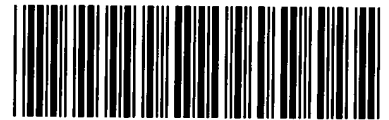


Venn Partners LLP

Registered number: OC347544

Members' report and audited consolidated financial statements
For the year ending 31 December 2018

THURSDAY



A88ØEHZV

A16

20/06/2019

#156

COMPANIES HOUSE

Venn Partners LLP
Registered No: OC347544

Contents

	Page
Administrative information	1
Members' report	2
Independent auditor's report	6
Consolidated statement of comprehensive income	8
Consolidated statement of financial position	9
LLP statement of financial position	10
Consolidated statement of changes in equity	11
LLP statement of changes in equity	12
Consolidated statement of cash flows	13
Notes to the financial statements	14

Venn Partners LLP
Registered No: OC347544

Administrative information

Members

K Chung
D Cuin-Wood
B Dupont
R Green
P House
G McKenzie-Smith
L Venables
P Bowden
O Mette
J Clayton
Siem Kapital AS
Venn Partners Services Limited

Auditor

MHA MacIntyre Hudson
New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

Banker

HSBC Bank Plc
90 Baker Street
London
W1U 6AX

Solicitor

Macfarlanes LLP
20 Cursitor Street
London
EC4A 1LT

Registered Office

4th Floor
Reading Bridge House
George Street
Reading
Berkshire
RG1 8LS

Venn Partners LLP
Registered No: OC347544

Members' report
For the year ended 31 December 2018

The members present their report and the audited consolidated financial statements of Venn Partners LLP (the "LLP") and its subsidiary undertakings, Venn Partners Services Limited, Venn Hypotheken B.V., Venn Finance Services Limited, Venn Co-Invest GP S.à.r.l, Venn Carried Interest GP S.à.r.l, VeCREF I GP LLP and VeCREF I Feeder GP LLP (together "the Group") for the year ended 31 December 2018.

Principal activity and review of the business

The Group is an investment manager and advisor focused on direct lending opportunities in Europe. Current investment activity includes commercial real estate lending, residential mortgage finance and other asset-backed lending. During 2018 the Group has seen growth in existing strategies.

High Yield Commercial Real Estate

The LLP provides commercial real estate investment management services to Venn Commercial Real Estate Fund I LP ("VeCREF I LP") and other managed accounts from time to time (for example Venn Capital II LP which was fully realised in 2017). In April 2018, Venn closed a new managed account programme with a leading UK institutional investor. The programme has initial capital commitments of £98.7m.

Private Rented Sector Guarantee Scheme

In December 2014, following a public procurement tender process, the LLP was mandated as the delivery partner by the UK's Ministry for Housing, Communities and Local Government in respect of its £3.5bn Private Rented Sector Guarantee Scheme with the aim to accelerate growth of investment in the UK private rental sector. Under this mandate, the LLP is responsible for managing the origination, underwriting, and on-going management of the loans and associated bond programme within its subsidiaries that it established for the scheme namely, PRS Operations Limited and PRS Finance Plc. The loans will be or are secured by purpose-built and professionally managed private rented developments, and a pipeline of applications exceeding £10 billion. During 2018, the bond issuance programme continued with a total of £535m in issue as at 31 December 2018. A further £190m has been issued during 2019.

Residential Mortgage Lending

In March 2014, the LLP managed the acquisition of a €500m portfolio, which the LLP continues to manage. In March 2016, the Group launched its own Dutch mortgage brand through its subsidiary Venn Hypotheken B.V, regulated by the Autoriteit Financiële Markten ("AFM") in the Netherlands. The subsidiary was set-up to offer competitively priced mortgages in direct competition with banks. By the end of 2018, Venn Hypotheken B.V. has originated over €800m of Dutch residential mortgages. In July 2018, the LLP arranged the third successful securitisation of €200m of Dutch residential mortgages under the Cartesian securitisation program. During 2018, approximately €4m of performance fees were realised by the LLP.

During 2018, Venn Hypotheken B.V. commenced origination with a whole loan investor. The investor has increased their original commitment during 2019.

In 2019, the LLP decided to invest in a new mortgage business in the UK.

Credit Advisory and VeRA

The LLP continues to licence VeRA to an external commercial real estate manager in Ireland. The Group also uses VeRA to support the management of all the loans it manages, spanning CRE, PRS, and Dutch Mortgages.

Corporate structure

Venn Capital II JV GP S.à.r.l, the general partner of Venn Capital II LP SCS was dissolved during 2018.

The members do not anticipate any significant change in the nature of Group's activities.

Venn Partners LLP
Registered No: OC347544

Members' report (continued)
For the year ended 31 December 2018

Results and allocation to members

In the year ended 31 December 2018 the Group made a profit after tax of £4,158,196 (2017: £1,923,786). Profitability has increased compared to the year ended 31 December 2017 as the investment management platforms mature, recurring management fees accumulate and performance fees earned in relation to the residential mortgage lending strategy.

As at 31 December 2018 members' other interests in the Group, net of non-controlling interests, amounted to £5,140,778 (2017: £2,827,804). Any profits are shared among the members as decided by the Managing Board and governed by the LLP Agreement dated 7 December 2009 and amended from time to time.

Policy for members' drawings, subscriptions and repayment of members' capital

The LLP agreement provides for the Management Board to determine members' priority drawings. Profits available for allocation are determined by the Management Board and allocations are first made to cover priority drawings. This allocation is pro-rated where profits are insufficient. The allocation of any surplus profit is determined by a Compensation Committee. Members' drawings in excess of profit allocations are treated as interest free loans. The LLP agreement requires the Managing Board to ensure that the LLP's capital is at least equal to its regulatory capital requirement. Capital is repayable at the discretion of the Management Board.

Members

The members of the LLP during the year and up to the date of approval of this report were as follows:

K Chung
D Cuin-Wood
B Dupont
R Green
P House
G Mckenzie-Smith*
L Venables*
P Bowden
O Mette
J Clayton
Siem Kapital AS
Venn Partners Services Limited
* denotes designated member

Principal risks and uncertainties

The Group and the LLP's business strategy is subject to a number of uncertainties and risks. The members continually monitor the risks facing the Group together with assessing the controls used for managing these risks and have determined the key risks that impact on the business as summarised below. The risks below are not intended to be an exhaustive analysis of the risks facing the business. Further risks to the Group are disclosed in Note 18.

The principal risk relates to the Group's ability to maintain performance of its direct lending strategies and that it continues to meet the investment objectives of the investors. Failure of these investment platforms could impact the Group's ability to attract new business ultimately leading to lower revenues.

The Group is exposed to the risk that capital raised under investment strategies is unable to be deployed. The Group manages this risk by employing individuals with extensive experience in its different strategies and through use of formal and proactive committees.

Venn Partners LLP
Registered No: OC347544

Members' report (continued)
For the year ended 31 December 2018

Principal risks and uncertainties

The members do not anticipate constrained liquidity during 2019. The Group manages liquidity risk by detailed cashflow forecasting of the Group's income and expenditure which is kept under close review by the members.

Compliance risk can be defined as the threat posed to an organisation's financial, organisational, or reputational standing as a result of violations of laws, regulations, codes of conduct or organisational standards of practice. As the size and geographic location of the Group increases, compliance risk increases. The Group manages compliance risk through internal controls and the LLP retains a third party compliance advisor.

Going concern

The LLP and the Group have sufficient financial resources, together with ongoing contracts for the provision of advisory, arranger and investment management services. As a consequence the members believe that the Group is well placed to manage its business risks successfully and have a reasonable expectation that the LLP and the Group will have adequate resources to continue in operational existence for the foreseeable future to meet their liabilities as they fall due. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

Charitable donations

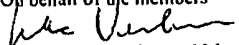
During the year the Group made charitable donations of £1,000 (2017: £2,500).

Statement of disclosure of information to auditor

At the date of approving this report, so far as each member is aware, there is no relevant audit information of which the Group's auditor is unaware. The members have taken all the steps that they ought to have taken as members to make themselves aware of any relevant audit information and to establish that the auditor is also aware of that information.

Auditor

MHA MacIntyre Hudson have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the members' meeting to approve these financial statements.

On behalf of the members

L Venables (Designated Member)
25 April 2019

Venn Partners LLP
Registered No: OC347544

Members' report (continued)
For the year ended 31 December 2018

Statement of Designated members' responsibilities in respect of the financial statements

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

Company law, (as applied by the Limited Liability Partnerships (Audit and Accounts) (Application of Companies Act 2006) regulations 2008), requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under Company Law, (as applied by the Limited Liability Partnership (Accounts and Audit)(Application of Companies Act 2006) Regulations 2008) the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and LLP and of the profit or loss of the Group of that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business; and
- follow applicable accounting standards subject to any material departures disclosed and explained in the financial statements.

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

Under Regulation 6 of the 2008 Regulations, the members are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the LLP and that enable them to ensure that the financial statements comply with those Regulations. The members are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The designated members are responsible for the maintenance and integrity of the corporate and financial information included on the LLP's website. It is important to bear in mind that legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the Members of Venn Partners LLP

Opinion

We have audited the financial statements of Venn Partners LLP (the "LLP") and its subsidiaries (together the "Group") for the year ended 31 December 2018, which comprise the Consolidated statement of comprehensive income, the Consolidated and LLP statements of financial position, the Consolidated and LLP statements of changes in equity, the Consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and LLP's affairs as at 31 December 2018, and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, as applied to limited liability partnerships.

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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or LLP'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.

Other information

The Members are responsible for the other information. The other information comprises the information included in the Members' report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement in the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



Independent auditor's report to the Members of Venn Partners LLP (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Members

As explained more fully in the statement of Designated Members' responsibilities set out on page 5, 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 LLP'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 LLP 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 Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the LLP'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 LLP'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 LLP and the LLP's Members as a body, for our audit work, for this report, or for the opinions we have formed.

David King (Senior statutory auditor)
For and on behalf of MHA MacIntyre Hudson
New Bridge Street House
30 - 34 New Bridge Street
London
EC4V 6BJ

25 April 2018

Venn Partners LLP
Registered No: OC347544

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2018

	Notes	2018 £	2017 £
Turnover			
Investment management and advisory fees		7,528,359	3,718,034
Arrangement and refinancing income		2,631,487	3,307,526
Other income		552,313	33,370
	4	<u>10,712,159</u>	<u>7,058,930</u>
Administrative expenses	5	(4,091,389)	(3,336,379)
Depreciation		(114,446)	(126,031)
Staff costs	7	<u>(1,969,270)</u>	<u>(1,668,725)</u>
		<u>(6,175,105)</u>	<u>(5,131,135)</u>
Operating profit	6	4,537,054	1,927,795
Movement in unrealised (loss)/gain on financial assets held at fair value through profit or loss		51,041	25,593
Profit/(Loss) on sale of fixed asset investments		(232,418)	4,615
Interest receivable and similar income		1,170	10,516
Interest payable and similar charges		<u>(187,749)</u>	<u>(203,497)</u>
Profit on ordinary activities before tax		4,169,098	1,765,022
Tax on profit on ordinary activities	9	<u>(10,182)</u>	<u>158,764</u>
Profit for the financial year		<u>4,158,916</u>	<u>1,923,786</u>
Exchange differences on retranslation of foreign operations		(5,358)	(33,593)
Total comprehensive profit for the financial year		<u>4,153,558</u>	<u>1,890,193</u>
Attributable to:			
- Owners of the LLP		4,153,558	1,890,193
- Non-controlling interest		-	-
		<u>4,153,558</u>	<u>1,890,193</u>

All amounts relate to continuing activities. There were no other items of comprehensive income for 2018 or 2017 other than those included in the Statement of Comprehensive Income above.

The notes on pages 14 - 29 form an integral part of these financial statements.

Venn Partners LLP
Registered No: OC347544

Consolidated Statement of Financial Position
At 31 December 2018

	Notes	2018 £	2017 £
Fixed assets			
Tangible assets	11	71,439	177,563
Investments	12	<u>343,095</u>	<u>423,827</u>
		<u>414,534</u>	<u>601,390</u>
Current assets			
Debtors	13	8,926,202	14,992,277
Cash		7,589,819	9,522,757
Loans	14	<u>257,515</u>	<u>2,479,255</u>
		<u>16,773,536</u>	<u>26,994,289</u>
Creditors: amounts falling due within one year	15	<u>(11,669,695)</u>	<u>(23,971,794)</u>
Net current assets		<u>5,103,841</u>	<u>3,022,495</u>
Net assets attributable to members		<u>5,518,375</u>	<u>3,623,885</u>
Represented by:			
Loans and other debts due to members	16	377,597	796,081
Members' other interests			
Members' capital classified as equity	16	1,282,235	1,282,235
Retained earnings	16	3,939,021	1,626,567
Foreign exchange translation reserve	16	<u>(80,478)</u>	<u>(80,998)</u>
		<u>5,518,375</u>	<u>3,623,885</u>
Memorandum of members' total interests			
Amounts due from members	13	(4,493,877)	(4,946,537)
Amounts due to members	16	377,597	796,081
Members' other interests	16	<u>5,140,778</u>	<u>2,827,804</u>
Total members' interests		<u>1,024,498</u>	<u>(1,322,652)</u>

The financial statements were approved by the members on 27 April 2019 and signed on their behalf by:


L Venables
Designated Member

The notes on pages 14 - 29 form an integral part of these financial statements.

Venn Partners LLP
Registered No: OC347544

LLP Statement of Financial Position
At 31 December 2018

	Notes	2018 £	2017 £
Fixed assets			
Tangible assets	11	69,486	174,248
Investments	12	<u>369,028</u>	<u>458,102</u>
		<u>438,514</u>	<u>632,350</u>
Current assets			
Debtors	13	7,199,110	7,455,763
Cash		<u>1,086,715</u>	<u>1,016,199</u>
		<u>8,285,825</u>	<u>8,471,962</u>
Creditors: amounts falling due within one year	15	<u>(1,498,095)</u>	<u>(3,838,496)</u>
Net current assets		<u>6,787,730</u>	<u>4,633,466</u>
Net assets attributable to members		<u>7,226,244</u>	<u>5,265,816</u>
Represented by:			
Loans and other debts due to members	16	377,597	796,081
Members' other interests			
Members' capital classified as equity	16	2,623,273	2,623,273
Retained earnings	16	<u>4,225,374</u>	<u>1,846,462</u>
		<u>7,226,244</u>	<u>5,265,816</u>
Memorandum of members' total interests			
Amounts due from members	13	(5,274,485)	(5,727,309)
Amounts due to members	16	377,597	796,081
Members' other interests	16	<u>6,848,647</u>	<u>4,469,735</u>
Total members' interests		<u>1,951,759</u>	<u>(461,493)</u>

The financial statements were approved by the members on ²⁵ April 2019 and signed on their behalf by:



L Venables
Designated Member

The notes on pages 14 - 29 form an integral part of these financial statements.

Venn Partners LLP
Registered No: OC347544

Consolidated Statement of Changes In Equity
At 31 December 2018

	Members' capital classified as equity £	Foreign exchange translation reserve £	Retained earnings £	Total Members' other interests £
Balance at 1 January 2017	<u>1,338,101</u>	<u>(47,405)</u>	<u>417,945</u>	<u>1,708,641</u>
Comprehensive income for the year				
Profit/(loss) for the year	-	(33,593)	1,923,786	1,890,193
Total comprehensive income for the year	<u>-</u>	<u>(33,593)</u>	<u>1,923,786</u>	<u>1,890,193</u>
Contributions by and distributions to members				
Capital introduced	24,134	-	-	24,134
Repayment of capital	(80,000)	-	-	(80,000)
Loss allocation	-	-	(715,164)	(715,164)
Total contributions by and distributions to Members	<u>(55,866)</u>	<u>-</u>	<u>(715,164)</u>	<u>(771,030)</u>
Balance at 1 January 2018	<u>1,282,235</u>	<u>(80,998)</u>	<u>1,626,567</u>	<u>2,827,804</u>
Comprehensive income for the year				
Profit/(loss) for the year	-	(5,358)	4,158,916	4,153,558
Elimination of Venn Capital II JV GP S.à.r.l.	-	5,878	-	5,878
Total comprehensive income for the year	<u>-</u>	<u>520</u>	<u>4,158,916</u>	<u>4,159,436</u>
Contributions by and distributions to members				
Profit allocation	-	-	(1,846,462)	(1,846,462)
Total contributions by and distributions to Members	<u>-</u>	<u>-</u>	<u>(1,846,462)</u>	<u>(1,846,462)</u>
Balance at 31 December 2018	<u>1,282,235</u>	<u>(80,478)</u>	<u>3,939,021</u>	<u>5,140,778</u>

The notes on pages 14 - 29 form an integral part of these financial statements.

Venn Partners LLP
Registered No: OC347544

LLP Statement of Changes In Equity
At 31 December 2018

	Members' capital classified as equity £	Retained earnings £	Total Members' other interests £
Balance at 1 January 2017	<u>2,679,139</u>	<u>715,164</u>	<u>3,394,303</u>
Comprehensive income for the year			
Profit for the year	-	1,846,462	1,846,462
Total comprehensive income for the year	<u>-</u>	<u>1,846,462</u>	<u>1,846,462</u>
Contributions by and distributions to members			
Capital introduced	24,134	-	24,134
Repayment of capital	(80,000)	-	(80,000)
Profit allocation	-	(715,164)	(715,164)
Total contributions by and distributions to Members	<u>(55,866)</u>	<u>(715,164)</u>	<u>(771,030)</u>
Balance at 1 January 2018	<u>2,623,273</u>	<u>1,846,462</u>	<u>4,469,735</u>
Comprehensive income for the year			
Profit for the year	-	4,225,374	4,225,374
Total comprehensive income for the year	<u>-</u>	<u>4,225,374</u>	<u>4,225,374</u>
Contributions by and distributions to members			
Profit allocation	-	(1,846,462)	(1,846,462)
Total contributions by and distributions to Members	<u>-</u>	<u>(1,846,462)</u>	<u>(1,846,462)</u>
Balance at 31 December 2018	<u>2,623,273</u>	<u>4,225,374</u>	<u>6,848,647</u>

The notes on pages 14 - 29 form an integral part of these financial statements.

Venn Partners LLP
Registered No: OC347544

Consolidated Statement of Cash Flows
For the year ended 31 December 2018

	2018	2017
	£	£
Profit for the year	4,158,916	1,923,786
Adjustments for:		
Depreciation of property plant and equipment	114,446	126,031
Interest receivable	(1,170)	(10,516)
Interest payable	187,749	203,497
Loss/(Profit) on sale of fixed asset investments	232,418	(4,615)
Taxation charge	10,182	158,764
Movement in unrealised loss/(gain) on financial assets held at fair value through profit or loss	(51,041)	(25,593)
(Increase)/Decrease in trade and other receivables	(136,772)	136,042
(Decrease)/Increase in trade and other payables	(3,992,934)	1,804,059
Net cash generated from operating activities	<u>521,794</u>	<u>4,311,455</u>
Cash flows from investing activities		
Purchases of property, plant and equipment	(8,322)	(6,928)
Purchase of investments	(439,681)	-
Proceeds from disposal of investments	339,036	447,841
Origination of loans	(274,217,250)	(352,065,068)
Disposal of loans	276,438,990	352,567,293
Net cash generated from investing activities	<u>2,112,773</u>	<u>943,138</u>
Cash flows from financing activities		
Interest received	1,170	10,516
Interest paid	(187,749)	(203,497)
Proceeds of loans from related parties	-	4,180,481
Repayment of loans to related parties	(2,925,775)	(19,763,438)
Injection of members' capital	-	24,134
Repayment of members' capital	-	(80,000)
Drawings	(1,148,549)	(1,361,011)
Other transactions with related parties	(301,244)	15,800,205
Foreign exchange difference on subsidiaries' net assets	(5,358)	(33,593)
Net cash used in from financing activities	<u>(4,567,505)</u>	<u>(1,426,203)</u>
Net (decrease)/increase in cash and cash equivalents	(1,932,938)	3,828,390
Cash and cash equivalents at 1 January 2018	9,522,757	5,694,367
Cash and cash equivalents at 31 December 2018	<u>7,589,819</u>	<u>9,522,757</u>
Components of cash and cash equivalents		
Cash at bank and in hand	<u>7,589,819</u>	<u>9,522,757</u>

The notes on pages 14 - 29 form an integral part of these financial statements.

Venn Partners LLP
Registered No: OC347544

Notes to the financial statements
For the year ended 31 December 2018

1. Limited Liability Partnership Information

Venn Partners LLP is a limited liability partnership registered in England and Wales. The address of the registered office is 4th Floor, Reading Bridge House, George Street, Reading, Berkshire RG1 8LS and the place of business is 13 George Street, London, W1U 3QJ.

2. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006 and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships".

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management exercise judgement in applying the Group's accounting policies (see note 3).

The following principal accounting policies have been applied:

Basis of consolidation

The group financial statements consolidate those of the LLP and its subsidiaries Venn Partners Services Limited, Venn Finance Services Limited, Venn Hypotheken B.V., Venn Co-Invest GP S.à.r.l., Venn Carried Interest GP S.à.r.l., VcCREF I GP LLP and VcCREF J Feeder GP LLP.

The entire issued share capital of PRS Operations Limited is held by the LLP but due to the terms of the licence with the UK's Ministry for Housing, Communities and Local Government, the LLP does not control the financial and operating policies of PRS Operations Limited so as to obtain benefits from its activities and hence PRS Operations Limited is not consolidated in the group financial statements.

Profits and losses on intra-group transactions have been eliminated on consolidation.

On acquisition of a subsidiary, all the subsidiary's assets and liabilities which exist at the date of acquisition are recorded at their fair values. Goodwill arising on consolidation, representing the excess of the fair value of the consideration given over the fair values of the identifiable net assets acquired, is capitalised and is amortised on a straight line basis over its estimated useful life.

No statement of comprehensive income is presented for the LLP as permitted by Section 408 of the Companies Act 2006. The Group profit for the year included a profit of £4,225,374 (2017: profit of £1,846,462), which is dealt with in the financial statements of the LLP.

Revenue recognition

Revenue, which is stated net of any value added tax and rebates, represents fees arising from the provision of investment advisory services.

Venn Partners LLP
Registered No: OC347544

Notes to the financial statements
For the year ended 31 December 2018

2. Accounting policies (continued)
Revenue recognition (continued)

Revenue is recognised on an accruals basis and when the services have been performed and the following conditions are satisfied:

- the amount of revenue can be measured reliably; and
- it is probable that the LLP will receive that revenue.

Expenses

Expenses incurred are recognised on an accruals basis.

Operating leases

Operating leases are those leases where the Group has use of an asset but where the significant risks and rewards of ownership remain with the lessor and the lease term is not expected to be a significant portion of the useful life of the asset.

Rentals payable under operating leases are charged to the income statement on a straight line basis over the term of the lease.

Any incentives to enter into an operating lease are credited to the income statement as a reduction of the rental expense on a straight line basis over the term of the lease.

Foreign currency translation

Functional and presentation currency

The Group and the LLP's functional currency is Pounds Sterling ("GBP").

Transactions and balances

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

At each period end foreign currency monetary items are translated using the closing rate. 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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement except when deferred they are recognised in the statement of other comprehensive income as qualifying cash flow hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within administrative expenses.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated from their functional currency to GBP using the closing exchange rate. Income and expenses are translated using the average rate for the period. Exchange differences arising on the translation of Group companies are recognised in other comprehensive income and are not reclassified to profit or loss.

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Venn Partners LLP
Registered No: OC347544

Notes to the financial statements
For the year ended 31 December 2018

2. Accounting policies (continued)

Tangible fixed assets (continued)

The cost of replacing part of an item is added to the carrying value when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group or LLP. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit and loss during the period in which they are incurred.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	- 4 years straight line
Office equipment	- 3 years straight line
Furniture and fixtures	- 3 years straight line
Leasehold improvements	- Amortised over the term of the lease

Taxation

In the United Kingdom an LLP is a tax transparent vehicle and each member is exclusively liable for any tax liabilities arising out of their interest in the LLP. Tax is assessed on the individual members and not on the LLP. Therefore no provision is required in this respect in relation to the Limited Liability Partnerships in the Group.

A provision is made for corporation tax at the current rates on the excess of taxable income over allowable expenses for all other Group entities except where a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at the date that will result in an obligation to pay more, or less tax in the future. Deferred tax assets are recognised only to the extent the members consider that it is more likely than not that there will be suitable taxable profits from which reversal of the underlying timing difference can be deducted.

Pension costs

Contributions to the Group's defined contribution pension schemes are charged to profit or loss in the year in which they become payable. The assets of the schemes are administered by separate independent pension providers.

Financial Instruments

Financial assets

The Group's and LLP's financial assets comprise basic financial instruments, being trade and other receivables, bank balances, investments and loans.

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of no more than 24 hours.

Trade and other receivables are measured initially at transaction price and thereafter at the amount of cash or other consideration expected to be received less any impairment. Any impairment loss is recognised in the statement of comprehensive income.

Venn Partners LLP
Registered No: OC347544

Notes to the financial statements
For the year ended 31 December 2018

2. Accounting policies (continued)
Financial instruments (continued)

The loans are non-derivative financial assets with fixed or determinable repayments and are not quoted in an active market. They are recognised as a basic financial instrument. The loans are measured on initial recognition at transaction price, and are subsequently measured at amortised cost using the effective interest rate method.

The LLP's investment in Venn Co-Invest LP SCS (the "Fund") is recorded at fair value through profit or loss, as Venn Co-Invest LP SCS has invested in VeCREF I LP. The Fund is not actively traded but a net asset valuation is produced on an annual basis. The fair value of the investment in Venn Co-Invest LP SCS is obtained from measuring at the date of the statement of financial position the Fund's capital contributions to VeCREF I LP in addition to allocations of operating profit from them.

Where possible the Group measures the fair value of its investments at the quoted price for an identical asset in an active market (level 1 in the fair value hierarchy). When quoted prices in an active market are unavailable, the price in an inactive market is used if available and appropriate (level 2). Otherwise fair value is measured using a valuation technique to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations (level 3).

All investments held by the Group that are measured at fair value are considered to be level 3 investments. Other investments are measured at cost less impairment.

Impairment losses are measured as the difference between an asset's carrying amount and best estimate, which is an approximation, of the amount that the Group or LLP would receive for the asset if it were to be sold at the reporting date.

Financial assets are derecognised when contractual rights to the cash flows from the financial asset expire or are settled, or when substantially all the risks and rewards of ownership have been transferred.

Financial liabilities

The Group's and LLP's financial liabilities comprise basic financial liabilities, being trade and other payables. These are measured initially at transaction price and thereafter at the amount of cash or other consideration expected to be paid.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

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

Offsetting

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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 simultaneously.

Venn Partners LLP
Registered No: OC347544

Notes to the financial statements
For the year ended 31 December 2018

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the date of the statement of financial position and the amounts reported for revenues and expenses during the year. The members have not been required to apply any critical judgements in applying the accounting policies.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of the assets and liabilities within the next financial year are addressed below.

(a) Measurement of investments

As all of the Group's and LLP's investment, apart from the LLP's investment in Venn Co-Invest LP SCS, which is held at fair value through profit or loss, are held as cost less impairment. The Group and LLP review the investments and make an assessment of whether there are any indications of impairment.

If any indications of impairment are present the Group and LLP make an estimate of the recoverable value of investments. When assessing impairment of the carrying value of investments, management considers factors including the underlying activity and business and any profit and/or cash flow. Note 12 contains details of the net carrying amount of the investments.

(b) Useful economic lives of non-financial assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. Note 11 contains details of the carrying amount of the non-financial assets, and note 2 has the details of the estimate useful economic lives for each class of asset.

(c) Impairment of debtors

The Group and LLP make an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. Note 13 contains details of the net carrying amount of the debtors.

4. Turnover

Turnover, which is stated net of value added tax represents fees earned under agreements with clients based in the United Kingdom £3,301,717 (2017: £2,669,802), Rest of Europe £6,043,632 (2017: £4,120,365) and Rest of the World £1,366,810 (2017: £268,763).

5. Administrative expenses

Administrative expenses include rent, professional fees, employee costs and foreign exchange losses.

Venn Partners LLP
Registered No: OC347544

Notes to the financial statements
For the year ended 31 December 2018

6. Operating profit

Operating profit is stated after charging/(crediting):

	2018	2017
	£	£
Depreciation	114,446	126,031
Operating lease rentals	168,109	157,365
Auditor's remuneration – audit services	19,100	19,100
Foreign exchange losses/(gains)	<u>38,486</u>	<u>(43,551)</u>

7. Staff costs

	2018	2017
	£	£
Wages and salaries	1,662,080	1,424,937
Social security costs	233,649	207,935
Pension cost (see note 8)	<u>73,541</u>	<u>35,853</u>
	<u>1,969,270</u>	<u>1,668,725</u>

The average monthly number of employees during the year ended 31 December 2018 was as follows:

	2018	2017
	Nos	Nos
Operations, finance & marketing	5	6
Commercial real estate & private rented sector	4	3
Residential mortgage lending	2	2
Technology	1	1
Venn Hypotheken B.V. (figure includes two full time consultants)	<u>6</u>	<u>7</u>
	<u>18</u>	<u>19</u>

8. Pensions

The Group operates two defined contribution pension schemes for the benefit of the employees which commenced during 2017. The assets of the schemes are administered by separate independent pension providers. Pension payments recognised as an expense during the year amount to £73,541 (2017: £35,854). There were no contributions payable at 31 December 2018.

9. Taxation

Group	2018	2017
	£	£
(a) Analysis of charge in the year		
UK Corporation tax	341	2,557
Overseas taxation	<u>942</u>	<u>1,407</u>
	<u>1,283</u>	<u>3,964</u>
Deferred tax		
Overseas deferred tax for the year	<u>8,899</u>	<u>(162,728)</u>
	<u>8,899</u>	<u>(162,728)</u>
Total tax	<u>10,182</u>	<u>(158,764)</u>

Venn Partners LLP
Registered No: OC347544

Notes to the financial statements
For the year ended 31 December 2018

9. Taxation (continued)

(b) Factors affecting the tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax of 19% (2017: 19%). The differences are explained below:

Profit/loss on ordinary activities before taxation	<u>4,169,098</u>	<u>1,765,022</u>
Profit on ordinary activities multiplied by the standard rate of tax at 19% (2017: 19%)	792,129	335,354
Overseas taxation	942	1,407
Profit not subject to corporation tax	(802,821)	(350,828)
Disallowable expenses	11,033	18,031
(Utilised)/utilised taxable losses	<u>8,899</u>	<u>(162,728)</u>
Tax charge for the year	<u>10,182</u>	<u>(158,764)</u>

A deferred tax asset has been recognised in relation to taxable losses amounting to £156,325 (2017: £164,810). This has been included in social security and other taxes per Note 13.

10. Members' remuneration

A member's discretionary share in the profit or loss for the year is accounted for as an allocation of profits or losses. Any unallocated profits or losses are carried forward for distribution to the members in a following accounting year.

Amounts due to members in respect of equity participation rights, following a discretionary division of profits, are debited to equity and credited to members' current accounts in the year when the allocation occurs. Unallocated profits and losses are included within 'other reserves' and are included in equity. Any drawings paid in respect of those unallocated profits are included within debtors.

	2018	2017
	£	£
Group		
Profit/(loss) for the financial year before members' remuneration and profit share	<u>4,158,916</u>	<u>1,923,786</u>
LLP		
Profit for the financial year available for discretionary division among members	<u>4,225,374</u>	<u>1,846,462</u>
The profit that is attributable to the member with the highest entitlement to profit is	<u>625,307</u>	<u>290,584</u>

The average number of members during the year was 12 (2017: 12).

Venn Partners LLP
Registered No: OC347544

Notes to the financial statements
For the year ended 31 December 2018

11. Tangible fixed assets

Group	Furniture & fittings	Computer equipment	Office equipment	Leasehold improvements	Software	Total
	£	£	£	£	£	£
Cost:						
At 1 January	55,920	81,421	768	545,902	7,247	691,258
Additions	-	8,322	-	-	-	8,322
At 31 December 2018	55,920	89,743	768	545,902	7,247	699,580
Accumulated depreciation:						
At 1 January	53,889	65,664	768	389,126	4,248	513,695
Charge for the year	868	7,246	-	104,520	1,812	114,446
At 31 December 2018	54,757	72,910	768	493,646	6,060	628,141
Net book value:						
At 31 December 2018	1,163	16,833	-	52,256	1,187	71,439
At 31 December 2017	2,031	15,757	-	156,776	2,999	177,563
LLP	Furniture & fittings	Computer equipment	Office equipment	Leasehold improvements	Software	Total
	£	£	£	£	£	£
Cost:						
At 1 January	48,748	78,604	768	545,902	7,247	681,269
Additions	-	8,322	-	-	-	8,322
At 31 December 2018	48,748	86,926	768	545,902	7,247	689,591
Accumulated depreciation:						
At 1 January	48,541	64,338	768	389,126	4,248	507,021
Charge for the year	207	6,544	-	104,520	1,812	113,083
At 31 December 2018	48,748	70,882	768	493,646	6,060	620,104
Net book value:						
At 31 December 2018	-	16,044	-	52,256	1,187	69,487
At 31 December 2017	207	14,266	-	156,776	2,999	174,248

Venn Partners LLP
Registered No: OC347544

Notes to the financial statements
For the year ended 31 December 2018

12. Fixed asset investments

Group	Unlisted investments £
At 1 January	423,827
Additions	439,681
Disposals	(571,454)
Unrealised gains in fair value through profit or loss	51,041
At 31 December 2018	<u>343,095</u>

	Equity investments in offshore funds £	Venn Co- Invest LP SCS (VeCREF I LP) £	VSK Holdings Limited £	Other subsidiaries and investments £	Total £
At 1 January	2,313	34,782	374,229	12,503	423,827
Additions	-	438,344	1,337	-	439,681
Disposals	(2,313)	(194,912)	(374,229)	-	(571,454)
Unrealised gains in fair value through profit or loss	-	51,041	-	-	51,041
At 31 December 2018	<u>-</u>	<u>329,255</u>	<u>1,337</u>	<u>12,503</u>	<u>343,095</u>

LLP	Unlisted investments £
At 1 January	458,102
Additions	439,681
Disposals	(579,796)
Unrealised gains in fair value through profit or loss	51,041
At 31 December 2018	<u>369,028</u>

Unlisted investments consist of the following:

	Venn Partners Services Limited £	Venn Co- Invest LP SCS (VeCREF I LP) £	VSK Holdings Limited £	Other investments and subsidiaries £	Total £
At 1 January	4,580	34,782	374,229	44,511	458,102
Additions	-	438,344	1,337	-	439,681
Disposals	-	(194,912)	(374,229)	(10,655)	(579,796)
Unrealised gains in fair value through profit or loss	-	51,041	-	-	51,041
At 31 December 2018	<u>4,580</u>	<u>329,255</u>	<u>1,337</u>	<u>33,856</u>	<u>369,028</u>

Venn Partners LLP
Registered No: OC347544

**Notes to the financial statements
For the year ended 31 December 2018**

12. Fixed asset investments (continued)

Entity	Holding	%	Country of incorporation	Nature of business
Subsidiaries - Directly held:				
Venn Partners Services Limited	Equity	100	UK	Corporate member to the LLP
Venn Finance Services Limited	Equity	100	UK	Managing member to UK GP LLPs
Venn Co-Invest GP S.à.r.l	Equity	100	Luxembourg	GP to Luxembourg LP
Venn Carried Interest GP S.à.r.l	Equity	100	Luxembourg	GP to Luxembourg LP
VECREFI GP LLP	Equity	100	UK	GP to UK LP
VECREFI Feeder GP LLP	Equity	100	UK	GP to UK LP
Subsidiaries - Indirectly held:				
Venn Hypotheken B.V.	Equity	98	Netherlands	Mortgage originator
Other investments:				
VSK Holdings Limited	Equity	Less than 1	Cayman Islands	Holding entity
Venn Co-Invest LP SCS	Equity	13	Luxembourg	Co-investment entity
Investments not controlled by the LLP:				
PRS Operations Limited	Equity	100	UK	Private rented sector scheme operator
PRS Finance Plc	Equity	100	UK	Private rented sector debt issuer

Venn Partners LLP
Registered No: OC347544

Notes to the financial statements
For the year ended 31 December 2018

13. Debtors: amounts falling due within one year

	2018	2018	2017	2017
	Group	LLP	Group	LLP
	£	£	£	£
Trade debtors	207,907	100,850	84,064	-
Amounts due from members	4,493,877	5,274,485	4,946,537	5,727,309
Amounts due from related parties	9,989	1,258,856	4,815	1,171,044
Other debtors	3,459,645	159,355	9,139,042	156,124
Prepayments and accrued income	586,103	405,564	638,700	401,286
Social security and other taxes	168,681	-	179,119	-
	<u>8,926,202</u>	<u>7,199,110</u>	<u>14,992,277</u>	<u>7,455,763</u>

14. Loans

The loans are secured by first charges over residential properties in the Netherlands.

	2018	2018	2017	2017
	Group	LLP	Group	LLP
	£	£	£	£
1 January	2,479,255	-	11,902,953	-
Acquisition of Loans	274,217,250	-	343,143,595	-
Disposal of Loans	(276,438,990)	-	(352,567,293)	-
31 December	<u>257,515</u>	<u>-</u>	<u>2,479,255</u>	<u>-</u>

Venn Hypotheken B.V. participates in a mortgage loan warehouse programme to which it issues Dutch mortgage receivables and may from time to time sell the receivables to Ember VRM S.à.r.l, a Luxembourg public limited liability company. At 31 December 2018 Venn Hypotheken B.V. has in issue £257,515 (2017: £2,479,255) of Dutch mortgage receivables which had not been sold to Ember VRM S.à.r.l.

Venn Hypotheken B.V. also participates in a mortgage loan programme to which it issues Dutch mortgage receivables to a whole loan investor who shall accept the sale of allocated mortgage receivables offered by Venn Hypotheken B.V.

15. Creditors: amounts falling due within one year

	2018	2018	2017	2017
	Group	LLP	Group	LLP
	£	£	£	£
Trade creditors	348,653	113,942	375,523	89,537
Other creditors	9,858,104	26,937	19,700,282	58,713
Loans due to related parties	-	-	3,113,524	3,113,524
Social security and other taxes	130,599	38,207	147,404	34,583
Amounts due to related parties	747,273	733,945	263,517	176,143
Accruals and deferred income	585,066	585,064	371,544	365,996
	<u>11,669,695</u>	<u>1,498,095</u>	<u>23,971,794</u>	<u>3,838,496</u>

Venn Partners LLP
Registered No: OC347544

Notes to the financial statements
For the year ended 31 December 2018

16. Reconciliation of movements in members' interests

Group

	Members' capital	Foreign exchange translation reserve	Profit and loss reserves	Total members' other interests	Loans and other debts due to / (from) members	Members' total interests 2018	Members' total interests 2017
	£	£	£	£	£	£	£
At 1 January	1,282,235	(80,998)	1,626,567	2,827,804	(4,150,456)	(1,322,652)	(1,294,593)
Profit for the year for discretionary division among members	-	(5,358)	4,158,916	4,153,558	-	4,153,558	1,890,193
Members' interest after profit for the year	1,282,235	(86,356)	5,785,483	6,981,362	(4,150,456)	2,830,906	595,600
Elimination of Venn Capital II JV GP S.à.r.l.	-	5,878	-	5,878	-	5,878	-
Capital introduced by members	-	-	-	-	-	-	24,134
Capital repaid to members	-	-	-	-	-	-	(80,000)
Profits allocated	-	-	(1,846,462)	(1,846,462)	1,846,462	-	-
Other transactions with members	-	-	-	-	(663,737)	(663,737)	(501,375)
Drawings	-	-	-	-	(1,148,549)	(1,148,549)	(1,361,011)
At 31 December	1,282,235	(80,478)	3,939,021	5,140,778	(4,116,280)	1,024,498	(1,322,652)
Amounts due from members					(4,493,877)		
Amounts due to members					<u>377,597</u>		
At 31 December 2018					<u>(4,116,280)</u>		

Venn Partners LLP
Registered No: OC347544

Notes to the financial statements
For the year ended 31 December 2018

16. Reconciliation of movements in members' interests (continued)

LLP

	Members' capital	Profit and loss reserves	Total members' other interests	Loans and other debts due to / (from) members	Members' total interests 2018	Members' total interests 2017
	£	£	£	£	£	£
At 1 January	2,623,273	1,846,462	4,469,735	(4,931,228)	(461,493)	(390,078)
Profit for the year for discretionary division among members	-	4,225,374	4,225,374	-	4,225,374	1,846,462
Members' interest after profit for the year	2,623,273	6,071,836	8,695,109	(4,931,228)	3,763,881	1,456,384
Capital introduced by members	-	-	-	-	-	24,134
Capital repaid to members	-	-	-	-	-	(80,000)
Profit allocations	-	(1,846,462)	(1,846,462)	1,846,462	-	-
Other transactions with members	-	-	-	(663,573)	(663,573)	(501,000)
Drawings	-	-	-	(1,148,549)	(1,148,549)	(1,361,011)
At 31 December	2,623,273	4,225,374	6,848,647	(4,896,888)	1,951,759	(461,493)
Amounts due from members				(5,274,485)		
Amounts due to members				377,597		
At 31 December 2018				(4,896,888)		

In the event of winding up, the creditors of the LLP will be paid before Members' distribution or the repayment of Members' capital.

Venn Partners LLP
Registered No: OC347544

Notes to the financial statements
For the year ended 31 December 2018

17. Operating Lease commitments

As at 31 December 2018 the Group and LLP had future annual minimal lease payments under non-cancellable operating leases as follows:

	2018	2017
	£	£
Land and buildings:		
No later than one year	195,415	195,066
Later than one year and not later than 5 years	820,810	60,268
	<u>1,016,225</u>	<u>255,334</u>

18. Financial instruments and associated risks

	2018	2017
	£	£
Financial assets		
Financial assets measured at fair value through profit or loss	329,255	37,095
Financial assets that are debt instruments measured at amortised cost	8,765,413	14,824,086
Financial assets that are equity instruments measured at cost less impairment	13,840	386,732
Cash	7,589,819	9,522,757
	<u>16,698,327</u>	<u>24,770,670</u>
Financial liabilities		
Financial liabilities measured at amortised cost	11,669,695	23,937,211
	<u>11,669,695</u>	<u>23,937,211</u>

The Group's activities expose it to credit, liquidity, market risk and foreign exchange transactional currency exposure.

a) Credit risk

The Group's and LLP's exposure to credit risk arises from its cash balances, receivables and investments held at cost and loans. Cash balances are held at highly-rated banking institutions based in the UK and the Netherlands. The members closely monitor the recoverability of loans, other debtors and investments held at cost and make provision for impairment as appropriate. Venn Hypotheken B.V. participates in a mortgage loan warehouse programme to which it issues Dutch mortgage receivables and may from time to time sell the receivables to Ember VRM S.à.r.l, a Luxembourg public limited liability company. At 31 December 2018 Venn Hypotheken B.V. had in issue £257,515 (2017: £2,479,255) of Dutch mortgage receivables which had not been sold to Ember VRM S.à.r.l. The average holding period of Dutch mortgage receivables prior to being sold to Ember VRM S.à.r.l. is 15 days reducing the Group's exposure to credit risk. The maximum exposure to credit risk is the amount at which the relevant amounts are included on the Statement of Financial Position.

b) Liquidity risk

The Group's and LLP's exposure to liquidity risk arises from its obligations to creditors. At the date of the statement of financial position all trade creditors were payable on demand and the Group and LLP held sufficient liquid resources to settle financial liabilities as they fall due.

Venn Partners LLP
Registered No: OC347544

Notes to the financial statements
For the year ended 31 December 2018

18. Financial instruments and associated risks (continued)

c) Market risk

The Group and LLP have direct exposure to price risk as a result of its investment in Venn Co-Invest LP SCS, which has invested in VeCREF I LP, which in turn invest in commercial real estate debt. Therefore the value of the Venn Co-Invest LP SCS is linked to the value of the loans and the underlying property secured against the loans. Any unrealised gains or losses are recognised in the statement of comprehensive income.

The risk that the value of the investment will fall as a result of changes in market prices is managed by the General Partner of the LP by monitoring the value of the investment holdings.

If the fair value of the Group's and LLP's investment had decreased or increased by 5% as at 31 December 2018, with all other variables held constant, this would have resulted in a decrease or increase in equity of £97,708.

d) Interest rate risk

The Group and LLP have no direct exposure to interest rate risk as the LLP repaid its interest bearing liabilities with Venn Capital S.à.r.l. during the year.

e) Foreign exchange risk

The Group is exposed to currency exchange rate risk due to a proportion of its receivables and creditors being denominated in Euro in Venn Hypotheken B.V. The net Euro exposure is monitored and managed by matching the assets and liabilities of Venn Hypotheken B.V. The Group does not have significant exposure to foreign exchange risk as it does not hold significant net financial assets or liabilities in Venn Hypotheken B.V.

19. Related party transactions

Related party balances of the LLP are disclosed below:

	2018	2017
	£	£
Venn Co-Invest GP S.à.r.l	77,092	51,457
Venn Co-Invest LP SCS	5,254	-
Venn Capital II JV GP S.à.r.l	5,174	528
Venn Carried Interest GP S.à.r.l	74,697	52,579
Venn Carried Interest LP SCS	(558,337)	25,404
Venn Hypotheken B.V.	1,091,824	1,036,261
PRS Operations Limited	(133,236)	(116,727)
PRS Finance Plc	4,815	4,815
VeCREF I GP LLP	(42,372)	(59,416)
	<u>524,911</u>	<u>994,901</u>

Venn Partners Services Limited is a related party of the LLP as it is a member and subsidiary of the LLP. Venn Partners Services Limited, at 31 December 2018, owed the LLP £780,608 (2017: £780,772) which is included in amounts due from members in note 13.

At 31 December 2018, the LLP had an outstanding loan including accrued interest to Venn Capital S.à.r.l of £nil (2017: £3,113,524). Venn Capital S.à.r.l is a related party because it is part of the same group as Siem Kapital AS, a member of the LLP.

Venn Partners LLP
Registered No: OC347544

Notes to the financial statements
For the year ended 31 December 2018

19. Related party transactions (continued)

During the year, arrangement fees of £659,876 (2017: £838,290) and management fees of £778,835 (2017: £336,382) were collected from PRS Operations Limited by the LLP for the provision of loan arrangement, management and administration services provided to PRS Operations Limited. PRS Operations Limited is a related party because it is wholly owned by the Group. At 31 December 2018, £133,236 (2017: £116,727) was payable by the LLP to PRS Operations Limited which is predominantly in relation to application fees.

The LLP's key management personnel are its members. Their remuneration is disclosed in note 10. Other related party transactions of the LLP are not significant.

Related party balances of the Group are disclosed below:

	2018	2017
	£	£
Venn Co-Invest LP SCS	(9,031)	(47,287)
Venn Carried Interest LP SCS	(562,634)	(1)
PRS Operations Limited	(133,236)	(116,727)
PRS Finance Plc	4,815	4,815
Venn Capital II LP SCS	-	(40,086)
Venn Capital II JV GP S.à.r.l	5,174	-
Venn Commercial Real Estate Fund I LP	<u>(42,372)</u>	<u>(59,416)</u>
	<u>(737,284)</u>	<u>(258,702)</u>

Other related party transactions of the Group are not significant.

20. Ultimate controlling party

The LLP does not have a parent undertaking. The ultimate controlling party of the LLP is the Managing Board.

21. Contingent Liability

In March 2018, the LLP was served with a claim (which was subsequently amended in November 2018). The claim is made in tort and alleges that the LLP procured an alleged breach of contract by VeCREF I S.à.r.l, the claimant alleging that there was an unwritten agreement to vary the terms of a loan. The amended claim alleges, in the alternative, that the LLP is estopped from denying the alleged variation. The LLP denies the claims in their entirety and has engaged a leading external litigation practice along with leading Counsel. Defences have been filed (to the original claim and amended claim) and the LLP successfully applied for interim security for costs in October 2018 with liberty to apply for further security. The members of the LLP are satisfied that no provision is required.

22 Subsequent events

There are no disclosable events subsequent to the date of the Statement of Financial Position.