payables when the recognition of interest would be immaterial. The entity determines the classification of its financial liabilities at initial recognition. Financial liabilities include trade payables and member capital.

##### **Trade payables**

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

##### **Taxation**

As a limited liability partnership, taxable income and chargeable gains and losses are passed through to the individual members. Accordingly no provision for income tax or corporation tax has been included in these financial statements.

## BROCKTON CAPITAL LLP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

#### 1. ACCOUNTING POLICIES (CONTINUED)

##### Members' remuneration charged as an expense and allocation of profits

Members' remuneration charged as an expense comprises the partners' remuneration that is not a function of the profits of the LLP. This totalled £3,783,897 (31 March 2018: £4,426,249). Members' share in the profit or loss for the period is accounted for as an allocation of profits. A provision of £528,750 (31 March 2018: £2,369,250) has been made in the members allocation in relation to future profit distributions as at 31 March 2019.

#### 2. REVENUE

Revenue represents fee income earned from the provision of advisory services in the United Kingdom, and is stated net of value added tax.

	2019	2018
	£	£
Investment advisory fees	9,264,574	14,218,750
Other advisory fees	814,082	1,279,500
Other Income	-	56,367
	<u>10,078,656</u>	<u>15,554,617</u>

#### 3. COST OF SALES

Cost of sales represents the amortisation of an intangible asset acquired in the period to 31 March 2015.

	2019	2018
	£	£
Amortisation of intangible asset	293,563	805,643
	<u>293,563</u>	<u>805,643</u>

#### 4. OPERATING EXPENSES

	2019	2018
	£	£
Employee benefits	566,573	910,611
Depreciation	627,837	349,315
Professional fees	1,758,070	74,783
Other operating expenses	2,190,999	2,659,781
	<u>5,143,479</u>	<u>3,994,490</u>

#### 5. PROFIT FROM OPERATIONS

	2019	2018
	£	£
<b>Profit from operations is stated after charging:</b>		
Amortisation of intangible assets (Note 9)	293,563	805,643
Depreciation of owned assets (Notes 10, 11)	627,837	349,315
Charitable donations	16,150	24,600
Auditor's remuneration		
Fees payable to the LLP's auditor for the audit of the LLP's financial statements	24,195	21,500
Other assurance services	27,500	14,800
Tax compliance	8,000	8,000
	<u>8,000</u>	<u>8,000</u>

## BROCKTON CAPITAL LLP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

#### 6. STAFF COSTS

	2019 No.	2018 No.
Average number of persons employed during the period:		
Support staff	9	15
	<u>9</u>	<u>15</u>
	£	£
Employee costs during the period amounted to:		
Wages and salaries	371,089	649,846
Social security costs	48,184	77,935
	<u>419,273</u>	<u>727,781</u>

#### Remuneration of key management personnel

The key management personnel of the LLP, as defined in accordance with International Accounting Standard 24, received compensation in the form of drawings and other benefits during the year totalling £763,904 (31 March 2018: £1,227,408), of which drawings consisted of £735,000 (31 March 2018: £1,204,166).

The key management personnel of the LLP are resident in the United Kingdom, all of whom are considered to be persons having authority and responsibility for planning, directing, and controlling the activities of the LLP, directly or indirectly. The respective compensation provided for the key management personnel above includes all forms of consideration provided by the LLP in exchange for services rendered to the LLP.

#### 7. FINANCE INCOME

	2019 £	2018 £
Bank interest receivable	-	-
Loan interest receivable	-	7,382
	<u>-</u>	<u>7,382</u>

Loan interest receivable is with respect to loans advanced to members in respect of their investment into Brockton Capital Fund I L.P., Brockton Capital Fund II L.P. and Brockton Capital Fund III L.P. Interest is charged at HMRC's beneficial loan arrangements official rates. All loans were repaid in the year to 31 March 2018.

#### 8. MEMBERS' SHARE OF PROFITS

Profits are shared among the members in accordance with agreed profit sharing arrangements. Members are required to make their own provision for pensions from their profit shares.

	2019 No.	2018 No.
Average number of members entitled to a share of profits during the period	21	33

Amounts drawn by and profit attributable to the member with the largest entitlement to profit was £490,535 (31 March 2018: £2,355,705).



## **BROCKTON CAPITAL LLP**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**For the year ended 31 March 2019**

#### **9. INTANGIBLE ASSET**

	<b>Placement agent settlement £</b>
<b>Cost</b>	
At 1 April 2018	3,224,780
Additions	-
At 31 March 2019	<u>3,224,780</u>
<b>Amortisation</b>	
At 1 April 2018	2,931,217
Charge for the year	293,563
At 31 March 2019	<u>3,224,780</u>
<b>Carrying amount</b>	
At 31 March 2019	<u>-</u>
At 31 March 2018	<u>293,563</u>

The amortisation period for the settlement in respect of placement agent fees is four years, being the estimated useful economic life of the asset. Amortisation is charged on a straight line basis.

#### **10. RIGHT-OF-USE ASSET**

The LLP recognised a right-of use asset on implementation of IFRS 16 and is depreciated over the term of the lease.

	<b>Right-of-use asset £</b>
<b>Cost</b>	
At 1 January 2019	-
Additions	3,349,664
At 31 March 2019	<u>3,349,664</u>
<b>Accumulated depreciation</b>	
At 1 January 2019	-
Charge for the period	362,128
At 31 March 2019	<u>362,128</u>
<b>Carrying amount</b>	
At 31 March 2019	<u>2,987,536</u>

# BROCKTON CAPITAL LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

### 11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £	Computer equipment £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 April 2017	2,445,094	760,638	258,133	3,463,865
Additions	25,405	32,068	-	57,473
At 1 April 2018	2,470,499	792,706	258,133	3,521,338
Additions	51,644	21,886	2,414	75,944
At 31 March 2019	2,522,143	814,592	260,547	3,597,282
<b>Accumulated depreciation</b>				
At April 2017	1,723,756	605,702	247,859	2,577,317
Charge for the year	216,941	127,907	4,467	349,315
At 1 April 2018	1,940,697	733,609	252,326	2,926,632
Charge for the year	216,562	45,906	3,241	265,709
At 31 March 2019	2,157,259	779,515	255,567	3,192,341
<b>Net book value</b>				
At 31 March 2019	364,884	35,077	4,980	404,941
At 31 March 2018	529,802	59,097	5,807	594,706

### 12. CLIENT AND OTHER RECEIVABLES

	2019 £	2018 £
<b>Due within one year:</b>		
Other debtors	102,009	361,261
Accrued income	768,321	-
Prepayments	304,478	324,625
	<u>1,174,808</u>	<u>685,886</u>

The carrying amounts of client and other receivables approximate their fair value.

As at 31 March 2019 there were £102,009 (31 March 2018: £361,261) of financial assets which are neither past due nor impaired. Management believe that these debts are of a high credit rating and no issues with recoverability exist.

### 13. TRADE AND OTHER PAYABLES

	2019 £	2018 £
Trade payables	67,586	295,475
VAT payable	7,225	1,355
Accruals	2,277,618	602,430
Sundry creditors	10,762	8,197
	<u>2,363,191</u>	<u>907,457</u>

Trade and other payables are measured at amortised cost and their carrying amounts approximate fair value.

## **BROCKTON CAPITAL LLP**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**For the year ended 31 March 2019**

#### **14. INTERCOMPANY LOAN**

	2019	2018
	£	£
Intercompany Loan Receivable	1,723,402	452,231
Intercompany Loan Payable	1,084,610	-

The intercompany loan receivable is from its immediate parent company, Brockton Everlast Management Limited. The intercompany loan payable is to Brockton Everlast Inc. Limited and BE Midco Limited, fellow Group subsidiary undertakings of Brockton Holdings LP.

Loans to and from Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

#### **15. OTHER AMOUNTS DUE TO MEMBERS**

Other amounts due to members represent a provision for profit allocation payments of £528,750 (31 March 2018: £2,369,500), deductions from members' remuneration charged as an expense, and other sundry amounts.

#### **16. FINANCIAL RISK MANAGEMENT**

##### **Credit risk**

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the LLP. The LLP has a credit policy in place and exposures to credit risk are subject to on-going monitoring by management.

The LLP's cash is held with creditworthy financial institutions.

##### **Liquidity risk**

Liquidity risk is the risk that the LLP could experience difficulties in meeting its commitments to creditors as financial liabilities fall due for payment. The LLP manages its liquidity risk by using reasonable and retrospectively-assessed assumptions to forecast the future cash-generative capabilities and working capital requirements of the businesses it operates and by maintaining sufficient reserves, facilities and other credit lines as appropriate. Ultimate responsibility for liquidity risk management rests with the management committee, which has agreed an appropriate liquidity risk management framework for the management of the LLP's short, medium and long-term funding and liquidity management requirements.

##### **Foreign exchange risk**

The LLP's transactions in foreign currencies are highly immaterial and therefore the members do not consider the LLP to be exposed to significant foreign exchange risk.

# **BROCKTON CAPITAL LLP**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**For the year ended 31 March 2019**

### **17. FINANCE LEASE COMMITMENTS**

	<b>Minimum lease commitments</b>
	<b>£</b>
Within 1 year	455,250
After 1 year, but no more than 5 years	1,821,000
More than 5 years	1,365,750
	<u>3,642,000</u>
Total minimum lease commitments	3,642,000
Less future finance charges	(589,016)
<b>Present value of minimum lease commitments</b>	<u><u>3,052,984</u></u>

	<b>Present value of net minimum lease commitments</b>
	<b>£</b>
Within 1 year	325,478
After 1 year, but no more than 5 years	1,455,116
More than 5 years	1,272,390
	<u>3,052,984</u>

Analysed as:	
Current finance lease commitments	325,478
Non-current finance lease commitments	2,727,506
	<u><u>3,052,984</u></u>

### **18. NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Profit from operations	4,641,614	10,754,484
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use asset (Note 11 & 10)	627,836	349,315
Amortisation of intangible assets (Note 9)	293,563	805,643
Operating cash flows before movements in working capital	<u>5,563,013</u>	<u>11,909,442</u>
(Increase) / decrease in receivables	(711,483)	593,091
Increase in payables	<u>1,455,734</u>	<u>617,259</u>
<b>Net cash inflow from operating activities</b>	<u><u>6,307,264</u></u>	<u><u>13,119,792</u></u>

## **BROCKTON CAPITAL LLP**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **For the year ended 31 March 2019**

#### **19. ANALYSIS OF CASH FLOWS**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Investing activities</b>		
Interest received (Note 7)	-	7,382
Purchases of property, plant and equipment (Note 11)	(75,944)	(57,473)
Net cash used in investing activities	(75,944)	(50,091)
<b>Financing activities</b>		
Payment of lease liability	(311,465)	-
Net payments to and on behalf of members	(6,812,865)	(12,342,103)
Net cash used in financing activities	(7,124,330)	(12,342,103)

#### **20. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Cash and cash equivalents	322,957	1,215,967
Net Cash	322,957	1,215,967

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Net cash at beginning of the year	1,215,967	488,369
Change in net funds resulting from cash flows	(893,010)	727,598
Net cash at end of the year	322,957	1,215,967

#### **21. TRANSACTIONS WITH RELATED PARTIES**

There are no other related party transactions apart from the disclosures in note 14, requiring further disclosure in the financial statements for the year ended 31 March 2019.

#### **22. CONTROLLING PARTY**

In the opinion of the members the controlling party is comprised of the designated members.