SALTUS PRIVATE EQUITY PORTFOLIO

A CELL OF GUERNSEY PORTFOLIOS PCC LIMITED

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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MANAGEMENT AND ADMINISTRATION

DIRECTORS OF GUERNSEY PORTFOLIOS PCC LIMITED

Michael Stimpson	
Lisa Haggarty	(appointed 24 March 2021)
Mark Cleary	(appointed 1 July 2020)
David McNay	(appointed 1 July 2020) (resigned 21 December 2020)
Adam Buckholt	(appointed 1 July 2020) (resigned 24 March 2021)
Peter Edwards	(appointed 1 July 2020, (resigned 15 April 2021)
Patrick Firth	(resigned 1 July 2020)
Ben Morgan	(resigned 1 July 2020)
Grant Wilson	(resigned 1 July 2020)
Nick Stebbing	(resigned 1 July 2020)

The address of the Directors is the registered office of the Company.

ADMINISTRATOR, REGISTRAR, LISTING SPONSOR AND SECRETARY
For the period to 30 June 2020
Praxis Fund Services Limited
Sarnia House
Le Truchot
St Peter Port
Guernsey, GY1 1GR

ADMINISTRATOR, REGISTRAR, LISTING SPONSOR AND SECRETARY
With effect from 1 July 2020
Zedra Fund Managers (Guernsey) Limited
Third Floor, Cambridge House
Le Truchot
St Peter Port
Guernsey, GY1 1WD

MANAGER
Saltus (Channel Islands) Limited
Third Floor, Cambridge House
Le Truchot
St Peter Port
Guernsey, GY1 1WD

INVESTMENT MANAGER
Saltus Partners LLP
Fifth Floor
10 Charles II Street
London, SW1Y 4AA

REGISTERED NUMBER: 45598

REGISTERED OFFICE
For the period to 30 June 2020
Sarnia House
Le Truchot
St Peter Port
Guernsey, GY1 1GR

REGISTERED OFFICE
With effect from 1 July 2020
Third Floor, Cambridge House
Le Truchot
St Peter Port
Guernsey, GY1 1WD

CUSTODIAN
Butterfield Bank (Guernsey) Limited
PO Box 25
Regency Court
Glategny Esplanade
St Peter Port
Guernsey, GY1 3AP

INDEPENDENT AUDITOR
BDO Limited
Place du Pre
Rue du Pre
St Peter Port
Guernsey, GY1 3LL

LEGAL ADVISERS
In Guernsey:
Carey Olsen (Guernsey) LLP
PO Box 98
Carey House
Les Banques
St Peter Port
Guernsey, GY1 4BZ

INVESTMENT OBJECTIVES

The primary objective of Saltus Private Equity Portfolio (the "Cell") is to generate attractive risk adjusted returns by investing in unquoted companies and private equity funds and other vehicles and instruments with a risk/reward profile consistent with making private equity investments.

INVESTMENT MANAGER'S REPORT

In a year littered with unprecedented announcements it was perhaps the early November statement from Pfizer that was the most important post the entering of global lockdowns. Their development of a vaccine that is ''more than 90% effective in preventing Covid-19'' was the point at which hopes of a return to normality morphed into something much more concrete. Markets and society at large celebrated in the final quarter of 2020 upon hearing this news, but they also did so with a smidgen of hesitancy, knowing that the damage inflicted, and the costs of recovery would continue to shape our new normal for years to come.

As is usually the case, the good news on vaccines had largely been anticipated – there are literally hundreds under development in addition to the Pfizer drug, a fact which investors knew made the defeat of Covid very likely, including the vanquishing of late arriving mutant strains. In addition, the quite staggering levels of intervention and financial support from Central Banks and governments had made it virtually impossible for markets not to recover post the collapses of mid-March. When the Federal Reserve and international peers form a support bubble for the global financial system, backed up with over $20 trillion dollars' worth of intervention, it's going to be hard to resist.

The timescale for victory over Covid and hence it's influence on markets is unchanged from what we had previously thought. It's still going to take most of 2021 to bring economic activity back to something resembling normal, assuming a moderately competent roll out of vaccines. The bridge to this new normal has been provided by global authorities effectively ''extending the mortgage on the house'', something which they did with admirable speed in a crisis, but also something which they, markets, and all of us know will eventually must be paid off. The debt burden and the long run cost of that debt is the most likely candidate to take over from Covid as the ''villain of the piece'' in the years ahead but until then, the number of positives we can take into the new year does seem to us to outweigh the negatives.

We should also remember that several key drivers of political instability have now largely passed with ending of the Trump administration and the signing of a Brexit trade deal. Given the influence that both have had over markets at various points in the past four years, that is no small thing. Reduction in political risk, supportive macro-economic policies, recovering earnings and cash looking to be put to work are undoubtedly clear, powerful momentum drivers for markets as we entered the new year.

Perhaps the most enduring image of the first half of 2021 was the sight of the container ship, Ever Given, blocking the Suez Canal for a week in late March. As a consequence of a small change in the weather, a giant object was blown off course to such an extent that the entire trading patterns of our planet were disrupted. Eventually order was restored, but the graphic illustration of just how easy it is for a 'gust of wind' to disrupt our patterns of life was not lost on the Investment Committee, especially as this event had a close analogy in financial markets.

The gust of wind that disrupted financial markets in the last quarter was a fear that the reopening of Covid disrupted societies would inevitably lead to inflationary pressures, which in turn would lead to a higher interest rate environment. For a financial system servicing unprecedented amounts of debt, the prospect of that debt becoming more expensive was enough to prompt a rapid selloff in global bond markets and their close proxies. Admittedly, this selloff only brought market interest rates back to the levels seen before lockdowns began and, in that sense, it has been a perfectly rational move, even a welcome one. What was more unnerving was the speed of the repricing which, depending on which measure one chooses to look at, was the quickest in many decades of similar reversals.

Against this backdrop over the last twelve months, the cell returned -0.9% to the end of March (percentage change in NAV price) and the cell NAV as of 31 Mar 2021 was £1.2047. Over the last 12 months to the end of March, cash (BBG: UKBRBASE Index) and inflation (BBG: UKRPCHVJ Index) have returned +0.1% and +0.7% respectively, outperforming the cell by +1.0% and +1.6%. Cash in the cell was 18.8% at the end of the reporting period (pre-commitment), and the currency exposure is currently 45.2% GBP, 33.4% EUR and 21.4% USD. The cells have remained unhedged over the period, and during the year the pound rallied +9.9% against the dollar and +4.2% against the euro. To summarise, Cash outflow from operating activities for the year 31 March, 2021 totalled £3.3m (31 March 2020 £5.9m); with £1.8m in net subscriptions (31 March 2020: £5.0m), the cash and cash equivalents balance decreased by £1.5m (31 March 2020: £0.9m). The Barak Fund Spc Ltd fund is now in formal winddown and via a series of compulsory redemptions, distributable cash will be returned to investors on a pro rata basis. The first distribution is expected in October 2021. Ongoing quarterly reports will be provided by the manager on a range of relevant metrics and monthly investor statements will be provided by the administrator.

Saltus Partners LLP

12 October 2021

REPORT OF THE DIRECTORS

The Directors submit the annual report and audited financial statements (the "Financial Statements") of Saltus Private Equity Portfolio (the "Cell"), a Cell of Guernsey Portfolios PCC Limited (the "Company"), for the year ended 31 March 2021.

The Participating Redeemable Preference shares ("PRP shares") of the Cell were launched on 29 November 2006 and are listed on the Official List of The International Stock Exchange ("TISE").

Principal Activity
The principal activity of the Cell is that of an open-ended investment vehicle. The principal objective of the Cell is to provide capital appreciation over the long term for its investors, please refer to page 2.

Results
The results for the year are set out in the Statement of Comprehensive Income on page 14.

Dividends
The Directors do not recommend the payment of a dividend for the year ended 31 March 2021 (31 March 2020: £nil), please refer to note 8 of the Financial Statements.

Going Concern
As disclosed in the 31 March 2020 financial statements the Board had considered the potential efficiencies and benefits which could be achieved by an amalgamation of the majority of the existing Guernsey Portfolio PCC Limited Cells (the "Existing Cells") into New Cells, which were intended to be newly formed protected cells of Zedra PCC (No 1) Limited, an existing protected cell company incorporated in Guernsey, which like the Company, is an open-ended collective investment scheme authorised by the GFSC pursuant to The Authorised Collective Investment Scheme (Class B) Rules 2013.

Subsequent to this the Board were of the opinion that it was no longer appropriate to prepare the 31 March 2020 financial statements on a going concern basis and had therefore chosen to prepare the financial statements on a basis other than that of going concern. This did not have any impact on the carrying value of the company's assets or liabilities and no adjustments were made to the 31 March 2020 financial statements as a result of preparing them on a basis other than that of a going concern.

On reflection, during the current year the Board decided not to amalgamate the Existing Cells into New Cells, due to issues in relation to the management of conflicts which would arise as a result of Zedra Fund Managers (Guernsey) Limited acting in the capacity of both Administrator and Manager and also providing Director services to Zedra PCC (No 1) Limited.

Furthermore, the amalgamation would have resulted in Zedra Fund Managers (Guernsey) Limited being brought into scope of certain responsibilities in relation to the Alternative Investment Fund Managers Directive, which the Board decided against.

The World Health Organisation declared a global health emergency in March 2020, it declared the spread of COVID-19 as a global pandemic. In order to stem the spread of the virus, Governments around the World took drastic steps which included compulsory closure of various businesses, shops and schools and heavy restrictions on movement of people which had a significant effect of global economies. While the Board continues to monitor the development and impact of the virus, it is of the opinion that given that the Administrator is able to continue to provide services, COVID-19 is likely to have minimal impact on the operations of the Cell. Global measures such as vaccinations, travel restrictions and containment of live cases have since been introduced by jurisdictions to combat COVID-19 and the investment markets have been recovering. The impact on the Cell's investments is now known and there have been no issues.

The Board has considered the consequences of COVID-19 and other events and conditions, and it has determined that the Cell has sufficient resources and to cover operating costs for a period of a least 12 months from date of approval of these financial statements and is able to continue as a going concern.

Directors of the Company
The Directors of the Company who served during the year and to date are listed on page 1.

REPORT OF THE DIRECTORS (continued)

Directors of the Company (continued)
None of the Directors who served during the year had any interest, beneficial or non-beneficial, in the share capital of the Cell.

Directors' Responsibilities Statement
The Directors of the Company are responsible for preparing the annual report and the Financial Statements for each financial year which give a true and fair view of the state of affairs of the Cell and of the respective results for the year then ended, in accordance with applicable Guernsey law, the Company's principal documents and European Union ("EU") adopted International Financial Reporting Standards ("IFRS"). In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Cell will continue in business.

The Directors of the Company are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Cell. They are also responsible for safeguarding the assets of the Cell and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors of the Company confirm that they have complied with the above requirements in preparing the Financial Statements.

So far as the Directors are aware, there is no relevant audit information of which the Cell's auditor is unaware, having taken all steps the Directors ought to have taken to make themselves aware of any relevant audit information and to establish that the Cell's auditor is aware of that information.

Corporate Governance
Following the publication by the GFSC of the Finance Sector Code of Corporate Governance in September 2011 (re-issued in 2016, effective from 1 April 2016 year ends onwards) (the "Code"), the Directors continually consider the effectiveness of their corporate governance practices with regard to the principles set out in the Code. The Directors are satisfied with their degree of compliance with the principles set out in the code in the context of the nature, scale and complexity of the Cell's business.

Anti-Bribery and Corruption
The Cell adheres to the requirements of the Prevention of Corruption (Bailiwick of Guernsey) Law, 2003. In consideration of the UK Bribery Act 2010, the Board abhors bribery and corruption of any form and expects all the Cell's business activities to be undertaken, whether directly by the Directors themselves or on the Cell's behalf by third parties to be transparent, ethical and beyond reproach.

Criminal Finances Act
The Directors of the Company have a zero tolerance commitment to preventing persons associated with it from engaging in criminal facilitation of tax evasion. The Board has satisfied itself in relation to its key service providers that they have reasonable provisions in place to prevent the criminal facilitation of tax evasion by their own associated persons and will not work with service providers who do not demonstrate the same zero tolerance commitment to preventing persons associated with them from engaging in criminal facilitation of tax evasion.

Foreign Account Tax Compliance Act
The Foreign Account Tax Compliance Act ("FATCA") is aimed at determining the ownership of assets of US persons in foreign accounts and improving US tax compliance with respect to those assets. On 13 December 2013, the States of Guernsey entered into an intergovernmental agreement ("IGA") with US Treasury, in order to facilitate the requirements under FATCA. The Company registered with the Internal Revenue Service ("IRS") during 2014 as a Foreign Financial Institution ("FFI") and received a Global Intermediary Identification Number.

REPORT OF THE DIRECTORS (continued)

Common Reporting Standard

The Common Reporting Standard ("CRS"), formally the Standard for Automatic Exchange of Financial Account Information, became effective on 1 January 2016, and is an information standard for the automatic exchange of information developed by the Organisation for Economic Co-operation and Development ("OECD"). CRS is a measure to counter tax evasion and it builds upon other information sharing legislation, such as FATCA, the UK – Guernsey Inter-Governmental Agreement for the Automatic Exchange of Information and the European Union Savings Directive. Early adopters who signed the Multilateral Agreement (including Guernsey) have made the necessary information exchanges since September 2017.

Alternative Investment Fund Managers Directive

The Board acknowledges that the Alternative Investment Fund Managers Directive ("AIFMD") became effective during 2014. The AIFMD seeks to regulate managers of alternative investment funds ("AIFs"), such as the Cell. It imposes obligations on managers who manage AIFs in a member state of the European Economic Area ("EEA state"), or who market shares in AIFs to investors who are domiciled, or with a registered office, in an EEA state. Under the AIFMD, an Alternative Investment Fund Manager ("AIFM") must be appointed and must comply with various organisational, operational and transparency requirements.

On 2 July 2014, the Company appointed Saltus (Channel Islands) Limited to act as AIFM on behalf of the Company. Saltus (Channel Islands) Limited is responsible for fulfilling the role of the AIFM and ensuring the Company complies with the AIFMD reporting requirements. As the Cell has not sought to raise new capital, it is not considered to be marketed in the EU, and therefore, there is no impact on the Financial Statements.

Scheme Particular Amendments

Pursuant to the requirements of The Authorised Collective Investment Schemes (Class B) Rules, 2013, a review of the Cell's scheme particulars ("SP") is completed on an annual basis.

The latest annual review was completed in September 2019, with no significant amendments required. The Scheme Particulars are currently being reviewed for the period since then.

Independent Auditor

A resolution to reappoint BDO Limited as auditor of the Company will be proposed at the forthcoming annual general meeting.

Mark Cleary
Lisa Haggarty

Directors
Date: 12.10.2021

CUSTODIAN'S REPORT TO THE SHAREHOLDERS

In our capacity as Custodian to the Company we confirm that, in our opinion, the Manager has managed the Cell during the year ended 31 March 2021, in accordance with the provisions of the principal documents of the Company and The Authorised Collective Investment Schemes (Class B) Rules, 2013 and that no material breaches have occurred.

BUTTERFIELD BANK (GUERNSEY) LIMITED
PO Box 25
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Glategny Esplanade
St Peter Port
Guernsey, GY1 3AP

Date: 12 October 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SALTUS PRIVATE EQUITY PORTFOLIO, A CELL OF GUERNSEY PORTFOLIOS PCC LIMITED

Opinion on the financial statements

In our opinion, the financial statements of Saltus Private Equity Portfolio ("the Cell"), a cell of Guernsey Portfolios PCC Limited (the "Company"):

- give a true and fair view of the state of the Cell's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards("IFRS") as adopted by the European Union ; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements of the Cell for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Statement of Changes in Net Assets Attributable to Holders of Participating Redeemable Preference Shares, the Statement of Financial Position, the 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 International Financial Reporting Standards, as adopted by the European Union.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Cell and Company 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 as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Cell's ability to continue to adopt the going concern basis of accounting included:

- Obtaining those charged with governance and directors' paper in respect of going concern and challenging the liquidity of the investment portfolio held, and the expected annual running costs and determining whether these assumptions were reasonable based on our knowledge of the Cell, with both those charged with governance and management;
- Reviewing the minutes of meetings of those charged with governance, the RNS announcements and the compliance reports for any indicators of concerns in respect of going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SALTUS PRIVATE EQUITY PORTFOLIO, A CELL OF GUERNSEY PORTFOLIOS PCC LIMITED (CONTINUED)

Overview

Key audit matters (2021 & 2020)	Valuation and ownership of investments
Materiality	*Cell financial statements as a whole* £616,000 (2020:£591,000) based on 1.75% (2020: 1.75%) of total assets.

An overview of the scope of our audit

Our Cell audit was scoped by obtaining an understanding of the Cell and its environment, including the Cell's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

We carried out a full scope of the Cell which was tailored to take into account the nature of the Cell's investments, the accounting and reporting environment and the industry in which the entity operates.

In designing our overall audit approach, we determined materiality and assessed the risk of material misstatement in the financial statements.

This assessment took into account the likelihood, nature and potential magnitude of any misstatement. As part of this risk assessment, we considered the Cell's interaction with the Manager and the Cell's Administrator and Custodian. We obtained an understanding of the control environment in place at the Manager and the Cell's Administrator to the extent that it was relevant to our audit. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		**How the scope of our audit addressed the key audit matter**
Valuation and Ownership of Investments (Note 6)	The investment portfolio at 31 March 2021 comprised unlisted investments in partly-called shares. We focused on the valuation and ownership of investments because investments represent the principal element of the net asset value as disclosed in the Statement of Financial Position in the financial statements. Furthermore, as the portfolio is unlisted, the availability of external evidence regarding pricing and valuation is limited. This is a key accounting estimate where there is an inherent risk of management override arising from the investment valuations being prepared by the Investment Manager.	Due to the nature of these investments we performed the following: • Reconciled the Cell's recorded investment valuations to either independent third party sources or the net asset value of the investments per the investments' latest audited financial statements. • Obtained the latest audited financial statements of the unlisted investments and ascertained whether the underlying investments are being carried at fair value and whether the financial statements contained an unmodified audit report. • In consideration of ownership of all investments held at year end, we obtained a custodian confirmation and checked whether this was consistent with disclosures in the financial statements. We also checked that investments were appropriately presented and disclosed in the financial statements. Key observations: Based on the procedures performed we did not identify any matters to indicate that the ownership and valuation of investments are inappropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SALTUS PRIVATE EQUITY PORTFOLIO, A CELL OF GUERNSEY PORTFOLIOS PCC LIMITED (CONTINUED)

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	2021 £	2020 £
Materiality	616,000	584,300
Basis for determining materiality	1.75% of total assets	1.75% of total assets
Rationale for the benchmark applied	We considered total assets to be the most appropriate benchmark due to the Cell being an investment fund.	
Performance materiality	462,000	£443,250
Basis for determining performance materiality	75% of materiality This was determined using our professional judgement and took into account control environment in place, the Directors' assessment of risk and our past experience of adjustments.	

Specific materiality
We also determined that for investment income and sensitive expenses including investment management fee and service charge to Manager, a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of users. As a result, we determined materiality for these items based on 10% of materiality being £61,600 (2020: £58,430). We further applied a performance materiality level of 75% (2020:75%) of specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

Reporting threshold

We agreed with the Board of Directors that we would report to them all individual audit differences identified during our audit in excess of £30,800 (2020: £29,200). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and audited financial statements, 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.

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

We have nothing to report in this regard.

Other Companies (Guernsey) Law, 2008 reporting

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Cell; or
- the financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement within the Report of the Directors, the Directors 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 Directors 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 Cell'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 Cell 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Cell and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to its investment activities, and we considered the extent to which non-compliance might have a material effect on the Cell's financial statements.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Cell and have a direct impact on the preparation of the financial statements. We determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework such as IFRS and the Companies (Guernsey) Law, 2008. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of management override of controls), and determined that the principal risks were related to revenue recognition in relation to the investments and management bias and judgement involved in accounting estimates, specifically in relation to the valuation of investments (the responses to which are detailed in our key audit matters above).

We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Audit procedures performed by the engagement team to respond to the risks identified included:

- Discussion with and enquiry of management and those charged with governance concerning known or suspected instances of non-compliance with laws and regulations and fraud;
- Obtaining an understanding of the internal control environment in place to prevent and detect irregularities;
- Reading minutes of meetings of those charged with governance, correspondence with the Guernsey Financial Services Commission and internal compliance reports to identify and consider any known or suspected instances of non-compliance with laws and regulations and fraud;
- Recalculating investment income and realised and unrealised gains and losses; and
- Reconciled the Cell's recorded investment valuations to either independent third party sources or the net asset value of the investments per the investments' latest audited financial statements.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Cell's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Cell'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 Cell and the Cell's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO Limited
Chartered Accountants
Place du Pré
Rue du Pré
St Peter Port
Guernsey

Date: 12 October 2021

SALTUS PRIVATE EQUITY PORTFOLIO, A CELL OF GUERNSEY PORTFOLIOS PCC LIMITED

STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 March 2021

	Notes	1 April 2020 to 31 March 2021 £	1 April 2019 to 31 March 2020 £
Net capital (losses)/gains on investments at fair value through profit or loss	6	(209,225)	1,601,542
Other losses	7	(16,729)	(6,781)
		(225,954)	1,594,761
Income			
Interest income		-	3,204
Dividend income	6	20,117	38,596
Total net (loss)/income		(205,837)	1,636,561
Operating expenses			
Management fee	4	(312,966)	(304,740)
Administration fee	4	(46,356)	(40,032)
Custodian fee	4	(23,926)	(23,540)
Directors' fees	4	(23,753)	(20,088)
Broker commissions and stamp duty		(4,104)	(28,362)
Other operating expenses		(27,655)	(21,382)
Total operating expenses		(438,760)	(438,144)
Operating (loss)/income for the financial year		**(644,597)**	**1,198,417**
Tax charge	9	(2,764)	-
(Loss)/income for the financial year		**(647,361)**	**1,198,417**
Other comprehensive income		**-**	**-**
Total comprehensive (loss)/income		**(647,361)**	**1,198,417**
Basic and diluted (loss)/earnings per Participating Redeemable Preference share	15	(£0.02)	£0.05

All items in the above statement derive from continuing operations.

All income is attributable to the PRP shares of the Cell.

The accompanying notes form an integral part of these Financial Statements.

SALTUS PRIVATE EQUITY PORTFOLIO, A CELL OF GUERNSEY PORTFOLIOS PCC LIMITED

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF PARTICIPATING REDEEMABLE PREFERENCE SHARES
For the year ended 31 March 2021

	Notes	**1 April 2020 to 31 March 2021 £**	**1 April 2019 to 31 March 2020 £**
At 1 April		**33,782,799**	**27,608,747**
(Loss)/income for the financial year		(647,361)	1,198,417
Other comprehensive income		-	-
Total comprehensive (loss)/income for the year		**(647,361)**	**1,198,417**
Transactions with holders of Participating Redeemable Preference shares:			
Share issues	11	8,836,209	9,220,271
Share redemptions	11	(7,025,973)	(4,244,636)
Total transactions with holders of Participating Redeemable Preference shares		**1,810,236**	**4,975,635**
At 31 March		**34,945,674**	**33,782,799**

The accompanying notes form an integral part of these Financial Statements.

SALTUS PRIVATE EQUITY PORTFOLIO, A CELL OF GUERNSEY PORTFOLIOS PCC LIMITED

STATEMENT OF FINANCIAL POSITION
As at 31 March 2021

	Notes	**31 March 2021** **£**	**31 March 2020** **£**
Assets			
Investments at fair value through profit or loss	6	29,904,565	26,945,073
Other receivables and prepayments	10	148	41,831
Cash and cash equivalents		5,296,171	6,813,829
Total Assets		35,200,884	33,800,733
Liabilities			
Trade and other payables		255,210	17,934
Net Assets		**34,945,674**	**33,782,799**
Equity			
Share capital	11	-	-
Share premium	11	29,430,927	27,620,691
Retained earnings	11	5,514,747	6,162,108
Total Equity		**34,945,674**	**33,782,799**
Participating Redeemable Preference shares in issue	11	29,007,118	27,481,336
Net asset value per Participating Redeemable Preference share	16	£1.20	£1.23

The Financial Statements on pages 14 to 33 were approved by the Board of Directors and authorised for issue on 12 October 2021.

Mark Cleary
Lisa Haggarty

Directors

The accompanying notes on pages form an integral part of these Financial Statements.

SALTUS PRIVATE EQUITY PORTFOLIO, A CELL OF GUERNSEY PORTFOLIOS PCC LIMITED

STATEMENT OF CASH FLOWS
For the year ended 31 March 2021

	Notes	**1 April 2020 to 31 March 2021 £**	**1 April 2019 to 31 March 2020 £**
Cash flows from operating activities			
(Loss)/income for the financial year		(647,361)	1,198,417
Adjustment for:			
Net realised (gain) on disposal of investments	6	(80,795)	(60,669)
Net change in unrealised losses/(gains) on investments	6	290,020	(1,540,873)
		(438,136)	(403,125)
Changes in working capital:			
Movement in trade and other payables		237,276	(61)
Movement in other receivables and prepayments		41,683	409
		(159,177)	(402,777)
Purchases of investments		(3,483,109)	(13,827,668)
Proceeds from sales of investments		137,048	8,119,377
Return of proceeds from sale of investment		(9,001)	-
Distributions received		186,345	195,476
Net cash outflow from operating activities*		(3,327,894)	(5,915,592)
Cash flows from financing activities			
Proceeds from issue of Participating Redeemable Preference shares	11	8,836,209	9,220,271
Redemption of Participating Redeemable Preference shares	11	(7,025,973)	(4,244,636)
Net cash inflow from financing activities		1,810,236	4,975,635
Net decrease in cash and cash equivalents		(1,517,658)	(939,957)
Cash and cash equivalents as at start of year		6,813,829	7,753,786
Cash and cash equivalents as at end of year		5,296,171	6,813,829

*Included in Cash flows from operating activities is £280 (2020: £4,200) of interest which was received in cash.

The accompanying notes form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

1. General Information

The Company is an open-ended investment company of unlimited duration incorporated in Guernsey on 5 October 2006, as a protected cell company in accordance with the provisions of the Protected Cell Companies Ordinance, 1997 (subsequently replaced by the Companies (Guernsey) Law, 2008). It is authorised by the Guernsey Financial Services Commission as a Class B Collective Investment Scheme under the Protection of Investors (Bailiwick of Guernsey) Law, 1987. As at 31 March 2021, the Company had three active Cells.

The Saltus Private Equity Portfolio ("the Cell") commenced trading on 29 November 2006. The Participating Redeemable Preference shares ("PRP shares"), are listed on the Official List of The International Stock Exchange ("TISE").

2. Principal Accounting Policies

Basis of Accounting

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The Company maintains a separate Cell account for each class of PRP shares, to which the proceeds of PRP share issues and the income arising from the investment of these proceeds are credited, and against which the expenses allocated are charged. Upon redemption, shareholders are only entitled to their proportion of the net assets held in the Cell account relating to their PRP shares. Separate Financial Statements have been prepared for each cell of the Company. These Financial Statements represent the Cell only.

Going Concern

As disclosed in the 31 March 2020 financial statements the Board had considered the potential efficiencies and benefits which could be achieved by an amalgamation of the majority of the existing Guernsey Portfolio PCC Limited Cells (the "Existing Cells") into New Cells, which were intended to be newly formed protected cells of Zedra PCC (No 1) Limited, an existing protected cell company incorporated in Guernsey, which like the Company, is an open-ended collective investment scheme authorised by the GFSC pursuant to The Authorised Collective Investment Scheme (Class B) Rules 2013.

Subsequent to this the Board were of the opinion that it was no longer appropriate to prepare the 31 March 2020 financial statements on a going concern basis and had therefore chosen to prepare the financial statements on a basis other than that of going concern. This did not have any impact on the carrying value of the company's assets or liabilities and no adjustments were made to the 31 March 2020 financial statements as a result of preparing them on a basis other than that of a going concern.

On reflection, during the current year the Board decided not to amalgamate the Existing Cells into New Cells, due to issues in relation to the management of conflicts which would arise as a result of Zedra Fund Managers (Guernsey) Limited acting in the capacity of both Administrator and Manager and also providing Director services to Zedra PCC (No 1) Limited.

Furthermore, the amalgamation would have resulted in Zedra Fund Managers (Guernsey) Limited being brought into scope of certain responsibilities in relation to the Alternative Investment Fund Managers Directive, which the Board decided against.

The World Health Organisation declared a global health emergency in March 2020, it declared the spread of COVID-19 as a global pandemic. In order to stem the spread of the virus, Governments around the World took drastic steps which included compulsory closure of various businesses, shops and schools and heavy restrictions on movement of people which had a significant effect of global economies. While the Board continues to monitor the development and impact of the virus, it is of the opinion that given that the Administrator is able to continue to provide services, COVID-19 is likely to have minimal impact on the operations of the Cell. Global measures such as vaccinations, travel restrictions and containment of live cases have since been introduced by jurisdictions to combat COVID-19 and the investment markets have been recovering. The impact on the Cell's investments is now known and there have been no issues.

2. Principal Accounting Policies (continued)

Going Concern (continued)
The Board has considered the consequences of COVID-19 and other events and conditions, and it has determined that the Cell has sufficient resources and to cover operating costs for a period of a least 12 months from date of approval of these financial statements and is able to continue as a going concern.

New Accounting Standards, interpretations and amendments adopted
There were no new standards adopted which have had a material impact on the Financial Statements of the Cell.

The Directors believe that the Financial Statements contain all of the information required to enable shareholders and potential investors to make an informed appraisal of the investment activities and profits and losses of the Cell for the period to which they relate and do not omit any matter or development of significance.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Cell's Financial Statements:

Financial Instruments
Financial assets and financial liabilities are recognised in the Cell's Statement of Financial Position when the Cell becomes a party to the contractual provisions of the instrument. Unless otherwise indicated the carrying amounts of the Cell's financial instruments approximate to their fair values. Financial assets and financial liabilities are only offset, and the net amount reported in the Statement of Financial Position and Statement of Comprehensive Income when there is a currently enforceable legal right to offset the recognised amounts and the Cell intends to settle on a net basis or realise the asset and liability simultaneously.

On initial recognition, the Cell classifies financial assets as measured at amortised cost or at fair value through profit or loss ("FVTPL").

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest.

All other financial assets of the Cell are measured at FVTPL.

In making an assessment of the objective of the business model in which a financial asset is held, the Cell considers all of the relevant information about how the business is managed.

The Cell has determined that it has two business models.
- *Held-to-collect business model:* this includes cash and cash equivalents and prepayments. These financial assets are held to collect contractual cash flow.
- *Other business model:* this includes investments and derivatives. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

Financial Assets
Financial assets are classified into categories.

Classification of financial assets
The Cell classified financial assets into the following categories.

Financial assets at amortised cost:
Cash and cash equivalents and other receivables.

2. Principal Accounting Policies (continued)

Financial Instruments (continued)

Classification of financial assets (continued)
Financial assets at FVTPL:
Investments

Expected credit loss
The Cell assesses on a forward-looking basis the expected credit loss associated with its financial assets held at amortised cost. The Cell has elected to apply the simplified approach permitted by IFRS 9 in respect of receivables as they have a maturity of less than one year and do not contain a significant financing component. Under the simplified approach the requirement is to always recognise lifetime Expected Credit Loss ('ECL'). Under the simplified approach practical expedients are available to measure lifetime ECL but forward-looking information must still be incorporated. Under the simplified approach there is no need to monitor significant increases in credit risk and entities will be required to measure lifetime ECLs at all times. The Directors have concluded that any ECL on receivables would be highly immaterial to the Financial Statements due to the low credit risk of the relevant counterparties and the historical payment history.

Cash comprises current deposits with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investments or other purposes.

Other receivables
Included in other receivables is interest receivable and investment income receivable. The balances do not contain a significant financing component, as such the identified impairment loss is immaterial.

Recognition and initial measurement
Financial assets are measured initially at fair value, usually being the transaction price, including transaction costs for items that will subsequently be measured at amortised cost, on the trade date. Transaction costs on financial assets at fair value through profit or loss are expensed immediately.

Subsequent measurement
After initial measurement, financial assets classified at their fair values. Changes in fair value are recorded within the Statement of Comprehensive Income.

Fair Value Measurement
'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Cell has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the fair value of an instrument is measured using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Instruments quoted in an active market are valued at a mid price, because this price provides a reasonable approximation of the exit price.

If there is no quoted price in an active market, then valuation techniques are used that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

Transfers between levels of the fair value hierarchy are recognised as at the end of the reporting period during which the change has occurred.

Derecognition
A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or the Cell transfers the financial asset and the transfer qualifies for derecognition in accordance with IFRS 9.

2. Principal Accounting Policies (continued)

Financial Instruments (continued)

Financial liabilities – Classification, subsequent measurement and gains and losses
Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial liabilities at amortised cost:
This includes trade and other payables.

Derecognition
A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

Fair Value Measurement Hierarchy
IFRS 13 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement (see note 5). The fair value hierarchy has the following levels:

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

The level in the fair value hierarchy within which the financial asset or liability is cateogorised is determined on the basis of the lowest level input that is significant to the fair value measurement as a whole. Financial assets and financial liabilities are classified in their entirety into only one of three levels. Further details are contained in note 5.

Participating Redeemable Preference shares
The Company issues PRP shares in the Cell, which are redeemable at the holder's option and are classified as equity in accordance with IAS 32. Should the PRP shares' terms or conditions change such that they do not comply with the strict criteria conditions in IAS 32 the PRP shares would be reclassified to a financial liability from the date the instrument ceases to meet the criteria.

PRP shares in the Cell can be put back to that Cell for cash equal to a proportionate PRP share of its net asset value ("NAV"), with a 12 month notice period for redemptions. The PRP shares are carried at the redemption amount that is payable at the end of the reporting period if the holder exercises the right to put the PRP share back to the Cell at that date.

PRP shares are issued and redeemed at the holder's option at prices based on the Cell's net asset value at the time of issue or redemption of such shares. The Cell's net asset value per PRP share is calculated by dividing the net assets attributable to holders of Participating Redeemable Preference shares in the Cell by the total number of outstanding PRP shares in the Cell.

Operating Segments
The Board has considered the requirements of IFRS 8. Although the PRP shares of the Cell are listed on TISE, these PRP shares are not traded across TISE. As a result the Cell is outside the scope of IFRS 8.

2. Principal Accounting Policies (continued)

Investment income
Income is included in the Statement of Comprehensive Income as follows:

- Dividends are recognised when the Cell's right to receive payments is established, normally being the ex-dividend date. Dividend income is recognised on a gross basis including withholding tax, if any.

- Interest revenue is recognized on a time-proportionate basis using the effective interest method.

Expenses
Expenses are recognised in the Statement of Comprehensive Income on the accrual basis.

Foreign exchange
Functional and presentation currency
Items included in the Financial Statements of the Cell are measured in the currency of the primary economic environment in which the Cell operates (the “functional currency"). The Board considers the currency of the primary economic environment in which the Cell operates to be Sterling as this is the currency that represents the economic effect of the underlying transactions, events and conditions. Sterling is also the currency in which the Cell measures its performance and reports its results.

From time to time the Cell may enter into forward foreign exchange contracts. Transactions in forward foreign exchange contracts are not regulated by any regulatory authority nor are they guaranteed by an exchange or clearing house. The Cell will be subject to the risk of the inability or refusal of its counterparties to perform with respect to such contracts. Any such default would eliminate any potential profit and compel the Cell to cover its commitments for re-sale or repurchase, if any, at the then current market price.

Transactions and balances
Foreign currency assets and liabilities are translated into Sterling at the rate of exchange ruling at the end of the reporting period. Transactions in foreign currencies during the course of the year are translated at the rate of exchange ruling at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation, at year end exchange rates, of monetary items that are denominated in foreign currencies are recognised in the Statement of Comprehensive Income. Foreign exchange gains and losses on investments at fair value through profit or loss are recognised together with other changes in the fair value in the line item “Net capital gains on investments at fair value through profit or loss”. Net foreign exchange gains or losses on monetary financial assets and liabilities other than those classified as at fair value through profit or loss are included in the line item 'Other (losses)/gains'.

3. Critical accounting estimates and judgments

In the normal course of business, Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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 if the revision affects both current and future periods. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Key assumptions and sources of estimation uncertainty
The following are the key assumptions and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Investments at fair value through profit or loss
Those investments that are not traded in an active market are valued at the net asset value of that investment as at the relevant valuation date in accordance with the terms of the investment and as notified by the relevant administrator or as published on the stock exchange listing. The Directors consider these net asset values reported to best represent the fair value of investments as the underlying fund managers / administrators adopt fair value accounting for their underlying investments when generating their net asset values. Further details are contained in note 5.

3. Critical accounting estimates and judgments (continued)

Going concern
Please refer to note 2 for further details on the going concern assessment.

4. Significant fee arrangements

Management fees and Performance fees
The Manager is due a management fee of 1 per cent of the Net Asset Value ("NAV") of the Cell payable monthly in advance. As the Manager is also due a management fee of 1 per cent of the fair value of the investment in Acencia payable monthly in advance, the Manager has agreed with the Cell that there shall be no performance fee payable by the Cell for the foreseeable future.

During the year, the Manager was due a management fee of £312,966 (31 March 2020: £304,740) of which £54,311 was outstanding (31 March 2020: £nil) at the reporting date.

Administration fees
The Administrator is entitled to an annual fee, based on the Net Asset Value of the Cell as follows:

- 0.125 per cent per annum of the Net Asset Value of the Cell up to and including £50 million;

- 0.10 per cent per annum of the Net Asset Value of the Cell above £50 million.

The administration fee is subject to a minimum fee of £14,500 (31 March 2020: £14,857) per annum. In addition, the Administrator is entitled to be reimbursed for all reasonable out of pocket expenses incurred in the administration of the Cell.

During the year, the total Administrator fee was £46,356 (£15,692 of which relate to Praxis)(31 March 2020: £40,032) of which £10,551 (31 March 2020: £3,651) was outstanding at the reporting date.

With effect from 1 July 2020, the administration of Guernsey Portfolios PCC Limited and the Cell was transferred from Praxis Fund Services Limited to Zedra Fund Managers (Guernsey) Limited.

Custody fees
The Custodian is entitled to a fee of 0.075 per cent per annum of the NAV of the Cell. The fee is subject to a minimum of £4,000 per annum.

During the year, the total Custodian fee was £23,926 (31 March 2020: £23,540) of which £4,311 (31 March 2020: £2,190) was outstanding at the reporting date.

Directors' Fees
With effect from 6 December 2019, the Directors of the Company were entitled to remuneration from the Company as follows:

Patrick Firth (until resignation on 1 July 2020)	£22,500 per annum
Ben Morgan (until resignation on 1 July 2020)	£22,500 per annum
Grant Wilson (until resignation on 1 July 2020)	£27,500 per annum

In addition, Mr Patrick Firth was entitled to an additional fee of £5,000 per annum for his role as Risk Director of the Company.

Nick Stebbing and Michael Stimpson waived their Director's fee as they are members of the Investment Manager.

4. Significant fee arrangements (continued)

Directors' Fees (continued)

With effect from 1 July 2020 and change in administrators, the provision of directors to Guernsey Portfolios PCC Limited and the Cell was no longer provided by Praxis Fund Services Limited and began to be provided Zedra Fund Managers (Guernsey) Limited. From this date GPPCC was to pay £77,500 per annum to the administrator for the provision of Director services. This fee is apportioned equally between the cells and is payable out of the assets of each cell. Additionally Saltus (CI) Limited pay the director fees on behalf of the Kestrel Cell.

During the year, total Directors' fees were £23,753 (31 March 2020: £20,088) of which £6,164 (31 March 2020: £4,654) was outstanding as at the reporting date.

5. Financial risk management and financial instruments

Strategy in using financial instruments

The Cell's activities expose it to a variety of financial risks: market risk (including equity price risk, concentration risk, interest rate risk and currency risk), credit risk and liquidity risk. The Cell's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Cell's financial performance.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset and financial liability are disclosed in note 2 to the Financial Statements.

Categories of financial instruments

	31 March 2021	**31 March 2020**
	£	**£**
Financial assets		
Fair value through profit or loss:		
- Investments	29,904,565	26,945,073
Amortised cost:		
- Other receivables (excluding prepayments)	-	38,876
- Cash and cash equivalents	5,296,171	6,813,829
Total financial assets	35,200,736	33,797,778
Financial liabilities		
Amortised cost:		
- Trade and other payables	255,210	17,934
Total financial liabilities	255,210	17,934

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

5. Financial risk management and financial instruments (continued)

The following table analyses within the fair value hierarchy the Cell's financial assets at fair value through profit or loss:

31 March 2021	Level 1	Level 2	Level 3	Total
	£	£	£	£
Fair value through profit or loss				
- Investments	-	9,302,438	20,602,127	29,904,565

31 March 2020	Level 1	Level 2	Level 3	Total
	£	£	£	£
Fair value through profit or loss				
- Investments	-	13,004,857	13,940,216	26,945,073

Investments in listed but not actively traded funds are cateogorised as level 2 investments.

Investments in investment funds in a non-active market or unlisted investments are valued based on the reported net asset value per share as provided by the relevant fund manager or the relevant administrator. Such funds are categorised as level 3.

The valuation and classification of the investments are reviewed on a regular basis. The Board determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

During the years ending 31 March 2021 and 31 March 2020, Barak Fund Spc Ltd was transferred between the levels of hierarchy from level 2 to level 3 because the investment was previously listed but not actively traded. It is now valued with reference to capital statements.

The following table presents the movement in level 3 financial instruments:

	31 March 2021	31 March 2020
	£	£
Balance at start of the year	**13,940,216**	**10,737,932**
Purchases	3,483,109	2,654,052
Transfer from level 2	3,604,747	-
Sales	(137,048)	(596,628)
Distributions	(186,345)	(167,983)
Net gain on investments at fair value through profit or loss:		
Realised gain	81,346	106,064
Unrealised (loss)/gain	(183,898)	1,206,779
Balance at end of the year	**20,602,127**	**13,940,216**

The net gains or losses on investments at FVTPL above are included in the net gains/losses on investments at fair value through profit or loss line in the Statement of Comprehensive Income.

5. Financial risk management and financial instruments (continued)

Capital risk management

The investment objective of the Cell is to generate attractive risk adjusted returns by investing in unquoted companies and private equity funds and other vehicles and instruments with a risk/reward profile consistent with making private equity investments.

The capital structure of the Cell consists of issued capital, share premium, and distributable reserves as disclosed in note 11. The Company does not have any externally imposed capital requirements. At 31 March 2021, the Cell had total capital of £34,945,674 (31 March 2020: £33,782,799).

The Cell manages its capital to ensure that its objective is met. It does this by investing available cash whilst maintaining sufficient liquidity to meet on-going expenses and dividend payments.

The Investment Manager ensures that not more than 20% of the Cell's gross assets at the point of investment are invested in any single asset (unless the Manager determines in its discretion that the underlying investment is sufficiently diversified in itself).

Market risk

The Cell's activities expose it primarily to the market risks of changes in market prices, concentration risk and interest rate risk.

(a) Equity price risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

All investment securities present a risk of loss of capital. The Investment Manager moderates this risk through a careful selection of securities and other financial instruments within specified limits. The Cell's overall market positions are monitored on a daily basis by the Investment Manager and are reviewed on a quarterly basis by the Board of Directors.

(b) Price sensitivity

If the price of the underlying investments, at 31 March 2021, had increased/decreased by 5% with all other variables held constant, representing the Directors' assessment of a reasonably possible change, this would have resulted in a change to net assets attributable to holders of PRP shares in the Cell of £1,495,228 (31 March 2020 25%: £6,736,268). The 25% sensitivity applied in the previous year represented increased market volatility in the period at that time.

(c) Concentration Risk

While the Investment Manager will attempt to spread the Cell's assets among a number of investments in accordance with the investment policies adopted by the Cell, at times the Cell may hold a relatively small number of investments each representing a relatively large portion of the Cell's net assets and/or hold a number of investments denominated in non-base currencies each representing a relatively large portion of the Cell's net assets. Losses incurred in such investments could have a materially adverse effect on the Cell's overall financial condition. Whilst the Cell's portfolio is diversified in terms of the investments in which it invests, the investment portfolio of the Cell may be subject to more rapid change in value than would be the case if the Cell were required to maintain a broader diversification among types of securities, countries and industry groups. Four of the fifteen investments held make up 66% of the Cell's net asset value and these are monitored by the Investment Manager on a monthly basis.

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

5. Financial risk management and financial instruments (continued)

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The majority of the Cell's financial assets and liabilities are non-interest bearing. As a result, the Cell is not directly subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash or cash equivalents are invested at short-term interest rates. The table below summarises the Cell's exposure to interest rate risks:

	Floating rate	Non interest bearing	Total
31 March 2021	**£**	**£**	**£**
Financial assets			
Investments at fair value through profit or loss	-	29,904,565	29,904,565
Other receivables (excluding prepayments)	-	-	-
Cash and cash equivalents	5,296,171	-	5,296,171
Total financial assets	5,296,171	29,904,565	35,200,736
Financial liabilities measured at amortised cost			
Trade and other payables	-	255,210	255,210
Total financial liabilities	-	255,210	255,210
Total interest sensitivity gap	5,296,171	29,649,355	34,945,526

	Floating rate	Non interest bearing	Total
31 March 2020	**£**	**£**	**£**
Financial assets			
Investments at fair value through profit or loss	-	26,945,073	26,945,073
Other receivables (excluding prepayments)	-	38,876	38,876
Cash and cash equivalents	6,813,829	-	6,813,829
Total financial assets	6,813,829	26,983,949	33,797,778
Financial liabilities measured at amortised cost			
Trade and other payables	-	17,934	17,934
Total financial liabilities	-	17,934	17,934
Total interest sensitivity gap	6,813,829	26,966,015	33,779,844

At 31 March 2021, should interest rates have lowered by 25 basis points, with all other variables remaining constant, representing the Directors' assessment of a reasonably possible change, the decrease in net assets attributable to holders of PRP shares for the year would be £13,240 (31 March 2020: £17,035). If interest rates had risen by 25 basis points, the increase in net assets attributable to holders of PRP shares would be £13,240 (31 March 2020: £17,035).

The Manager monitors the Cell's overall interest rate sensitivity on a regular basis by reference to prevailing interest rates and the level of the Cell's cash balances.

(e) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

A proportion of the net assets of the Cell is denominated in currencies other than Sterling, with the effect that the Statements of Financial Position and Comprehensive Income can be significantly affected by currency movements.

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

5. Financial risk management and financial instruments (continued)

(e) Currency risk (continued)
The table below summarises the Cell's exposure to currency risks.

31 March 2021	Cash and cash equivalents	Other Net Assets / (Liabilities)	Investments	Total
	£	£	£	£
UK Sterling	5,296,171	(255,210)	12,045,067	17,086,028
Euro	-	-	10,585,444	10,585,444
US Dollar	-	-	7,274,054	7,274,054
	5,296,171	(255,210)	29,904,565	34,945,526

31 March 2020	Cash and cash equivalents	Other Net Assets / (Liabilities)	Investments	Total
	£	£	£	£
UK Sterling	6,813,829	20,956	9,582,661	16,417,446
Euro	-	(14)	10,049,536	10,049,522
US Dollar	-	-	7,312,876	7,312,876
	6,813,829	20,942	26,945,073	33,779,844

The Cell's investment portfolio comprises UK Sterling, Euro and US Dollar denominated investments. From time to time the Cell engages in currency hedging in an attempt to reduce the impact on the Cell of currency fluctuations and the volatility of returns which may result from such currency exposure. The Cell seeks to obtain foreign exchange lines from institutions which are rated A1 or above by Standard & Poor's or an equivalent rating agency.

The Investment Manager monitors the Cell's currency positions on a daily basis, and the Board of Directors reviews them on a quarterly basis.

As at 31 March 2021 and 31 March 2020, there were no open forward foreign currency positions, therefore there was no currency exposure.

Foreign currency sensitivity
At 31 March 2021, had the exchange rate of Sterling increased or decreased compared to US Dollar and Euro by 5% with all other variables held constant, the decrease or increase in net assets attributable to holders of PRP shares for the for year respectively is USD £363,703 (31 March 2020: £365,644), Euro £529,272 (31 March 2020: £502,476). 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

Credit risk
The Cell takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due resulting in financial loss to the Cell. Impairment provisions are provided for losses that have been incurred by the end of the reporting period, if any.

All transactions in listed and unlisted securities are settled/paid for upon delivery using market regulated brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

Credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

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

5. Financial risk management and financial instruments (continued)
Credit risk (continued)
The following table shows the maximum exposure to credit risk:

	31 March 2021	31 March 2020
	£	£
Cash and cash equivalents	5,296,171	6,813,829
Other receivables (excluding prepayments)	-	38,876
Total	5,296,171	6,852,705

Amounts in the above table are based on the carrying value of all accounts. The carrying amounts of these assets are considered to represent their fair value and best represents the Cell's maximum exposure to credit risk.

As at 31 March 2021 and 31 March 2020, no receivables are impaired or past due.

Substantially all of the cash held by the Cell is held by Butterfield Bank (Guernsey) Ltd (the "Bank"). Bankruptcy or insolvency of the Bank may cause the Cell's rights with respect to these assets to be delayed or limited. The Cell monitors its risk by monitoring the credit rating of the Bank, which currently has a Standard & Poor's long term rating of BBB+ (31 March 2020: BBB+). If credit quality deteriorates, the Investment Manager may move the holdings to another bank.

The Investment Manager monitors the Cell's credit position on a daily basis, and the Board of Directors reviews it on a quarterly basis.

From time to time the Cell may enter into forward foreign exchange contracts. Transactions in forward foreign exchange contracts are not regulated by any regulatory authority nor are they guaranteed by an exchange or clearing house. The Cell will be subject to the risk of the inability or refusal of its counterparties to perform with respect to such contracts. Any such default would eliminate any potential profit and compel the Cell to cover its commitments for re-sale or repurchase, if any, at the then current market price.

Credit risk associated with derivatives is managed by only using institutions with high credit ratings assigned by international credit rating agencies.

Liquidity risk
The Cell takes on exposure to liquidity risk, which is the risk that the Cell will encounter in realising assets or otherwise raising funds to meet financial commitments.

The majority of the Cell's investments may comprise securities which are traded in recognised financial markets. The Cell may also invest in securities which may lack an established secondary trading market or are otherwise considered illiquid. Liquidity of a security relates to the ability to easily dispose of the security and the price to be obtained and does not generally relate to the credit risk or likelihood of receipt of cash at maturity.

The Cell is exposed to monthly cash redemptions of PRP shares. It therefore holds certain investments that are traded in an active market and can be readily disposed of.

However, when seeking to sell the unlisted securities little or no market may exist. The Cell has the facility to borrow in the short term to ensure settlement of PRP redemptions.

The Investment Manager regularly monitors the Cell's liquidity position, and the Board of Directors reviews it on a quarterly basis.

The table below analyses the Cell's financial liabilities into relevant maturity groups based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not considered to be significant.

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

5. Financial risk management and financial instruments (continued)
Liquidity risk (continued)

	Less than 1 Month £	1 – 3 months £	4 – 12 months £	Total £
At 31 March 2021				
Trade and other payables	54,311	34,963	165,936	255,210
Total financial liabilities	**54,311**	**34,963**	**165,936**	**255,210**

	Less than 1 Month £	1 – 3 months £	4 – 12 months £	Total £
At 31 March 2020				
Trade and other payables	10,509	7,425	-	17,934
Total financial liabilities	**10,509**	**7,425**	**-**	**17,934**

The carrying amounts of financial liabilities recorded at amortised cost in the Financial Statements approximate their fair values.

6. Investments at fair value through profit or loss

	31 March 2021 £	31 March 2020 £
Unlisted investments	29,904,565	26,945,073
Total investments at fair value through profit or loss	**29,904,565**	**26,945,073**

	31 March 2021 £	31 March 2020 £
Net gain on investments at fair value through profit or loss:		
Realised gain	80,795	60,669
Unrealised (loss)/gain	(290,020)	1,540,873
Total capital (loss)/gain on investments at fair value through profit or loss	**(209,225)**	**1,601,542**
Dividend income	20,117	38,596
Total (loss)/gain on financial assets at fair value through profit or loss	**(189,108)**	**1,640,138**

7. Other losses

	31 March 2021 £	31 March 2020 £
Loss on foreign exchange	(16,729)	(6,781)
Total other losses	**(16,729)**	**(6,781)**

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

8. Dividends

Reporting Fund status for the Cell has been obtained with effect from 1 April 2011.

The Board of Directors does not recommend the payment of a dividend for the year ended 31 March 2021 (31 March 2020: £nil).

9. Taxation

The Company is exempt from Guernsey income tax and is charged an annual exemption fee of £1,200 (31 March 2020: £1,200) which is allocated between each cell.

The taxation charge included in the Statement of Comprehensive Income represents irrecoverable withholding tax incurred on investment income received in the year. The amount charged in the year was £2,764. (31 March 2020: none).

10. Other receivables and prepayments

	31 March 2021 £	31 March 2020 £
Interest income receivable	-	280
Dividend income receivable	-	38,596
Prepayments	148	2,955
	148	41,831

11. Share capital

PRP shares entitle the holders to participate in the assets and income of the respective Cells of the Company to which they relate. In a winding up, the holders of the PRP shares have the right to a return of the nominal capital paid up in respect of such PRP shares using the assets available in the Cell. Surplus assets remaining after the return of capital paid up on the PRP shares of the Cell are distributed to the holders of the PRP shares on a pro-rata basis.

The Cell has the power to issue an unlimited number of PRP Shares of no par value.

Issued and fully paid share capital **Share capital**	**Number of PRP shares No.**	**Share premium £**	**Share capital £**
At 1 April 2020	27,481,336	27,620,691	-
PRP shares issued during the year	7,309,578	8,836,209	-
PRP shares redeemed during the year	(5,783,796)	(7,025,973)	-
At 31 March 2021	29,007,118	29,430,927	-

Issued and fully paid share capital **Share capital**	**Number of PRP shares No.**	**Share premium £**	**Share capital £**
At 1 April 2019	23,320,704	22,645,056	-
PRP shares issued during the year	7,757,461	9,220,271	-
PRP shares redeemed during the year	(3,596,829)	(4,244,636)	-
At 31 March 2020	27,481,336	27,620,691	-

11. Share capital

Retained earnings
At the discretion of the Directors, any part of the amount standing to the credit of the Cell's retained earnings reserve may be used for distribution amongst the holders of PRP shares of the Cell, including the payment of dividends.

12. Commitments

The Company has total commitments at 31 March 2021 of:

- US$1,000,000 (31 March 2020: US$1,000,000) regarding its investment in QS Geo PEP C1 A1, with US$170,805 of this outstanding at 31 March 2021 (31 March 2020: US$170,805).
- EUR7,200,000 (31 March 2020: EUR7,200,000) regarding its investment in LPE II LP "B" Participation, with EUR864,212 of this outstanding at 31 March 2021 (31 March 2020: EUR1,548,212).
- £204,420 (31 March 2020: £204,420) regarding its investment in WestBridge SME Fund LP, with £2,519 of this outstanding at 31 March 2021 (31 March 2020: £2,519).
- US$7,000,000 (31 March 2020: US$7,000,000) regarding its investment in North Haven TBV Feeder Fund LP, with US$3,282,313 of this outstanding at 31 March 2021 (31 March 2020: US$4,214,407).

On 29 September 2008, the Cell entered into a Security Agreement with the Bank which assigns title of the Cell's investments and bank balances, subject to the terms and conditions specified within said agreement, to the Bank in the event of a default.

13. Controlling Parties

The issued PRP shares of the Cell are owned by a number of parties and therefore, in the opinion of the Directors, there is no ultimate controlling party of the Cell, as defined by IAS 24 - Related Party Disclosures.

14. Related Parties

Mr Michael Stimpson, a Director of the Company, is also a Director of the Manager.

Mrs Lisa Haggarty, a Director of the Company, is also a Director of the Manager.

Mr Patrick Firth and Mr Grant Wilson, Directors of the Manager, were also Directors of the Company until their resignation as Directors of the Company on 1 July 2020.

Mr Nick Stebbing, an alternate Director of the Manager, was also a Director of the Company until his resignation on 1 July 2020.

Mr Ben Morgan, a Partner of the Company's Legal Adviser, was also a Director of the Company until his resignation on 1 July 2020.

Mr David McNay, Director of the Manager, was also a Director of the Company until his resignation as Director of the Company on 21 December 2020.

The fees and expenses payable to the Manager are the Directors fees are disclosed in note 4.

15. Basic and diluted earnings per PRP share

Basic and diluted earnings per PRP share has been calculated on a weighted average basis and is arrived at by dividing the total comprehensive loss for the year, £647,361 (31 March 2020: £1,198,417 income) by the weighted average number of PRP shares in issue, 26,277,850 (31 March 2020: 24,007,925).

The Cell's diluted earnings per PRP share is the same as basic earnings per PRP share since the Cell has not issued any instruments that could potentially dilute the earnings per PRP share in future years.

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

16. Reconciliation of Financial Statement's NAV per PRP share and Published NAV per PRP share

The Cell's Net Asset Value per PRP share used for the issuance and redemptions of PRP shares at 31 March 2021 is £1.20 (31 March 2020: £1.23), and can be reconciled to the Net Asset value per PRP share as calculated in accordance with IFRS.

For the Published NAV, financial assets are valued based on the latest available price information at that time. During the post year-end period and prior to the completion of this report, updated price information for financial assets at the reporting date is used within these Financial Statements if it becomes available. Accordingly, the reconciling items are as described below:

31 March 2021	**NAV £**	**NAV per PRP share £**
Published net asset value	**34,917,408**	**1.20**
Updated price adjustments	194,202	-
Related party creditor	(165,936)	-
Net asset value per Financial Statements	**34,945,674**	**1.20**

31 March 2020	**NAV £**	**NAV per PRP share £**
Published net asset value	**33,398,913**	**1.21**
Dividend income receivable	38,596	-
Updated price adjustments	345,290	0.02
Net asset value per Financial Statements	**33,782,799**	**1.23**

17. Events after the end of the reporting period

Distributions were incorrectly received from Westbridge SME Fund LP in October 2020 for £165,936 and in April 2021 for £131,773. This was corrected by returning the monies on 30 September 2021.

Subsequent to this correction, the effect on valuations announced to investors since October 2020, will be confirmed to the investors when the 30 September 2021 NAV gets released.

On 30 September 2021 and 7 October 2021 €360,000 and €1,728,000 was received respectively from LPE II LP "B" Participation.

There were no other significant post year end events that require disclosure in these Financial Statements.

SALTUS PRIVATE EQUITY PORTFOLIO, A CELL OF GUERNSEY PORTFOLIOS PCC LIMITED

PORTFOLIO STATEMENT (unaudited)

As at 31 March 2021

	Holding	Market Value £	% of Net Asset Value
Unlisted Investments			
LPE II LP "B" Participation	6,335,789	10,500,988	30.05
Carmignac Portfolio Securities F GBP ACC	48,188	5,609,101	16.05
Barak Fund Spc Ltd	15,597	3,604,747	10.31
Fidelity Sterling Fund ACC	168	3,529,757	10.10
North Haven Tactical Value Fund LP	3,717,687	3,113,114	8.91
Horizon Capital Fund	19,873	2,050,675	5.87
Quilvest Geo Private Equity Programme Class A1	829,195	477,069	1.36
Strata Fund - STRA80LLP	277,465	302,992	0.87
Strata Fund - STRA211LLP	254,892	278,342	0.80
Alternative Liquidity Solutions Ltd. Run-Off Shares	1,574,275	221,973	0.64
Fidelity Euro Fund ACC	7	84,456	0.24
Fidelity USD Fund A ACC	6	79,124	0.23
Westbridge SME Fund LP	201,901	52,227	0.14
Sconset Capital LP - Promissory Note Sisu	1	-	-
Speymill Deutsche Immobilien	1,243,550	-	-
Total Investments		29,904,565	85.57
Other Net Assets		5,041,109	14.43
Net Assets Attributable to Holders of Participating Redeemable Preference shares		**34,945,674**	**100.00**

SCHEDULE OF SIGNIFICANT PORTFOLIO CHANGES (unaudited)
For year ended 31 March 2021

	Nominal	Cost
Purchases		**£**
Horizon Capital Fund	19,873	2,000,000
LPE II LP "B" Participation	842,400	753,223
North Haven Tactical Value Fund LP	932,094	729,886
Total purchases in the year		3,483,109

	Nominal	Proceeds
Sales		**£**
LPE II LP "B" Participation	158,400	137,048
Total sales in the year		137,048

The above transactions represent the Cell’s only purchases and sales of investments during the year.