

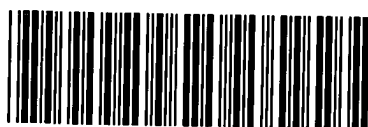
The Venture Catalysts Limited

Registered No: 1366890

Annual Report and Financial Statements for the year ended 31 December 2019



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The Venture Catalysts Limited

Registered No: 1366890

Annual Report and Financial Statements for the year ended 31 December 2019

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The Venture Catalysts Limited

Strategic Report

Principal activities

The principal activity of The Venture Catalysts Limited (the 'Company') is to act as a corporate partner in the MPE Discretionary Management Partnership. The partnership interest entitles the Company to a share of the income earned from the completed transaction.

The Company is limited by shares.

Review of the Company's business

No new investment commitments were made during the year.

Support services for the Company were provided by HSBC Bank plc. These services included the maintaining of accurate accounting and other records such as cash management and the collection and settlement of receivables and payables as they became due.

The Company has no employees, and all the related services are provided by the parent company, HSBC Bank plc.

Section 172 statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires a director to have regard, amongst other matters, to: the likely consequences of any decision in the long term; the interests of the company's employees; the need to foster the company's business relationships with suppliers, customers and others; the impact of the company's operations on the community and the environment; the desirability of the company maintaining a reputation for high standards of business conduct; and the need to act fairly as between members of the company.

As a Group, HSBC considers its stakeholders to be the people who work for us, bank with us, own us, regulate us and live in the societies we serve. The Board recognises that building strong relationships with our stakeholders will help us to deliver our strategy in line with our long-term values, and operate the business in a sustainable way.

As a non-trading, corporate partner company, the principal stakeholder of the Company is the Company's parent entity. No decisions were taken by the Board during the year other than those of a routine nature

Performance

The Company's results for the year under review are as detailed in the income statement shown on page 8 of these financial statements.

Key performance indicators

As the Company is managed as part of the global bank, there are no key performance indicators that are specific to the Company. The key performance indicators are included in the annual report of HSBC Holdings plc. Ongoing review of the performance of the Company is carried out by comparing actual performances against annually set budgets.

The Venture Catalysts Limited

Strategic Report

Principal risks and uncertainties

The financial risk management objectives and policies of the Company, together with an analysis of the exposure to such risks are set out in Note 11 of the Financial Statements.

Following the referendum on 23 June 2016, the UK took the decision to leave the European Union ('EU') with the process of leaving the EU commencing on 29 March 2017. The UK left the EU on 31 January 2020 and entered into a transition period until 31 December 2020, during which negotiations will take place on the future relationship between the UK and the EU. At this stage, the ultimate economic impact of the UK leaving the EU is uncertain and will depend upon the outcome of negotiations between the UK government, the EU and non-EU countries. In the meantime, this uncertainty is expected to result in market risk volatility in the short to medium term. However, this is not expected to have a material impact on the results or net assets of the Company given the nature of the Company's transactions, counterparties and available security.

In addition to the above, since early January 2020, the COVID-19 outbreak has spread across the globe and has been classified by the World Health Organisation as a Pandemic. This is causing ongoing global disruption to business and economic activity, and is resulting in substantial and substantive government and central banks relief actions and support measures in many countries to protect their economies. The principal risk to the company is the valuation of its investments in external parties. Whilst it cannot be predicted how long the disruption will continue or the full extent of the impact on the Company, the impact of the COVID-19 outbreak being actively monitored by the Company.

On behalf of the Board



C R J Irvin
Director

Dated: 30 September 2020

Registered Office
8 Canada Square
London E14 5HQ
United Kingdom

The Venture Catalysts Limited

Report of the Directors

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

Name	Appointed	Resigned
M J Kershaw		7 August 2020
C R J Irvin		
Yin Chun Tse	30 September 2020	

The Articles of Association of the Company contain a qualifying third-party indemnity provision, which entitles Directors and other officers to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the UK Companies Act 2006. Indemnity provisions of this nature have been in place during the financial year and up to the date of approval of the financial statements but have not been utilised by the Directors. Additionally, all Directors have the benefit of Directors' and officers' liability insurance.

Dividends

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2019 (2018: nil).

Significant events since the end of the financial year

Since early January 2020, COVID-19 outbreak has spread across the globe and has been classified by the World Health Organisation as a Pandemic. This is causing ongoing global disruption to business and economic activity, and is resulting in substantial and substantive government and central banks relief actions and support measures in many other countries to protect their economies. The principal risk to the company is the valuation of its investments in external parties. Whilst it cannot be predicted how long the disruption will continue or the full extent of the impact on the Company, the impact of the COVID-19 outbreak is being actively monitored by the Company.

The COVID-19 outbreak represents a non-adjusting post balance sheet event and therefore it remains appropriate that the measurement of the Company's assets and liabilities as at 31 December 2019 reflects only the conditions that existed at that date.

No other significant events affecting the Company have occurred since the end of the financial year.

Future developments

No change in the Company's activities is expected.

Going concern basis

The financial statements are prepared on a going concern basis, as the Directors are satisfied that the Company has the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions including the COVID-19 outbreak referred to above, together with future projections of profitability, cash flows and capital resources.

Financial risk management

The financial risk management objectives and policies of the Company, together with an analysis of the exposure to such risks, are set out in Note 11 of the Notes on the financial statements.

Capital management

The Company is not subject to externally imposed capital requirements and is dependent on the HSBC group to provide necessary capital resources which are therefore managed on a group basis.

The Company defines capital as total shareholders' equity. It is HSBC Group's objective to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements at all times. There were no changes to the Company's approach to capital management during the year.

The Venture Catalysts Limited

Report of the Directors

Independent auditors

PricewaterhouseCoopers LLP ('PwC') are external independent auditors to the Company. PwC has expressed its willingness to continue in office and the Board recommends that PwC be re-appointed as the Company's independent auditors.

Statement of Directors' Responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and Financial Statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors 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 Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are 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 Directors are 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 enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each Director in office at the date the Directors' Report is approved:

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

On behalf of the Board



C R J Irvin
Director

Dated: 30 September 2020

Registered Office
8 Canada Square
London E14 5HQ
United Kingdom

The Venture Catalysts Limited

Independent auditors' report to the member of The Venture Catalysts Limited

Report on the audit of the financial statements

Opinion

In our opinion, The Venture Catalysts Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the income statement, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended; and the notes on the financial statements, which include a description of the significant accounting policies.

Basis of 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

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

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have 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.

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.

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 Directors are 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

The Venture Catalysts Limited

Independent auditors' report to the member of The Venture Catalysts Limited

a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Report of the Directors, 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.

Strategic Report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 31 December 2019 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 Strategic Report and Report of the Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements set out on page 4, the Directors are 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 Directors are also responsible for such internal control as they 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 Directors are 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 Directors either intend to liquidate the Company or to cease operations, or have 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. 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 member 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 other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

The Venture Catalysts Limited

Independent auditors' report to the member of The Venture Catalysts Limited


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 Directors' 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.



Harry Armour (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Dated: 30 September 2020

The Venture Catalysts Limited

Financial Statements

Income statement for the year ended 31 December 2019

		2019	2018
	<i>Notes</i>	£'000	£'000
Changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss		46	4
Profit before tax		46	4
Tax expense	5	(8)	(1)
Profit for the year		38	3

Statement of comprehensive income for the year ended 31 December 2019

There has been no comprehensive income or expense other than the profit for the year as shown above (2018: nil).

The Venture Catalysts Limited

Financial Statements

Balance sheet as at 31 December 2019

	Notes	2019 £'000	2018 £'000
Assets			
Cash and cash equivalents		353	355
Financial assets designated and otherwise mandatorily measured at fair value	6	52	6
Total assets		405	361
Liabilities and equity			
Liabilities			
Trade and other payables	7	-	2
Deferred tax liabilities	8	9	1
Total liabilities		9	3
Equity			
Called up share capital	9	250	250
Retained earnings		146	108
Total equity		396	358
Total liabilities and equity		405	361

The accompanying notes on pages 12 to 19 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 30 September 2020 and signed on its behalf by:



C R J Irvin
Director
Company Registration No: 1366890

The Venture Catalysts Limited
Financial Statements

Statement of cash flows for the year ended 31 December 2019

	2019	2018
	£'000	£'000
Cash flows from operating activities		
Profit before tax	46	4
Adjustments for:		
Net gain on investing activities	(46)	(4)
Change in operating liabilities	(2)	1
Tax paid	-	(1)
Net cash used in operating activities	(2)	-
Cash and cash equivalents brought forward	355	355
Cash and cash equivalents carried forward	353	355

The Venture Catalysts Limited

Financial Statements

Statement of changes in equity for the year ended 31 December 2019

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
At 1 Jan 2019	250	108	358
Profit for the year	-	38	38
Total comprehensive income for the year	-	38	38
At 31 Dec 2019	250	146	396

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
At 1 Jan 2018	250	105	355
Profit for the year	-	3	3
Total comprehensive income for the year	-	3	3
At 31 Dec 2018	250	108	358

Equity is wholly attributable to ordinary shareholders.

The Venture Catalysts Limited

Notes on the Financial Statements

1 Basis of preparation and significant accounting policies

The financial statements of the Company have been prepared in accordance with the Companies Act 2006 as applicable to companies using International Financial Reporting Standards ('IFRSs'). The principal accounting policies applied in the preparation of these financial statements have been consistently applied to all of the years presented, unless otherwise stated.

1.1 Basis of preparation

(a) Compliance with International Financial Reporting Standards

The financial statements of the Company have been prepared in accordance IFRSs as issued by the International Accounting Standards Board ('IASB'), including interpretations issued by the IFRS Interpretations Committee, and as endorsed by the European Union ('EU').

At 31 December 2019, there were no unendorsed standards effective for the year ended 31 December 2019 affecting these financial statements and the Company's application of IFRSs results in no differences between IFRSs as issued by the IASB and IFRSs as endorsed by the EU.

(b) Future accounting developments

Minor amendments to IFRSs

The IASB has published a number of minor amendments to IFRSs which are effective from 1 January 2020, some of which have been endorsed for use in the EU. The Company expects that they will have an insignificant effect, when adopted, on the financial statements of the Company.

Major new IFRSs

There are no new IFRSs published by the IASB which are effective from 1 January 2020 that are expected to have a significant impact on the financial statements of the Company.

(c) Presentation of information

The functional currency of the Company is sterling, which is also the presentational currency of the financial statements of the Company.

The financial statements have been prepared on the historical cost basis.

(d) Critical accounting estimates and judgements

The preparation of financial information requires the use of estimates and judgements about future conditions. In view of the inherent uncertainties and the high level of subjectivity involved in the recognition or measurement of items, highlighted as the 'critical accounting estimates and judgements' in section 1.2 to follow, it is possible that the outcomes in the next financial year could differ from those on which management's estimates are based. This could result in materially different conclusions from those reached by management for the purposes of these financial statements.

Management's selection of the Company's accounting policies which contain critical estimates and judgements reflects the materiality of the items to which the policies are applied and the high degree of judgement and estimation uncertainty involved.

(e) Going concern

The financial statements are prepared on a going concern basis, as the Directors are satisfied that the Company has the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, including the COVID-19 outbreak, together with future projections of profitability, cash flows and capital resources.

The Venture Catalysts Limited

Notes on the Financial Statements

1.2 Summary of significant accounting policies

(a) Valuation of financial instruments

All financial instruments are recognised initially at fair value. In the normal course of business, the fair value of a financial instrument on initial recognition is the transaction price (that is, the fair value of the consideration given or received). Subsequent to initial recognition, the fair values of financial instruments measured at fair value that are quoted in active markets are based on bid prices for assets held and offer prices for liabilities issued. When independent prices are not available, fair values are determined by using valuation techniques which refer to observable market data. These include comparison to similar instruments where market observable prices exist, discounted cash flow analysis and other valuation techniques commonly used by market participants.

The Fair values are calculated by discounting future cash flows on financial instruments, using equivalent current interest rates.

Critical accounting estimates and judgements

The majority of valuation techniques employ only observable market data. However, certain financial instruments are classified on the basis of valuation techniques that feature one or more significant market inputs that are unobservable, and for them, the measurement of fair value is more judgemental:

Judgements

- An instrument in its entirety is classified as valued using significant unobservable inputs if, in the opinion of management, a significant proportion of the instrument's inception profit or greater than 5% of the instrument's valuation is driven by unobservable inputs.
- 'Unobservable' in this context means that there is little or no current market data available from which to determine the price at which an arm's length transaction would be likely to occur. It generally does not mean that there is no data available at all upon which to base a determination of fair value (consensus pricing data may, for example, be used).

(b) Financial instruments measured at amortised cost

Financial assets that are held to collect the contractual cash flows and that contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest, are measured at amortised cost. Such financial assets include cash and cash equivalents.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company by other group companies prior to the end of the financial year, which are unpaid. The amounts are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(c) Financial instruments designated at fair value through profit or loss

Financial instruments, other than those held for trading, are classified in this category if they meet one or more of the criteria set out below, and are so designated irrevocably at inception:

- the use of the designation removes or significantly reduces an accounting mismatch;
- a group of financial assets, liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; and
- the financial instruments contain one or more non-closely related embedded derivatives.

Designated financial assets are recognised when the Company enters into contracts with counterparties, which is generally on trade date, and are normally derecognised when the rights to the cash flows expire or are transferred. Designated financial liabilities are recognised when the Company enters into contracts with counterparties, which is generally on settlement date, and are normally derecognised when extinguished. Subsequent changes in fair values are recognised in the income statement in 'Net income from financial instruments held for trading or managed on a fair value basis', including related derivatives, measured at fair value through profit or loss.

The Venture Catalysts Limited
Notes on the Financial Statements

(d) Tax

Income tax comprises current tax and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is recognised in the same statement in which the related item appears.

Current tax is the tax expected to be payable on the taxable profit for the year and on any adjustment to tax payable in respect of previous years. The Company provides for potential current tax liabilities that may arise on the basis of the amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax is calculated using the tax rates expected to apply in the periods as the assets will be realised or the liabilities settled.

Current and deferred tax is calculated based on tax rates and laws enacted, or substantively enacted, by the end of the reporting period.

(e) Cash and cash equivalents

Cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are normally those with less than three months' maturity from the date of acquisition.

(f) Called up share capital

Financial instruments issued are generally classified as equity when there is no contractual obligation to transfer cash or other financial assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

2 Employee compensation and benefits

The Company had no employees and hence no staff costs (2018: nil).

3 Directors' emoluments

None of the Directors of the Company received any emoluments in respect of their services as Directors of the Company (2018: nil). The Directors are employed by other companies within the HSBC Group and consider that their services to the Company are incidental to their other responsibilities within the HSBC Group.

4 Auditors' remuneration

Certain expenses including auditors' remuneration have been borne by a fellow group undertaking and are therefore not charged in arriving at the profit before taxation. The auditors' remuneration borne on behalf of the Company by HSBC Bank plc amounted to £1,050 (2018: £1,000).

There were no non-audit fees incurred during the year (2018: nil).

5 Tax

Tax expense

	2019 £'000	2018 £'000
Current tax		
UK Corporation tax		
- for this year	-	-
Total current tax	-	-

The Venture Catalysts Limited
Notes on the Financial Statements

Deferred tax

Current Year	9	1
Effect of changes in tax rates	(1)	-
Total deferred tax	<u>8</u>	<u>1</u>
Total tax charged to income statement	<u>8</u>	<u>1</u>

The UK corporation tax rate applying to the Company was 19% (2018:19%).

A reduction in the main rate of UK corporation tax to 17% with effect from 1 April 2020 was enacted in the Finance (No2) Act 2016 on 6 September 2016. However, in the UK budget on 11 March 2020, it was announced that the cut in the tax rate to 17% will not occur and the UK Corporation Tax rate will instead remain at 19%. As this was not substantively enacted by the balance sheet date, deferred tax balances as at 31 December 2019 should continue to be measured at 17%.

Tax reconciliation

	2019 £'000	Percentage of overall profit before tax %	2018 £'000	Percentage of overall profit before tax %
Profit before tax	46		4	
Tax at 19% (2018: 19%)	9	19.0	1	19.0
Tax rate changes	(1)	2.0	(0)	2.0
Total tax charged to income statement	<u>8</u>	17.0	<u>1</u>	17.0

6 Financial assets designated and otherwise mandatorily measured at fair value

Carrying amount of financial investments	2019 £'000	2018 £'000
Financial investments measured at fair value through profit and loss	52	6

The Company has a single investment, a 40% interest in the MPE Discretionary Management Partnership. This interest entitles the Company to a varying share of the profits of the MPE Discretionary Management Partnership. In the event of the termination of the MPE Discretionary Management Partnership, the Company is entitled to receive a rebate of its capital contribution plus a 25% share of the residual assets.

The control over the financial and operating policies of the MPE Discretionary Management Partnership rests solely with the managing partner of the partnership who is an executive of Montagu Private Equity LLP.

A subsidiary is an entity that is controlled by another entity, where control is accepted as the power to govern the financial and operating policies so as to obtain benefits from its activities. As the Company has no control over the investments, they do not meet the criteria of a subsidiary and are therefore accounted for as financial investments.

The Venture Catalysts Limited
Notes on the Financial Statements

7 Trade and other payables

	2019	2018
	£'000	£'000
Amounts due to other group undertakings	-	2

8 Deferred tax

The following table shows the gross deferred tax liabilities recognised in the balance sheet and the related amounts recognised in the income statement:

	2019 £'000	2018 £'000
At 1 January	(1)	-
Income statement charge	(8)	(1)
At 31 December	(9)	(1)

9 Share capital

	2019 £'000	2018 £'000
Allotted, called up and fully paid		
250,000 (2018: 250,000) Ordinary shares of £1 each	250	250

10 Analysis of financial assets and liabilities by measurement basis

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost.

At 31 December 2019

	Financial assets at FVTPL £'000	Amortised cost £'000	Total £'000
Assets			
Cash and cash equivalents	-	353	353
Financial assets designated and otherwise mandatorily measured at fair value	52	-	52
Total financial assets	52	353	405
Total assets			405
Liabilities			
Trade and other payables	-	-	-
Total financial liabilities	-	-	-
Total non-financial liabilities			9
Total liabilities			9

The Venture Catalysts Limited
Notes on the Financial Statements

At 31 December 2018

	Financial assets at FVTPL £'000	Amortised cost £'000	Total £'000
Assets			
Cash and cash equivalents	-	355	355
Financial assets designated and otherwise mandatorily measured at fair value	6	-	6
Total financial assets	-	355	361
Total assets			361
Liabilities			
Trade and other payables	-	2	2
Total financial liabilities	-	2	2
Total non-financial liabilities			1
Total liabilities			3

11 Management of financial risk

Exposure to credit risk, liquidity risk and market risk arises in the normal course of the Company's business. The Company's risk management policies are consistent with the HSBC Group's risk management policies.

During the year the Company has no significant exposure to the risks mentioned above.

12 Fair value hierarchy of financial investments carried at fair value

Fair values are determined according to the following hierarchy:

- Level 1 – quoted market price: financial instruments with quoted prices for identical instruments in active markets.
- Level 2 – valuation technique using observable inputs: financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Level 3 – valuation technique with significant unobservable inputs: financial instruments valued using models where one or more significant inputs are unobservable.

As at 31 December 2019

	With significant unobservable inputs Level 3 £'000	Total £'000
Financial assets designated and otherwise mandatorily measured at fair value	52	52
	52	52

The Venture Catalysts Limited
Notes on the Financial Statements

As at 31 December 2018

	With significant unobservable inputs Level 3	Total
	£'000	£'000
Financial assets designated and otherwise mandatorily measured at fair value	2	2
Changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss	4	4
	<u>6</u>	<u>6</u>

The investment owned by the Company is not traded in an active market and the fair value calculation is discussed in Note 1.2 (c). All income earned by the investment is distributed to individual partners. Any remaining partners' current account balances in the partnership are expected to be used for costs of winding up.

Fair values of financial instruments not carried at fair value are provided for information and are calculated as described below.

Cash and cash equivalents and trade other payables carrying value is a reasonable approximation of their fair value as they are short term in nature.

Reconciliation of fair value measurements in Level 3 financial instruments

The following table provides a reconciliation of the movement between opening and closing balances of Level 3 financial instruments:

	2019 £'000	2018 £'000
At 1 January	6	2
Changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss	46	4
At 31 December	<u>52</u>	<u>6</u>

13 Related party transactions

Balances with related parties

	2019		2018	
	Highest balance during the year £'000	Balance at 31 December £'000	Highest balance during the year £'000	Balance at 31 December £'000
Assets				
Cash and cash equivalents ¹	355	353	355	355
Liabilities				
Trade and other payables ²	2	-	2	2

¹These balances are held with HSBC Bank plc and are non-interest bearing.

²These balances are payable to other group undertakings.

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14 Parent undertakings

The ultimate parent undertaking and ultimate controlling party is HSBC Holdings plc which is the parent undertaking of the largest group to consolidate these financial statements and the parent undertaking of the smallest group to consolidate these financial statements is HSBC Bank plc.

The immediate parent undertaking is HSBC Bank plc. All companies are registered in England and Wales.

The results of the Company is included in the financial statements of HSBC Holdings plc and HSBC Bank plc.

Copies of HSBC Holdings plc and HSBC Bank plc consolidated financial statements can be obtained from:

HSBC Holdings plc
8 Canada Square
London E14 5HQ
United Kingdom
www.hsbc.com

HSBC Bank plc
8 Canada Square
London E14 5HQ
United Kingdom
www.hsbc.com

15 Events after the balance sheet date

Since early January 2020, COVID-19 outbreak has spread across the globe and has been classified by the World Health Organisation as a Pandemic. This is causing ongoing global disruption to business and economic activity, and is resulting in substantial and substantive government and central banks relief actions and support measures in many other countries to protect their economies. The principal risk to the company is the valuation of its investments in external parties. Whilst it cannot be predicted how long the disruption will continue or the full extent of the impact on the Company, the impact of the COVID-19 outbreak is being actively monitored by the Company.

The COVID-19 outbreak represents a non-adjusting post balance sheet event and therefore it remains appropriate that the measurement of the Company's assets and liabilities as at 31 December 2019 reflects only the conditions that existed at that date.

There are no other significant events after the balance sheet date.