



# Capital Dynamics MMDIV UK Ltd

Audited financial statements as of December 31, 2018

Company Number 11255824

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Capital Dynamics MMDIV UK Ltd  
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**Capital Dynamics MMDIV UK Ltd**  
**Director's Report**  
**For the period ended December 31, 2018**

**Business of the Company**

Capital Dynamics MMDIV UK Ltd ("the Company") was incorporated on March 14, 2018 with the aim of providing investors with high quality co-investments alongside top tier private equity funds. The prime objective is to generate an attractive rate of return for subscribers.

At December 31, 2018 the Company had invested GBP 24.3m in two companies.

**Business review and results**

The results of the Company for the period ended December 31, 2018 are set out in the attached financial statements. The result for the period has been taken to retained earnings.

The business risks faced by the Company are disclosed in note 12.

**Dividends**

The Directors do not recommend the payment of a dividend.

**Small Companies Regime**

These financial statements have been prepared taking advantage of the exemptions for small companies provided by section 415A of the Companies Act 2006.

**Strategic report**

The Company has taken an exemption from preparing the Strategic Report in accordance with Section 414B of the Companies Act 2016.

**Future developments**

The objective and the operations of the Company are expected to remain the same in the foreseeable future.

**Director**

The following served during the period and up to the date of this report as director of Capital Dynamics MMDIV UK Ltd:

*David Smith (appointed March 14, 2018)*

**Directors' Insurance and Indemnities**

The Director has the benefit of the indemnity provisions contained in the Company's Articles of Association and the Company has maintained throughout the period Directors' and officers' liability insurance for the benefit of the Company, the Director and its officers. The Company has entered into qualifying third party indemnity arrangements for its Director in a form and scope which comply with the requirements of the Companies Act 2006 and which were in force throughout the period and remains in force.

Capital Dynamics MMDIV UK Ltd  
**Director's Report (continued)**  
For the period ended December 31, 2018

**Statement of Director's responsibilities in respect of the financial statements**

The Director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Director to prepare financial statements for each financial period. The Director is responsible for preparing the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The financial reporting standard applicable in the UK and Republic of Ireland" (FRS 102).

Under Company Law the Director must not approve the financial statements unless he is satisfied that the financial statements give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Director is responsible for:

- Selecting suitable accounting policies and then applying them consistently;
- Stating whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- Making judgements and accounting estimates that are reasonable and prudent; and
- Preparing the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Director is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and to ensure that the financial statements comply with the Companies Act 2006.

The Director is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Director has taken all steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. As far as the Director is aware, there is no relevant information of which the Company's auditors are unaware.

In accordance with Section 418, Director's reports shall include a statement, in the case of each director in office at the date the Director's report is approved, that:

- So far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- he has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Independent Auditors**

PricewaterhouseCoopers LLP have been appointed as auditors and will remain in office until their removal by the Director or resignation. PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

On behalf of the Director:



David Smith  
Director  
Capital Dynamics MMDIV UK Ltd  
September 30, 2019

## Independent Auditors' Report to the members of Capital Dynamics MMDIV UK Ltd Report on the audit of the financial statements

### Our opinion

In our opinion, Capital Dynamics MMDIV UK Ltd's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit and cash flows for the 10 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Audited financial statements as of December 31, 2018 (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2018; the Statement of Comprehensive Income, the Statement of Changes in Equity, the statement of Cash Flows for the 10 month period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the Director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company'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 the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Company's trade, customers, suppliers and the wider economy.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

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**Independent Auditors' Report to the members of Capital Dynamics MMDIV UK Ltd  
Report on the audit of the financial statements (continued)**

**Reporting on other information (continued)**

With respect to the Director's Report for the period ended 31 December 2018, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

**Director's Report for the period ended 31 December 2018**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Director's Report for the period ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Director's Report for the period ended 31 December 2018.

**Responsibilities for the financial statements and the audit**

**Responsibilities of the director for the financial statements**

As explained more fully in the Statement of Director's responsibilities in respect of the financial statements set out on page 2, the Director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Director is also responsible for such internal control as he determines 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 Director is responsible for assessing the Company'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 director either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 auditors' report.

**Use of this report**

This report including the opinions has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Other required reporting**

**Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Director's remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

**Independent Auditors' Report to the members of Capital Dynamics MMDIV UK Ltd  
Report on the audit of the financial statements (continued)**

**Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the director was not entitled to: take advantage of the small companies exemption in preparing the Director's Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



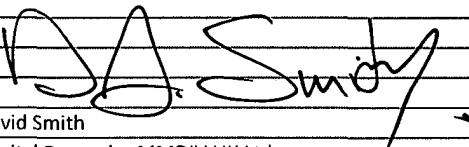
Richard McGuire (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
September 30, 2019

Capital Dynamics MMDIV UK Ltd  
Statement of Comprehensive Income  
For the period ended December 31, 2018

	Note	Mar 14, 2018 to Dec 31, 2018 GBP
Revenue		868,516
		868,516
<b>Administrative expenses</b>		
Professional fees		(13,145)
Other expenses		(139,559)
	3	(152,704)
<b>Net profit from operating activities</b>		715,812
Bank interest		3
<b>Finance result</b>		3
<b>Operating profit</b>		715,815
Total unrealised investment gain for the period	4	5,333,548
<b>Profit before income tax</b>		6,049,363
Income tax	10	-
<b>Total Comprehensive Income for the period</b>		6,049,363
<b>Total Comprehensive Income for the period attributable to Owners</b>		6,049,363
The result for the period arises solely from continuing activities and includes all recognised gains and losses for the period ended December 31, 2018.		
The notes on pages 10 to 20 form an integral part of the financial statements.		



Capital Dynamics MMDIV UK Ltd  
**Statement of Financial Position**  
as at December 31, 2018

	Notes	Dec 31, 2018 GBP
<b>Non-current assets:</b>		
Investments - Financial assets at fair value through Statement of Comprehensive Income (cost: 2018: GBP 24,315,402)	4,6	29,648,950
<b>Current assets</b>		
Cash and cash equivalents		1,075,749
<b>Total current assets</b>		<b>1,075,749</b>
<b>Total assets</b>		<b>30,724,699</b>
<b>Current liabilities</b>		
Trade and other payables - amounts falling due within one year		(14,734)
<b>Total liabilities</b>	5	<b>(14,734)</b>
<b>Net assets</b>		<b>30,709,965</b>
<b>Capital and reserves</b>		
Called up share capital		2,466,069
Share premium		22,194,533
Revaluation reserve		5,333,548
Retained earnings		715,815
<b>Total equity</b>		<b>30,709,965</b>
The financial statements have been prepared in accordance with the provisions applicable to the small companies' regime and in accordance with the provisions of FRS 102 section 1A - Small entities.		
These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.		
The notes on pages 10 to 20 form an integral part of the financial statements.		
The financial statements on pages 6 to 20 were approved and authorised for issue by the Director on September 30, 2019 and were signed on its behalf by		
		
David Smith		
Capital Dynamics MMDIV UK Ltd		
September 30, 2019		

Capital Dynamics MMDIV UK Ltd  
**Statement of Changes in Equity**  
for the period ended December 31, 2018

	Called-up Ordinary share capital GBP	Ordinary share premium GBP	Called-up Class B Share capital GBP	Class B share premium GBP	Revaluation reserve GBP	Retained earnings GBP	Total GBP
Balance as at March 14, 2018	-	-	-	-	-	-	-
Proceeds from shares issued	662,037	5,958,240	1,804,032	16,236,293	-	-	24,660,602
Operating profit for the period	-	-	-	-	-	715,815	715,815
Total unrealised investment gain for the period	-	-	-	-	5,333,548	-	5,333,548
Balance as at December 31, 2018	<u>662,037</u>	<u>5,958,240</u>	<u>1,804,032</u>	<u>16,236,293</u>	<u>5,333,548</u>	<u>715,815</u>	<u>30,709,965</u>
The notes on pages 10 to 20 form an integral part of the financial statements.							

Capital Dynamics MMDIV UK Ltd  
**Statement of Cash Flows**  
For the period ended December 31, 2018

	Note	Mar 14, 2018 to Dec 31, 2018 GBP
<b>Net cash inflow from operating activities</b>	7	730,547
<b>Cash flow from investing activities</b>		
Purchase of investments	(24,315,403)	
Interest received on cash deposits	3	
<b>Net cash used in investing activities</b>		(24,315,400)
<b>Net cash outflow before financing</b>		(23,584,853)
<b>Cash flow from financing activities</b>		
Issue of shares		24,660,602
<b>Net cash generated from financing activities</b>		24,660,602
<b>Increase in cash and cash equivalents</b>		1,075,749
<b>Cash and cash equivalents at the beginning of the period</b>		-
<b>Cash and cash equivalents at the end of the period</b>		1,075,749
The notes on pages 10 to 20 form an integral part of the financial statements.		

Capital Dynamics MMDIV UK Ltd  
**Notes to the financial statements**  
For the period ended December 31, 2018

**1 Company information**

The Company was incorporated on March 14, 2018, as a private company that is limited by shares under the Companies Act 2006. The purpose of the Company is to provide investors with high quality co-investments alongside top tier private equity funds. The prime objective is to generate an attractive rate of return for subscribers.

The address of the registered office is One Snowhill, Snow Hill Queensway, Birmingham, B4 6GB.

**2 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

**(1) Basis of preparation**

The financial statements have been prepared on the going concern basis. The Director has prepared the financial statements in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard ("FRS") 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' Section 1A.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the note 2(12) "Critical accounting judgements and estimation uncertainty".

The Company has chosen to apply paragraph 1A(2) of Schedule 1 to the UK Companies Regulations and adapt the Statement of Comprehensive Income format and terminology to comply with Section 5 of FRS 102. The Company has also chosen to apply paragraph 1A(1) of Schedule 1 to adapt the Statement of Financial Position format and terminology to comply with Section 4 of FRS 102. Furthermore the Company has taken the exemption in paragraph 33.1A of FRS 102 in relation to disclosure of related party transactions.

**(2) Going concern**

On the basis of its assessment of the Company's financial position and resources, the Director believes that the Company is well placed to manage its business risks. Therefore the Director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the Company continues to adopt the going concern basis of accounting in preparing the annual financial statements.

**(3) Revenue**

Interest income due to the Company is accounted for on an accruals basis. Dividend income from investments is recognised on an accruals basis when the right to receive it is established. Income is recorded gross of any withholding tax. Distributions (return of capital) received from investments are accounted for as a reduction of cost to that investment. When capital distributions exceed the cost of the investment, any further distribution is recognised as realised gains. Distributions of realised capital gains are recognised in the Statement of Comprehensive Income.

**(4) Expenses**

Expenses incurred by the Partnership are recognised on an accruals basis.

**(5) Dividends**

As described in section 13 of the Articles of Association, all dividends must be:

- (i) declared and paid according to the amounts paid up on the shares on which the dividend is paid; and
- (ii) apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

If any share is issued on terms providing that it ranks for dividend as from a particular date, that share ranks for dividend accordingly.

For the purpose of calculating dividends, no account is to be taken of any amount which has been paid up on a share in advance of the due date for payment of that amount.

Capital Dynamics MMDIV UK Ltd  
**Notes to the financial statements (continued)**  
For the period ended December 31, 2018

**2 Summary of significant accounting policies (continued)**

**(6) Capitalisation of profits**

As described in section 14 of the Articles of Association, a capitalised sum which was appropriated from profits available for distribution may be applied:

- (a) in or towards paying up any amounts unpaid on any existing nil or partly paid shares held by the persons entitled; or
- (b) in paying up new debentures of the Company which are then allotted credited as fully paid to the persons entitled or as they may direct.

**(7) Taxation**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Statement of Comprehensive Income.

Current or deferred taxation assets and liabilities are not discounted.

**(i) Current tax**

Current tax is the amount of income tax payable in respect of the taxable profit for the period. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

The Director periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. He establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

**(ii) Deferred tax**

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain circumstances. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and are expected to apply to the reversal of the timing difference.

**(8) Foreign currency**

**(i) Functional and presentation currency**

The functional and presentational currency of the Company is the British Pound.

**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each reporting period monetary assets and liabilities denominated in foreign currencies are translated into British Pounds at the rate of exchange ruling at the reporting date. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Exchange gains and losses are recognised in the Statement of Comprehensive Income.

Capital Dynamics MMDIV UK Ltd  
**Notes to the financial statements (continued)**  
For the period ended December 31, 2018

**2 Summary of significant accounting policies (continued)**

**(9) Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, loans and advances to banks repayable on demand, money market deposits and securities, customers' deposits and bank overdrafts. Bank overdrafts, when applicable, are shown within trade payables in current liabilities.

As at December 31, 2018, the carrying amounts of cash and cash equivalents approximate their fair values.

**(10) Financial instruments**

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

**(i) Financial assets**

Basic financial assets, including trade and other receivables, loans and cash and cash equivalents are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated statement of cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Comprehensive Income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Comprehensive Income.

The investments of the Company are all non-public investments. These investments are included initially in the financial statements at fair value and are also subsequently carried at fair value. The changes in fair value are recognised in the Statement of Comprehensive Income, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

The valuation of these investments requires significant judgement by the Director due to the absence of quoted market values, inherent lack of liquidity and the long-term nature of such assets. The fair value is as determined by the Director, and typically on the basis of the price of recent investment or on a benchmarking of public market comparable earnings multiples, but other factors are also considered. The methodologies are considered to be consistent with the International Private Equity and Venture Capital Valuation Guidelines. The Director also considers the valuations provided by the lead private equity funds, however in the case of a significant difference the Director will apply its own valuation of the underlying investment. Gains or losses on investments are recognised in the Statement of Comprehensive Income.

The underlying assets comprise unquoted investments and because of the inherent uncertainty of valuing such investments the values which will be ultimately realised through future transactions may differ significantly from the valuation of such investments.

Investments are held with the intention of resale and the actual realised proceeds will depend on the future trading results and conditions existing at the date of sale. The eventual realisation proceeds will inevitably differ from the current estimated fair value amount and these differences could be significant.

Financial assets are derecognised when (a) the contractual rights to the statement of cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

**2 Summary of significant accounting policies (continued)**

**(10) Financial instruments (continued)**

**(ii) Financial liabilities**

Basic financial liabilities, including trade payables, are classified as debt and are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

The Company does not hold or issue derivative financial instruments.

**(iii) Offsetting**

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability

**(11) Investments in associates**

The Company's associate undertakings are held exclusively with a view to subsequent resale i.e. held as investment portfolio, and so are not consolidated into the Company accounts. Such investments are measured at fair value through the statement of comprehensive income as detailed in note 2(10). Details of the associates are given in note 16.

**(12) Critical accounting judgements and estimation uncertainty**

The preparation of the financial statements requires judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

**(i) Investment valuation**

The process of valuing investments is inevitably based on inherent uncertainties and the resulting values will differ, perhaps materially, from the amounts ultimately realized. Judgement is used in selecting an appropriate valuation technique for financial instruments that are not quoted in an active market.

Capital Dynamics MMDIV UK Ltd  
**Notes to the financial statements (continued)**  
For the period ended December 31, 2018

**3 Administrative expenses**

	Mar 14, 2018 to Dec 31, 2018 GBP
Company accommodation charge	1,543
Fees payable to the Company's auditor - Financial Statements audit	13,145
Foreign exchange loss	137,947
Bank charges and similar fees	69
	152,704

**4 Investments in associates**

	Mar 14, 2018 to Dec 31, 2018 GBP
Cost at beginning of the period	-
Purchase of investments	24,315,402
Cost at end of the period	24,315,402
Unrealised appreciation of investments	5,333,548
Fair value at end of the period	29,648,950
Details of the investments and further commitments are shown in note 6.	

**5 Trade and other payables**

	Dec 31, 2018 GBP
<b>Amounts falling due within one year</b>	
Fees payable for the audit of the financial statements	13,145
Accommodation charges	1,589
	14,734



Capital Dynamics MMDIV UK Ltd  
**Notes to the financial statements (continued)**  
For the period ended December 31, 2018

6 Schedule of investments in associates

		Total committed GBP	Capital invested at Dec 31, 2018 GBP	Net capital invested GBP	Valuation GBP	Unrealised appreciation/ (depreciation) GBP	Commitments for additional investment GBP
<b>Cumulative unquoted investments</b>							
Moira Capital Desarrollo Gamma, SICC, S.A.	Equity	6,656,440	6,656,440	6,656,440	11,584,428	4,927,988	-
Investintile S.p.A	Equity	17,658,962	17,658,962	17,658,962	18,064,522	405,560	-
		24,315,402	24,315,402	24,315,402	29,648,950	5,333,548	-
The Director's valuation of unquoted investments is based on the net asset values of the underlying companies at December 31, 2018 as provided by the private equity managers where available.							

Analysis of non-GBP Sterling Investments in associates

		Total committed EUR	Capital invested at Dec 31, 2018 EUR	Net capital invested EUR	Valuation EUR	Unrealised appreciation EUR	Commitments for additional investment EUR
<b>Cumulative unquoted investments</b>							
Moira Capital Desarrollo Gamma, SICC, S.A.	Equity	7,568,959	7,568,959	7,568,959	12,889,993	5,321,034	-
Investintile S.p.A	Equity	20,100,394	20,100,394	20,100,394	20,100,394	-	-
		27,669,353	27,669,353	27,669,353	32,990,387	5,321,034	-

Capital Dynamics MMDIV UK Ltd  
**Notes to the financial statements (continued)**  
For the period ended December 31, 2018

**7 Note to the statement of cash flows**

	Mar 14, 2018 to Dec 31, 2018 GBP
Total profit for the period	6,049,363
Net changes in fair value of financials assets and liabilities	(5,333,548)
Bank interest	(3)
Operating profit	715,812
Foreign exchange loss on settlement of amounts paid or distributed to investments	1
Change in operating trade payables	14,734
Net cash inflow from operating activities	<u>730,547</u>

**8 Related parties**

Capital Dynamics General Partners Limited, the General Partner of Capital Dynamics Mid-Market Direct IV LP and Capital Dynamics (US) GP IV, LLC acting as General Partner for Capital Dynamics (US) GP IV, LP the General Partner of Capital Dynamics Mid-Market IV (U.S.), LP are related parties to this Company. Allocation and payment is regulated by the terms of the Articles of Association.

In accordance with the exemption allowed in FRS102 "Related Party Disclosures", the Company has not disclosed transactions.

**9 Capital and Reserves**

	Dec 31, 2018 GBP
<b>Issued, called up and fully paid</b>	
66,203,670 ordinary shares of GBP 0.01 each	662,037
180,403,250 B ordinary shares of GBP 0.01 each	1,804,032
	<u>2,466,069</u>
The payment of Dividends is detailed in note 2 (5). As of December 31, 2018 Capital Dynamics Mid-Market Direct IV, LP held 52,770,945 ordinary shares and 142,501,429 B ordinary shares and Capital Dynamics Mid-Market Direct (U.S.), LP held 13,432,725 ordinary shares and 37,901,821 B ordinary shares.	
All ordinary shares rank equally and have equal rights. The holders of the ordinary shares are entitled to attend and vote at general meetings, vote on written resolutions and receive income distributions in relation to the investment in Moira Capital.	
All B ordinary shares rank equally and have equal rights. The holders of the ordinary shares are entitled to attend and vote general meetings, vote on written resolutions and receive income distributions in relation to the investment in Investintile.	

Capital Dynamics MMDIV UK Ltd  
**Notes to the financial statements (continued)**  
For the period ended December 31, 2018

10 Income tax

(i) Tax expense/(income) included in other comprehensive income

	Mar 14, 2018 to Dec 31, 2018 GBP
<b>Current tax:</b>	
UK Corporation tax on profit for the period	-
<b>Total current tax</b>	-
<b>Total tax expense/(income) included in other comprehensive income</b>	-

(ii) reconciliation of tax charge

Tax assessed for the period is lower than the standard rate of corporation tax in the UK for the period ended December 31, 2018 of 19%. The differences are explained below:

	Mar 14, 2018 to Dec 31, 2018 GBP
<b>Profit before tax</b>	6,049,363
Profit multiplied by the standard rate of tax in the UK of 19%	1,149,379
Effects of	
Income not taxable	(1,178,392)
Losses not recognised for deferred tax purposes	29,013
<b>Tax charge for the period</b>	-

A deferred tax asset of £25,959 has not been recognised because it is unlikely that it will be utilised in the foreseeable future.

Capital Dynamics MMDIV UK Ltd  
**Notes to the financial statements (continued)**  
For the period ended December 31, 2018

**11 Financial instruments**

The carrying values of the Company's financial assets and liabilities are summarised by category below:

	Notes	Dec 31, 2018 GBP
<b>Financial Assets</b>		
<i>Measured at fair value through Income Statement</i>		
Investment in equity and debt securities	4,6	29,648,950
		<u>29,648,950</u>
<i>Measured at amortised cost</i>		
Cash and cash equivalents		1,075,749
		<u>1,075,749</u>
<b>Financial Liabilities</b>		
<i>Measured at amortised cost</i>		
Trade and other payables	5	14,734
Net assets attributable to the Shareholders		30,709,965
		<u>30,724,699</u>

**Financial assets that are debt instruments measured at amortised cost**

**(a) Fair values of financial assets that are debt instruments measured at amortised cost**

The carrying amounts of financial assets and liabilities measured at amortised cost are assumed to be the same as their fair values due to their short-term nature.

**(b) Impairment and risk exposure**

There were no impaired receivables. Information about the impairment of trade and other receivables, their credit quality and the Company's exposure to credit risk can be found in note 2 (10) 'Financial Instruments' and note 12 below.

**Financial liabilities measured at amortised cost**

The carrying amounts of trade and other payables are assumed to be the same as their fair values due to their short-term nature.

**12 Financial risk management**

Through its normal operations the Company is exposed to a number of risks, the most significant of which are currency, interest rate, market price, credit and liquidity risks. The Director is responsible for determining the long term strategy of the business, the markets in which it will operate and the level of risk acceptable to the Company.

**(a) Market risk**

Market risk is the potential to experience losses due to change in value of the underlying financial instruments. Market risk encompasses currency risk, interest rate risk, and market price risk.

**(i) Currency risk**

The Company holds assets denominated in currencies other than British Pounds, the measurement currency of the Company. Consequently the Company is exposed to currency risk since the value of the securities denominated in other currencies will fluctuate due to changes in exchange rates. The Company accepts this currency risk and consequently does not maintain any policy to enter into any currency hedging transactions.

Capital Dynamics MMDIV UK Ltd  
**Notes to the financial statements (continued)**  
For the period ended December 31, 2018

**12 Financial risk management (continued)**

**(i) Currency risk (continued)**

At December 31, 2018, if the British Pound had weakened/strengthened by 10% against the Euro with all other variables held constant, net result for the period would have been GBP 3,071,939 higher/lower, mainly as a result of foreign exchange gains/losses on translation of Euro-denominated cash and cash equivalents balances and financial assets at fair value through the Statement of Comprehensive Income.

The analysis is applied to risk exposure in existence at reporting date.

**(ii) Interest rate risk**

Interest income from cash deposits may fluctuate in amount, in particular due to changes in interest rates. Whilst the Company seeks to optimise overall performance from the assets it holds, it does not seek to maximise interest income in view of its policy to focus on investments in companies that neither earn nor pay interest.

**(iii) Market price risk**

The Company's unquoted investments are susceptible to market price risk arising from uncertainties about future values of the investments. The Company's Director advises the Company on the acquisition of private equity investments that have prospects to appreciate in value in the medium and long term. The Director's recommendations are reviewed and approved, if appropriate, by the Investment Committee of the members before the investment decisions are implemented. See note 13 for sensitivity analysis.

The Director monitors the performance of investments held by the Company on an ongoing basis.

**(b) Credit risk**

Credit Risk is the risk that a counterparty will be unable to meet their obligations in full, when due. Members have a legal obligation to fund calls according to the terms of the Articles of Association. The Director considers that the risk of a member failing to discharge this obligation is minimal.

Potential areas of credit risk consist of cash and cash equivalents, including deposits with banks and financial institutions and short-term receivables. The maximum exposure to credit risk at the reporting date of these financial assets is their carrying amount.

The Company limits its exposure in relation to cash balances by only dealing with well established financial institutions of high quality credit standing. When members are allotted shares under the Articles of Association they are legally bound by its terms to provide the necessary funding as and when required in proportion to their holdings to the Company.

**(c) Liquidity risk**

Liquidity Risk is the risk that cash may not be available to pay obligations when due. The Director considers this risk to be minimal as the members are committed to funding calls as per the terms of the Articles of Association.

**13 Fair value of financial instruments**

Fair value is the amount for which an asset or liability could be exchanged between willing parties in an arm's length transaction. Fair values are determined at prices quoted in active markets.

Financial instruments of the Company comprise fair value securities, cash and cash equivalents and trade and other payables. Except for securities which are fair valued, all other financial instruments are valued at their book amounts since, in the opinion of the Director, this approximates fair value as these amounts are realised or settled within a short duration of time.

Capital Dynamics MMDIV UK Ltd  
**Notes to the financial statements (continued)**  
For the period ended December 31, 2018

**13 Fair value of financial instruments (continued)**

The Company classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Company's investments in financial assets are classified as level 3. There were no transfers in or out of the level 3 classification during the period. Opening and closing balances can be seen in notes 4 and 6.

The Moira Capital investment has been valued based on a multiple of EBITDA approach. Investintile has been valued at cost. A sensitivity analysis indicates that a variation of +/- 5% in the multiple applied to the valuation of Moira Capital results in a variation of +/- 4.75% of the unrealised value of this investment.

**14 Subsequent events**

On January 23, 2019 a written resolution was passed to reduce the share premium of the Company relating to Ordinary Shares from GBP 5,958,240 to GBP nil. GBP 854,625.53 was returned to the Ordinary Shareholders pro rata to their holdings and the remaining balance following the capital reduction was credited to reserves. In addition the share premium relating to the B Ordinary shares was reduced from GBP 16,236,293 to GBP nil and credited to reserves.

There were no material 'Subsequent Events' post period end associated with the Company that require disclosure to these financial statements.

**15 Capital Management**

The Company's capital management objectives are to safeguard the Company's ability to continue as a going concern in order to deliver target returns to subscribers and meet the requirements of other stakeholders and to ensure sufficient capital resources to support the Company's business and operational requirements are available. In order to maintain or adjust the capital structure, the Director may call unpaid subscriptions from the subscribers or distribute funds to the subscribers.

The Director monitors capital on the basis of the value of net assets attributable to the subscribers.

**16 Associates and related undertakings**

Name	Address of registered office	Nature of business	Interest <sup>1</sup>
Moira Capital Desarrollo Gamma, SICC, S.A.	Calle de Almagro, 2, 28010 Madrid	Private Equity	37.48% - ordinary shares
Gases, Research, Innovation & Technology SL (GRIT)	C/ Consell de Cent 419, Pral 1 <sup>a</sup> y 2 <sup>a</sup> , 08009, Barcelona	Industrial Gases	24.1% - ordinary shares
Investintile S.p.A.	Corso Buenos Aires 20124 - Milan	Prestige ceramic tiles	31.13% - class B shares
Italcer S.p.A.	Via Emilia Ovest, 53/A 42048 Rubiera - RE	Prestige ceramic tiles	23.6% - class B shares

1. The percentage holding figures for GRIT and Italcer S.p.A represent the Company's indirect equity interest in those entities.