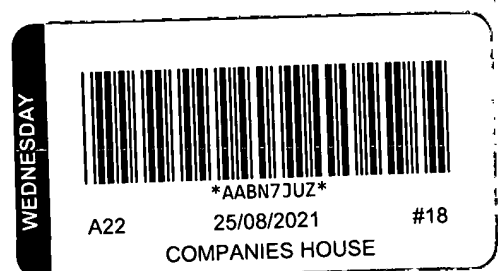


**Limited Liability Partnership Registration No. OC313315**

**BROCKTON CAPITAL LLP**

**Annual Report and Financial Statements**

**For the year ended 31 March 2021**



# **BROCKTON CAPITAL LLP**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2021**

| <b>CONTENTS</b>                            | <b>Pages</b> |
|--|--------------|
| Officers and professional advisers         | 1            |
| Members' report                            | 2-3          |
| Statement of members' responsibilities     | 4            |
| Report of the Independent Auditor          | 5-7          |
| Income statement                           | 8            |
| Balance sheet                              | 9            |
| Cash flow statement                        | 10           |
| Statement of changes in members' interests | 10           |
| Notes to the financial statements          | 11-19        |

# **BROCKTON CAPITAL LLP**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2021**

### **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 2021**

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 2021.

#### **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 £2,746,235 (2020: profit of £1,919,022).

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 2021**

#### **CREDITOR PAYMENT POLICY**

The LLP's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction.

#### **RISKS ASSOCIATED WITH COVID-19**

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11 March 2020, has impacted global financial markets. However, given the nature of the LLP's operations and revenue, COVID-19 has so far not had a material impact on the performance or profitability of the LLP, and we expect that to continue to be the case.

#### **GOING CONCERN**

The financial statements have been prepared on the going concern basis. After making enquires and taking into consideration the profit and net current asset position of the LLP, the members have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. For this reason the members continue to adopt the going concern basis in preparing the financial statements. In reaching this conclusion, the members have had particular regard to the emergence of the COVID-19 pandemic that has caused a significant downturn in the global economic outlook. The members have concluded that the pandemic does not impact the LLP's ability to continue as a going concern.

#### **INDEPENDENT AUDITOR**

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

The members who held office at the date of approval of this Members' Report confirm that, so far as they each are aware, there is no relevant account information of which the LLP's independent auditor is 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.

Approved by the management committee and signed on behalf of the committee on 13 August 2021.



Jason Blank  
Designated Member



David Marks  
Designated Member

## **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.

The Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 require 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 IFRSs as adopted by the United Kingdom. The financial statements are also required by law to be prepared in accordance with the Companies Act 2006, as applicable to limited liability partnerships.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the firm's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, members are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the firm and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to limited liability partnerships. They are also responsible for safeguarding the assets of the firm and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF  
BROCKTON CAPITAL LLP**  
**For the year ended 31 March 2021**

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

**Report on the audit of the financial statements**

**Opinion**

In our opinion the financial statements of 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 2021 and of profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the UK Companies Act 2006; 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 statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the [UK] 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**

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 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 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.

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

## **For the year ended 31 March 2021**

### **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.

### **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 considered the nature of the limited liability partnership's industry and its control environment, and reviewed the limited liability partnership's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the limited liability partnership operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the limited liability partnership's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- We presume a risk of material misstatement due to fraud relating to revenue recognition. This has been pinpointed to occurrence and accuracy of management fee revenue. In order to address the risk identified we have performed substantive testing over sales recognised over the course of the year and ensured these are recognised in the correct financial year, in line with agreements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.



**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF  
BROCKTON CAPITAL LLP  
For the year ended 31 March 2021**

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

**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.

*Matthew Hall*

Matthew Hall FCA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
13 August 2021

# **BROCKTON CAPITAL LLP**

## **INCOME STATEMENT**

**For the year ended 31 March 2021**

|   | Notes | 2021<br>£          | 2020<br>£          |
|---|-------|--------------------|--------------------|
| <b>REVENUE</b>  | 2     | 9,183,602          | 10,360,459         |
| <b>OPERATING EXPENSES</b>   | 3     | <u>(2,539,866)</u> | <u>(4,201,989)</u> |
| <b>PROFIT FOR THE YEAR BEFORE MEMBERS' REMUNERATION<br/>AND PROFIT SHARES</b> | 4     | 6,643,736          | 6,158,470          |
| Members' remuneration charged as an expense                                   | 1     | <u>(3,897,501)</u> | <u>(4,239,448)</u> |
| <b>PROFIT FOR THE YEAR ALLOCATED TO MEMBERS</b>                               |       | <u>2,746,235</u>   | <u>1,919,022</u>   |

All results relate to continuing activities.

There has 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 11 to 19 form an integral part of these financial statements.

**BROCKTON CAPITAL LLP****BALANCE SHEET****As at 31 March 2021**

|   | Notes | 2021<br>£          | 2020<br>£          |
|---|-------|--------------------|--------------------|
| <b>ASSETS</b>   |       |                    |                    |
| <b>NON-CURRENT ASSETS</b>                                 |       |                    |                    |
| Right-of-use asset  | 7     | -                  | 2,469,057          |
| Property, plant and equipment                             | 8     | 89,956             | 181,060            |
|   |       | <u>89,956</u>      | <u>2,650,117</u>   |
| <b>CURRENT ASSETS</b>                                     |       |                    |                    |
| Client and other receivables                              | 9     | 1,528,125          | 5,571,897          |
| Intercompany receivable                                   | 11    | 5,413,273          | -                  |
| Cash and cash equivalents                                 | 15    | 564,079            | 131,405            |
|   |       | <u>7,505,477</u>   | <u>5,703,302</u>   |
| <b>LIABILITIES</b>  |       |                    |                    |
| <b>CURRENT LIABILITIES</b>                                |       |                    |                    |
| Trade and other payables                                  | 10    | (465,952)          | (1,346,615)        |
| Lease liability   | 14    | -                  | (222,527)          |
| Intercompany payable                                      | 11    | (4,242,082)        | (3,277,013)        |
| Members' capital classified as liability                  |       | (1,155,867)        | (1,155,867)        |
| Other amounts due to members                              | 12    | (226,392)          | (307,544)          |
|   |       | <u>(6,090,293)</u> | <u>(6,309,566)</u> |
| <b>NET CURRENT ASSETS / (LIABILITIES)</b>                 |       | <b>1,415,184</b>   | <b>(606,264)</b>   |
| <b>NON-CURRENT LIABILITIES</b>                            |       |                    |                    |
| Lease liability   | 14    | -                  | (2,264,495)        |
|   |       | <u>-</u>           | <u>(2,264,495)</u> |
| <b>NET ASSETS / (LIABILITIES) ATTRIBUTABLE TO MEMBERS</b> |       | <b>1,505,140</b>   | <b>(220,642)</b>   |
| <b>REPRESENTED BY:</b>                                    |       |                    |                    |
| Loans and other debts due from members                    |       | (165,433)          | (165,433)          |
| Members' other interests                                  |       | 1,670,573          | (55,209)           |
|   |       | <u>1,505,140</u>   | <u>(220,642)</u>   |

**TOTAL MEMBERS' INTERESTS**

|  |                  |                  |
|--|------------------|------------------|
| Members' capital                       | 1,155,867        | 1,155,867        |
| Loans and other debts due from members | (165,433)        | (165,433)        |
| Members' other interests               | 1,670,573        | (55,209)         |
| Net amounts due to members             | 226,392          | 307,544          |
|  | <u>2,887,399</u> | <u>1,242,769</u> |

The notes on pages 11 to 19 form an integral part of these financial statements. These financial statements were approved and authorised for issue by the management committee on 13 August 2021.

Signed on behalf of the management committee:



Jason Blank  
Designated Member



David Marks  
Designated Member

**BROCKTON CAPITAL LLP****CASH FLOW STATEMENT****For the year ended 31 March 2021**

|   |              | 2021<br>£   | 2020<br>£   |
|---|--------------|-------------|-------------|
|   | <b>Notes</b> |             |             |
| <b>Net cash inflow from operating activities</b>              | 15           | 5,597,412   | 5,314,464   |
| <b>Investing activities</b>                                   |              |             |             |
| Sale of property plant and equipment                          |              | -           | 2,000       |
| Purchase of property plant and equipment                      | 8            | (24,256)    | (31,010)    |
| <b>Net cash used in investing activities</b>                  |              | (24,256)    | (29,010)    |
| <b>Financing activities</b>                                   |              |             |             |
| Payment of lease liability                                    |              | (222,528)   | (330,712)   |
| Net payments to and on behalf of members                      |              | (4,917,954) | (5,146,294) |
| <b>Net cash used in financing activities</b>                  |              | (5,140,482) | (5,477,006) |
| <b>Net increase / (decrease) in cash and cash equivalents</b> |              | (4,732,064) | (191,552)   |
| <b>Cash and cash equivalents at beginning of the year</b>     |              | 131,405     | 322,957     |
| <b>Cash and cash equivalents at end of the year</b>           |              | 564,079     | 131,405     |

**STATEMENT OF CHANGES IN MEMBERS' INTERESTS****For the year ended 31 March 2021**

|                                    | Members'<br>regulatory<br>capital | Members'<br>other<br>capital | Members'<br>other reserves | Amounts<br>due to /<br>(from)<br>members | Loans and<br>other debts<br>due from<br>members | Total members'<br>interests |
|------------------------------------|-----------------------------------|------------------------------|----------------------------|--|---|-----------------------------|
|                                    | £                                 | £                            | £                          | £  | £   | £                           |
| At 1 April 2019                    | 750,000                           | 405,867                      | (1,067,385)                | 225,810                                  | (165,433)                                       | 148,859                     |
| Increase in amounts due to members | -                                 | -                            | -                          | 81,734                                   | -   | 81,734                      |
| Profit allocated to members        | -                                 | -                            | 1,919,022                  | -  | -   | 1,919,022                   |
| Distribution of profits to members | -                                 | -                            | (906,846)                  | -  | -   | (906,846)                   |
| At 31 March 2020                   | 750,000                           | 405,867                      | (55,209)                   | 307,544                                  | (165,433)                                       | 1,242,769                   |
| Decrease in amounts due to members | -                                 | -                            | -                          | (81,152)                                 | -   | (81,152)                    |
| Profit allocated to members        | -                                 | -                            | 2,746,235                  | -  | -   | 2,746,235                   |
| Distribution of profits to members | -                                 | -                            | (1,020,453)                | -  | -   | (1,020,453)                 |
| At 31 March 2021                   | 750,000                           | 405,867                      | 1,670,573                  | 226,392                                  | (165,433)                                       | 2,887,399                   |

The notes on pages 11 to 19 form an integral part of these financial statements.

## **BROCKTON CAPITAL LLP**

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

**For the year ended 31 March 2021**

#### **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 England and Wales.

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 United Kingdom.

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**

- Amendments to IAS 1 and IAS 8 Definition of Material;
- Amendments to IFRS 3 Business Combinations;
- Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform; and
- Amendments to references to the Conceptual Framework in IFRS standards.

##### **Impact of standards issued but not yet applied**

At the date of authorisation of these financial statements, the LLP has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- Amendment to IFRS 16: COVID-19-Related Rent Concessions;
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2;
- Annual Improvements to IFRS Standards 2018–2020: Property, Plant and Equipment; Proceeds before Intended Use;
- Amendments to IFRS 3: Annual Improvements to IFRS Standards 2018–2020 (May 2020);
- Amendments to IAS 37: Reference to the Conceptual Framework;
- IFRS 37: Onerous Contracts - Cost of Fulfilling a Contract;
- Amendments to IFRS 17: Insurance Contracts;
- Amendments to IAS 1: IFRS 17;
- Amendments to IAS 1: Classification of liabilities as current or non-current; and
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current – Deferral of Effective Date.

The LLP does not expect that the adoption of the Standards listed above will have a material impact on the financial statement of the LLP in future periods.

## **BROCKTON CAPITAL LLP**

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

**For the year ended 31 March 2021**

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

##### **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 financial statements have been prepared on the going concern basis. After making enquires and taking into consideration the profit and net current asset position of the LLP, the members have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. For this reason the members continue to adopt the going concern basis in preparing the financial statements. In reaching this conclusion, the members have had particular regard to the emergence of the COVID-19 pandemic that has caused a significant downturn in the global economic outlook. The members have concluded that the pandemic does not impact the LLP's ability to continue as a going concern.

##### **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.

##### **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 the income statement.

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.

## **BROCKTON CAPITAL LLP**

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

**For the year ended 31 March 2021**

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

##### **Financial Assets**

Financial assets are classified into one of the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'available-for-sale' financial assets and 'loans receivable'. 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.

##### **Lease liabilities**

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
- 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 April 2018.

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 April 2018, 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.

## **BROCKTON CAPITAL LLP**

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

**For the year ended 31 March 2021**

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

##### **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.

##### **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 £3,897,501 (31 March 2020: £4,239,448). Members' share in the profit or loss for the period is accounted for as an allocation of profits.

#### **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.

#### **3. OPERATING EXPENSES**

|                                    | <b>2021</b>      | <b>2020</b>      |
|------------------------------------|------------------|------------------|
|                                    | <b>£</b>         | <b>£</b>         |
| Member benefits                    | 71,523           | 71,632           |
| Depreciation                       | 455,919          | 604,502          |
| Professional fees                  | 1,196,656        | 2,111,019        |
| Lease liabilities interest payable | 106,416          | 124,538          |
| Other operating expenses           | 709,352          | 1,290,298        |
|                                    | <u>2,539,866</u> | <u>4,201,989</u> |



## BROCKTON CAPITAL LLP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2021

#### 4. PROFIT FOR THE YEAR

|  | 2021<br>£ | 2020<br>£ |
|--|-----------|-----------|
| <b>Profit for the year is stated after charging:</b> |           |           |
| Depreciation of owned assets (Notes 7, 8)            | 455,919   | 604,502   |
| Charitable donations                                 | -         | 15,000    |
| Loss on disposal of fixed assets                     | -         | 4,126     |

Fees payable to the LLP's auditor for the audit of the LLP's financial statements were £15,804 (31 March 2020: £15,000). Tax compliance fees of £8,000 were paid to the auditor in the year (31 March 2020: £6,000). No amounts for other services have been paid to the auditor in the year. The cost of the audit of the LLP's financial statements for the year to 31 March 2021 was incurred by Brockton Everlast Inc. Limited.

#### 5. 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 £2,507,495 (March 2020: £2,603,468), of which drawings consisted of £2,465,001 (31 March 2020: £2,565,000).

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.

#### 6. 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.

|  | 2021<br>No. | 2020<br>No. |
|--|-------------|-------------|
| Average number of members entitled to a share of profits | 9           | 10          |

Amounts drawn by and profit attributable to the member with the largest entitlement to profit was £821,667 (31 March 2020: £855,000).

## BROCKTON CAPITAL LLP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2021

#### 7. RIGHT-OF-USE ASSET

On implementation of IFRS 16, the LLP recognised a right-of use asset in respect of the occupational lease on the premises from which it operates. In March 2021, the lease was transferred to Brockton Everlast Management Limited, a member of the LLP and fellow Group subsidiary undertaking of Brockton Holdings LP.

| <b>Cost</b>                                       | <b>£</b>    |
|---|-------------|
| At 1 April 2019                                   | 3,349,664   |
| Change in present value of minimum lease payments | (162,742)   |
| At 31 March 2020                                  | 3,186,922   |
| Disposal of lease                                 | (3,186,922) |
| At 31 March 2021                                  | -           |
| <b>Accumulated depreciation</b>                   |             |
| At 1 April 2019                                   | 362,128     |
| Charge for the year                               | 355,737     |
| At 31 March 2020                                  | 717,865     |
| Charge for the year                               | 340,559     |
| Reversal on disposal of lease                     | (1,058,424) |
| At 31 March 2021                                  | -           |
| <b>Carrying amount</b>                            |             |
| At 31 March 2021                                  | -           |
| At 31 March 2020                                  | 2,469,057   |

#### 8. PROPERTY, PLANT AND EQUIPMENT

|                                 | <b>Leasehold improvements</b> | <b>Computer equipment</b> | <b>Fixtures and fittings</b> | <b>Total</b> |
|---------------------------------|-------------------------------|---------------------------|------------------------------|--------------|
|                                 | <b>£</b>                      | <b>£</b>                  | <b>£</b>                     | <b>£</b>     |
| <b>Cost</b>                     |                               |                           |                              |              |
| At 1 April 2019                 | 2,522,143                     | 814,592                   | 260,547                      | 3,597,282    |
| Disposals                       | (6,126)                       | -                         | -                            | (6,126)      |
| Additions                       | -                             | 31,010                    | -                            | 31,010       |
| At 31 March 2020                | 2,516,017                     | 845,602                   | 260,547                      | 3,622,166    |
| Additions                       | -                             | 24,256                    | -                            | 24,256       |
| At 31 March 2021                | 2,516,017                     | 869,858                   | 260,547                      | 3,646,422    |
| <b>Accumulated depreciation</b> |                               |                           |                              |              |
| At April 2019                   | 2,157,259                     | 779,515                   | 255,567                      | 3,192,341    |
| Charge for the year             | 215,327                       | 31,094                    | 2,344                        | 248,765      |
| At 31 March 2020                | 2,372,586                     | 810,609                   | 257,911                      | 3,441,106    |
| Charge for the year             | 90,645                        | 23,386                    | 1,329                        | 115,360      |
| At 31 March 2021                | 2,463,231                     | 833,995                   | 259,240                      | 3,556,466    |
| <b>Net book value</b>           |                               |                           |                              |              |
| At 31 March 2021                | 52,786                        | 35,863                    | 1,307                        | 89,956       |
| At 31 March 2020                | 143,431                       | 34,993                    | 2,636                        | 181,060      |

## BROCKTON CAPITAL LLP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 March 2021

#### 9. CLIENT AND OTHER RECEIVABLES

|                             | 2021<br>£        | 2020<br>£        |
|-----------------------------|------------------|------------------|
| <b>Due within one year:</b> |                  |                  |
| Trade receivables           | 173,697          | 1,975,890        |
| VAT recoverable             | -                | 6,672            |
| Other debtors               | 173,738          | 928,609          |
| Accrued income              | 1,150,866        | 2,607,185        |
| Prepayments                 | 29,824           | 53,541           |
|                             | <u>1,528,125</u> | <u>5,571,897</u> |

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

As at 31 March 2021 there were £347,435 (31 March 2020: £2,904,499) 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.

#### 10. TRADE AND OTHER PAYABLES

|                  | 2021<br>£      | 2020<br>£        |
|------------------|----------------|------------------|
| Trade payables   | 32,029         | 1,242,834        |
| VAT payable      | 602            | -                |
| Accruals         | 431,027        | 101,955          |
| Sundry creditors | 2,294          | 1,826            |
|                  | <u>465,952</u> | <u>1,346,615</u> |

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

#### 11. INTERCOMPANY RECEIVABLE / PAYABLE

|                         | 2021<br>£        | 2020<br>£        |
|-------------------------|------------------|------------------|
| Intercompany Receivable | <u>5,413,273</u> | -                |
| Intercompany Payable    | <u>4,242,082</u> | <u>3,277,013</u> |

The intercompany payable is with Brockton Everlast Inc. Limited, and the intercompany receivable is with Brockton Everlast Management Limited, both fellow Group subsidiary undertakings of Brockton Holdings LP.

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

#### 12. OTHER AMOUNTS DUE TO MEMBERS

Other amounts due to members represents deductions from members' remuneration charged as an expense, deductions from members' profit allocation payments, and other sundry amounts.

## BROCKTON CAPITAL LLP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2021

#### 13. FINANCIAL RISK MANAGEMENT

##### Credit risk

Credit risk refers to the risk that a 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 business 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.

#### 14. LEASE LIABILITIES

|   | 2021 | 2020             |
|---|------|------------------|
|   | £    | £                |
| Within 1 year                                     | -    | 328,944          |
| After 1 year, but no more than 5 years            | -    | 1,694,694        |
| More than 5 years                                 | -    | 910,499          |
|   | -    | 2,934,137        |
| Total minimum lease commitments                   | -    | 2,934,137        |
| Less future finance charges                       | -    | (447,115)        |
| <b>Present value of minimum lease commitments</b> | -    | <b>2,487,022</b> |

|  | 2021 | 2020      |
|--|------|-----------|
|  | £    | £         |
| Within 1 year                          | -    | 222,527   |
| After 1 year, but no more than 5 years | -    | 1,397,708 |
| More than 5 years                      | -    | 866,787   |
|  | -    | 2,487,022 |
| Analysed as:                           |      |           |
| Current lease liabilities              | -    | 222,527   |
| Non-current lease liabilities          | -    | 2,264,495 |
|  | -    | 2,487,022 |

As disclosed in note 7, in March 2021 the lease was transferred to a Brockton Everlast Management Limited, a member of the LLP and fellow Group subsidiary undertaking of Brockton Holdings LP.

## **BROCKTON CAPITAL LLP**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **For the year ended 31 March 2021**

#### **15. NOTES TO THE CASH FLOW STATEMENT**

|  | <b>2021</b> | <b>2020</b> |
|--|-------------|-------------|
|  | <b>£</b>    | <b>£</b>    |
| Profit from operations                                   | 6,643,736   | 6,158,470   |
| Adjustments for:   |             |             |
| Depreciation (Notes 7 & 8)                               | 455,919     | 604,502     |
| Loss on disposal of fixed assets                         | -           | 4,126       |
| Disposal of right-of-use asset (Note 7)                  | 2,128,498   | -           |
| Disposal of lease liability                              | (2,264,495) | -           |
| Operating cash flows before movements in working capital | 6,963,658   | 6,767,098   |
| Increase in receivables                                  | (1,369,501) | (2,673,687) |
| Increase in payables                                     | 3,255       | 1,221,053   |
| Net cash inflow from operating activities                | 5,597,412   | 5,314,464   |
| <b>Cash and cash equivalents</b>                         |             |             |
| Cash and bank balances                                   | 564,079     | 131,405     |

#### **16. TRANSACTIONS WITH RELATED PARTIES**

During the year, £4,131,002 of advisory fees was charged to fellow group subsidiary undertakings (year to 31 March 2020: £4,274,078). Also during the year, £1,154,502 was charged from fellow group subsidiary undertakings in respect of advisory fees (year to 31 March 2020: £1,994,482).

There are no other related party transactions apart from the disclosures in note 11, requiring further disclosure in the financial statements for the year ended 31 March 2021.

#### **17. CONTROLLING PARTY**

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