

Limited Liability Partnership Registration No. OC339542 (England and Wales)

PEARL DIVER CAPITAL LLP
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
PAGES FOR FILING WITH REGISTRAR

PEARL DIVER CAPITAL LLP

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PEARL DIVER CAPITAL LLP**BALANCE SHEET****AS AT 31 DECEMBER 2021**

	Notes	2021		2020	
		£	£	£	£
Fixed assets					
Intangible assets	4		12,708		26,476
Tangible assets	5		46,480		63,774
Investments	6		819		819
			<u>60,007</u>		<u>91,069</u>
Current assets					
Debtors	8	329,388		266,748	
Cash at bank and in hand		964,321		786,449	
		<u>1,293,709</u>		<u>1,053,197</u>	
Creditors: amounts falling due within one year	9	<u>(1,109,818)</u>		<u>(1,069,324)</u>	
Net current assets/(liabilities)			<u>183,891</u>		<u>(16,127)</u>
Total assets less current liabilities and net assets attributable to members			<u>243,898</u>		<u>74,942</u>
Represented by:					
Loans and other debts due to members within one year					
Amounts due in respect of profits	10		174,911		5,955
Members' other interests					
Members' capital classified as equity	10		139,327		139,327
Other reserves classified as equity			(70,340)		(70,340)
			<u>243,898</u>		<u>74,942</u>
Total members' interests	10		<u>174,911</u>		<u>5,955</u>
Loans and other debts due to members			68,987		68,987
Members' other interests			<u>243,898</u>		<u>74,942</u>

The members of the limited liability partnership have elected not to include a copy of the profit and loss account within the financial statements.

PEARL DIVER CAPITAL LLP

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2021

These financial statements have been prepared and delivered in accordance with the provisions applicable to limited liability partnerships subject to the small limited liability partnerships regime.

The financial statements were approved by the members and authorised for issue on 5 April 2022 and are signed on their behalf by:

Mr Indranil Basu
Designated member

Mr Chandrajit Chakraborty
Designated Member

Limited Liability Partnership Registration No. OC339542

PEARL DIVER CAPITAL LLP**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021		2020	
		£	£	£	£
Cash flows from operating activities					
Cash generated from operations			3,165,438		3,907,270
Investing activities					
Purchase of tangible fixed assets		(13,005)		(15,036)	
Net cash used in investing activities			(13,005)		(15,036)
Financing activities					
Payments to members that represent a return on amounts subscribed or otherwise contributed		(2,974,561)		(3,285,736)	
Net cash used in financing activities			(2,974,561)		(3,285,736)
Net increase in cash and cash equivalents			177,872		606,498
Cash and cash equivalents at beginning of year			786,449		179,951
Cash and cash equivalents at end of year			964,321		786,449

PEARL DIVER CAPITAL LLP**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****1 Accounting policies****Limited liability partnership information**

Pearl Diver Capital LLP is a limited liability partnership incorporated in England and Wales. The registered office is The Canute, Renfrew Road, Kingston Upon Thames, Surrey, KT2 7NT.

The limited liability partnership's principal activities are disclosed in the Members' Report.

1.1 Accounting convention

These financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" issued in December 2018, together with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the limited liability partnership. Monetary amounts in these financial statements are rounded to the nearest £.

1.2 Turnover

Turnover represents the amounts recoverable for the services provided to clients, excluding value added tax, under contractual obligations which are performed gradually over time.

1.3 Members' participating interests

Members' participation rights are the rights of a member against the LLP that arise under the members' agreement (for example, in respect of amounts subscribed or otherwise contributed remuneration and profits).

Members' participation rights in the earnings or assets of the LLP are analysed between those that are, from the LLP's perspective, either a financial liability or equity, in accordance with section 22 of FRS 102. A member's participation rights including amounts subscribed or otherwise contributed by members, for example members' capital, are classed as liabilities unless the LLP has an unconditional right to refuse payment to members, in which case they are classified as equity.

1.4 Intangible fixed assets other than goodwill**Development Costs**

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the members are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortized over the period during which the limited liability partnership is expected to benefit.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings	Leasehold	
Fixtures, fittings & equipment		25% Reducing balance method
Computer equipment		25% Reducing balance method

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

PEARL DIVER CAPITAL LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the limited liability partnership. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Impairment of fixed assets

These financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" issued in December 2018, together with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The limited liability partnership has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the limited liability partnership's statement of financial position when the limited liability partnership becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

PEARL DIVER CAPITAL LLP**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021****1 Accounting policies****(Continued)*****Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the limited liability partnership transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the limited liability partnership after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

PEARL DIVER CAPITAL LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the limited liability partnership's obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the limited liability partnership are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the limited liability partnership.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the limited liability partnership is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits and post retirement payments to members

The limited liability partnership operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.13 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.14 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Judgements and key sources of estimation uncertainty

In the application of the limited liability partnership's accounting policies, the members are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

PEARL DIVER CAPITAL LLP**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021****3 Employees**

The average number of persons (excluding members) employed by the partnership during the year was:

	2021 Number	2020 Number
Total	13	13

4 Intangible fixed assets

	Other £
Cost	
At 1 January 2021 and 31 December 2021	137,677
Amortisation and impairment	
At 1 January 2021	111,201
Amortisation charged for the year	13,768
At 31 December 2021	124,969
Carrying amount	
At 31 December 2021	12,708
At 31 December 2020	26,476

5 Tangible fixed assets

	Land and buildings Leasehold £	Fixtures, fittings & equipment £	Computer equipment £	Total £
Cost				
At 1 January 2021	88,832	47,331	97,347	233,510
Additions	-	-	13,005	13,005
At 31 December 2021	88,832	47,331	110,352	246,515
Depreciation and impairment				
At 1 January 2021	74,027	34,375	61,334	169,736
Depreciation charged in the year	14,805	3,239	12,255	30,299
At 31 December 2021	88,832	37,614	73,589	200,035
Carrying amount				
At 31 December 2021	-	9,717	36,763	46,480
At 31 December 2020	14,805	12,956	36,013	63,774

PEARL DIVER CAPITAL LLP**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 DECEMBER 2021

6 Fixed asset investments		
	2021	2020
	£	£
Shares in group undertakings and participating interests	819	819
	<u> </u>	<u> </u>

7 Subsidiaries

Details of the limited liability partnership's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Pearl Diver Capital NA Inc.	United States of America	Common Stock	100.00
Pearl Diver CLO Opportunity 2017-A GP Limited	Guernesey	Ordinary	100.00

8 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Other debtors	329,388	266,748
	<u> </u>	<u> </u>

9 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	3,694	150,752
Amounts owed to group undertakings	141,945	66,359
Taxation and social security	42,811	30,296
Other creditors	921,368	821,917
	<u> </u>	<u> </u>
	1,109,818	1,069,324
	<u> </u>	<u> </u>

PEARL DIVER CAPITAL LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

10 Reconciliation of Members' Interests

	EQUITY		DEBT			TOTAL
	Members' other interests		Loans and other debts due to members less any amounts due from members in debtors			MEMBERS' INTERESTS
	Members' capital	Other reserves	Total	Other amounts	Total	Total 2021
	£	£	£	£	£	£
Amounts due to members				5,955		
Members' interests at 1 January 2021	139,327	(70,340)	68,987	5,955	5,955	74,942
Members' remuneration charged as an expense, including employment costs and retirement benefit costs	-	-	-	3,143,517	3,143,517	3,143,517
Profit for the financial year available for discretionary division among members	-	-	-	-	-	-
Members' interests after loss and remuneration for the year	139,327	(70,340)	68,987	3,149,472	3,149,472	3,218,459
Drawings	-	-	-	(2,974,561)	(2,974,561)	(2,974,561)
Members' interests at 31 December 2021	139,327	(70,340)	68,987	174,911	174,911	243,898

PEARL DIVER CAPITAL LLP**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****11 Loans and other debts due to members**

In the event of a winding up the amounts included in "Loans and other debts due to members" will rank equally with unsecured creditors.

12 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Harsheel Dodhia and the auditor was KLSA LLP.

13 Operating lease commitments**Lessee**

At the reporting end date the limited liability partnership had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2021	2020
	£	£
Within one year	178,569	178,568
Between two and five years	84,324	265,373
	<u>262,893</u>	<u>443,941</u>

14 Related party transactions

The members of the partnership have an indirect relationship with Pearl Diver CLO Opportunity 2008 GP Limited, Pearl Diver CLO Opportunity 2014 GP Limited, Pearl Diver CLO Opportunity 2017 GP Limited, Pearl Diver CLO Opportunity 2018 GP Limited, Pearl Diver Floating Rate Global Income GP Limited and Pearl Diver CLO Opportunity 2019 GP Limited, all six are Guernsey limited companies, through their shareholding in a Guernsey limited company which owns Pearl Diver CLO Opportunity 2008 GP Limited, Pearl Diver CLO Opportunity 2014 GP Limited, Pearl Diver CLO Opportunity 2017 GP Limited, Pearl Diver CLO Opportunity 2018 GP Limited, Pearl Diver Floating Rate Global Income GP Limited and Pearl Diver CLO Opportunity 2019 GP Limited. All six of the companies run by its own independent Guernsey based board of directors not limited to the members, received investment advisory services from the partnership during the year to 31 December 2021, for which the partnership was paid advisory fees of £Nil (2020: £Nil) and £1,216,704 (2020: £757,564) and £1,416,340 (2020: £817,528) and £108,561 (2020: £251,414) and £794,090 (2020: £440,347) and £3,538,347 (2020: £4,153,164) respectively.

At the balance sheet date, a balance of £740 (2020: £740) was payable to Pearl Diver CLO Opportunity 2017-A GP Limited, its subsidiary which is incorporated in Guernsey. During the year, advisory income earned from Pearl Diver CLO Opportunity 2017-A GP Limited amounted to £592,897 (2020: £640,432).

During the year, the partnership paid advisory fees of £1,273,965 (2020: £744,926) to Pearl Diver Capital NA Inc. (USA). At the balance sheet date, a balance of £141,206 (2020: £65,619) was payable to Pearl Diver Capital NA Inc. (USA), its subsidiary which is incorporated in New York.

PEARL DIVER CAPITAL LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

15 Control

The ultimate controlling party is Mr Indranil Basu by virtue of 75% shareholding in the partnership.

