

**ZEDRA PCC (NO.1) LIMITED -
DISRUPTIVE CAPITAL INVESTMENTS CELL**

Annual Report and Audited Financial Statements

For the year ended

31 March 2022

**ZEDRA PCC (NO.1) LIMITED -
DISRUPTIVE CAPITAL INVESTMENTS CELL**

**ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 MARCH 2022**

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**ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 MARCH 2022**

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M Cleary
P Edwards (resigned 26 April 2021)
L Haggarty (resigned 20 September 2021)
W Ritz (appointed 7 May 2021)
B Taylor (appointed 7 May 2021; resigned 10 May 2022)
D Fitzgerald (appointed 20 September 2021)
B Lewis (appointed 10 May 2022)

SECRETARY

Zedra Fund Managers (Guernsey) Limited
Third Floor
Cambridge House, Le Truchot
St. Peter Port
Guernsey GY1 1WD

REGISTERED OFFICE

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Cambridge House, Le Truchot
St. Peter Port
Guernsey GY1 1WD

INDEPENDENT AUDITOR

Grant Thornton Limited
St. James Place
St. James Street
St. Peter Port
Guernsey GY1 2NZ

CUSTODIAN & BANKER

Butterfield Bank (Guernsey) Limited
Regency Court
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St. Peter Port
Guernsey GY1 3AP

INVESTMENT MANAGER

Zedra Fund Managers (Guernsey) Limited
Third Floor
Cambridge House
Le Truchot
St. Peter Port
Guernsey GY1 1WD

INVESTMENT ADVISER

Disruptive Capital GP Limited
Mill Court
La Charroterie
St Peter Port
Guernsey GY1 IEJ

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of Zedra PCC (No.1) Limited – Disruptive Capital Investments Cell (the “Cell”) for the year ended 31 March 2022.

The Cell was created on 7 June 2010 and launched on 21 June 2010.

The Companies (Guernsey) Law, 2008 (as amended) permits a Protected Cell Company (“PCC”) to forego preparing group audited consolidated financial statements provided all the underlying Cells that form the PCC produce individual audited financial statements at Cell level. The directors agreed to adopt this level of financial reporting for this Cell, whereby the results of this Cell will not be incorporated in a group consolidation at the PCC group level.

PRINCIPAL ACTIVITIES

The Cell is part of Zedra PCC (No.1) Limited (the “Company”) which is an open-ended investment company, constituted as a Protected Cell Company under The Companies (Guernsey) Law, 2008.

The Company is authorised by the Guernsey Financial Services Commission as a Class B Collective Investment Scheme under the provisions of the Protection of Investors (Bailiwick of Guernsey) Law, 2020.

The investment objective of the Cell is to focus on capital appreciation in the medium to long-term through investing, directly or indirectly, in quoted and unquoted equities, debt, convertibles, quasi equity and other securities and other collective investment schemes with a similar focus to the Cell and property or any other assets that allow the directors to best achieve the above objectives.

As at 31 March 2022, the Cell has invested into one company, Disruptive Capital Investments II Limited (“DCIL II”), which holds investments in five entities, with one entity Issus L.P. owning a diverse portfolio. The Cell wholly owns DCIL II, but has opted not to prepare full consolidated financial statements as, in the opinion of the directors, the Cell holds shares in the company exclusively with a view to subsequent resale. This treatment of not preparing full consolidated financial statements is acceptable under UK GAAP and Guernsey company law. The shares in the company are held as part of an investment portfolio and are measured at fair value with changes in fair value recognised in the Statement of Profit and Loss.

Class A shares of the Cell are listed on The International Stock Exchange (“TISE”).

REVIEW OF ACTIVITIES

The results of the Cell for the year ended 31 March 2022 are disclosed in the Statement of Profit and Loss on page 16.

As at 31 March 2022, net assets attributable to participating redeemable shareholders of the Disruptive Capital Investments Cell was £36,651,326 (31 March 2021: £71,016,362). The net asset value of the Cell is divided between A shares and C shares. The A shares have a net asset value of £17,840,001 (31 March 2021: £33,669,099); and C shares have a net asset value of £18,811,325 (31 March 2021: £37,347,263). The issued Cell shares have warrants attached to them, and if exercised, the premium associated with the Cell's shares would have a value as at 31 March 2022 of £1,559,643 (31 March 2021: £3,230,369).

De Boucaud Truell Inter-Generational FLP (“FLP”) had pledged to make good this category 2 warrant liability by contributing to the Cell an equivalent amount from its funds if and when such warrants are exercised. The value of the pledge as at 31 March 2022 was £779,822 (31 March 2021: £Nil). On 1 March 2022, FLP indicated a change in position and declined signing the warrant pledge for the year ended 31 March 2021, despite having acknowledged this pledge in the preceding two financial years. An impairment provision as at 31 March 2022 of £Nil (31 March 2021: £1,615,184) has been included, as the position has been re-confirmed and the undertaking reinstated in the accounts (see further detail in note 12).

During the year £Nil (31 March 2021: 56.761250) C shares were redeemed at a value of £Nil (31 March 2021: £865,521).

ZEDRA PCC (NO.1) LIMITED - DISRUPTIVE CAPITAL INVESTMENTS CELL

DIRECTORS' REPORT (CONTINUED)

CELL STATISTICS

	Net asset value of the Cell	Net asset value per share	% change in net asset value per share	Number of shares in issue	Basic and diluted earnings per share	Highest price	Lowest price
	£'000	£			£	£	£
31 March 2022 – A Shares	17,840	86.79	-47.01%	205,546.401297	(77.01)	163.80	86.79
31 March 2022 – B Shares	-	-	-	3,960.269566	-	-	-
31 March 2022 – C Shares	18,811	7,381.05	-51.72%	2,442.946334	(7,587.53)	15,287.80	7,700.26
31 March 2022 – C warrants (category 1)	780	8,019.47	-51.72%	97.24099	-	-	-
31 March 2022 – C warrants (category 2)	780	8,019.47	-51.72%	97.24099	-	-	-
31 March 2021 – A Shares	33,669	163.80	3.91%	205,546.401297	2.06	163.80	157.64
31 March 2021 – B Shares	-	-	-	3,960.269566	-	-	-
31 March 2021 – C Shares	37,347	15,287.80	(0.96)%	2,442.946334	192.43	15,435.78	15,287.80
31 March 2021 – C warrants (category 1)	1,615	16,610.12	3.42%	97.24099	-	-	-
31 March 2021 – C warrants (category 2)	1,615	16,610.12	3.42%	97.24099	-	-	-

SHARE CAPITAL

As at 31 March 2022, there were 205,546.401297 (2021: 205,546.401297) participating redeemable A shares; 3,960.269566 (2021: 3,960.269566) participating redeemable B shares; and 2,442.946334 (2021: 2,442.946334) participating C shares in issue.

The net asset value of a Class A Share and the subscription price at which Class A Shares will be offered and the disposal price at which Class A Shares will be disposed of will be calculated in accordance with the Articles and will be determined by the value of the underlying net assets of the Cell equal to the Class A Assets. For the avoidance of doubt, the proportion of the assets of the Cell attributable to the Class A Shares shall be the Class A Assets.

B shares carry no value. Their original purpose to receive only income was not required.

The Net Asset Value of a Class C Share and the Subscription Price at which Class C Shares will be offered and the Redemption Price at which Class C Shares will be redeemed will be calculated in accordance with the Articles of Incorporation and will be determined by the value of the underlying net assets of the Cell equal to the Class C Assets. For the avoidance of doubt, the proportion of the assets of the Cell attributable to the Class C Shares shall be the Class C Assets.

WARRANTS

As at 31 March 2022, there were 97.24098708 category 1 warrants in issue and 97.24098708 category 2 warrants in issue for C class shares. These warrants were issued on 9 March 2018.

A credit facility of £33.5 million from Crestline was entered into by DCIL II's then subsidiary, Disruptive Capital Investments Limited ('DCIL'). Included in the terms of this credit facility, the Cell has raised warrants to allow parties related to Crestline to subscribe for certain class C shares in the capital of the Cell. Two categories of warrants were issued in March 2018. Category 1 warrants would have an exercise price of £0.01 per warrant share. The original warrant agreement of 18 December 2017 stipulated that Category 2 warrants would have an exercise price of £35,873.94. Category 2 warrant exercise price was then reduced to £0.01 on 14 February 2019 in line with the amended warrant agreement. The exercise period is the earlier of (i) the sale or liquidation of the Cell; and (ii) the tenth anniversary of the date of the signing of the original warrant instrument. Crestline's debt was repaid using funds received from the partial sale of the DCIL II and DCIL investment portfolio to Issus LP. However, Crestline still holds the warrants issued on the C shares of the Cell.

DIRECTORS' REPORT (CONTINUED)

WARRANTS (CONTINUED)

As at 31 March 2022, if the warrants were exercised on this date, the category 1 warrants would command a total value of £779,822 (31 March 2021: £1,615,184); and category 2 warrants would also command a total value of £779,822 (31 March 2021: £1,615,184).

DIVIDENDS

The directors have not declared a dividend for the year ended 31 March 2022 (31 March 2021: Nil).

GOING CONCERN

As at 31 March 2022, the Cell has insufficient liquid assets to meet its foreseeable obligations, including share redemptions amounting to £865,521 that are due to be paid. The Cell is reliant on funds transferred from its underlying subsidiary, DCIL II, but this subsidiary also has insufficient liquid assets to meet its own obligations. As at 31 March 2022, the Cell had current liabilities of £1,960,000, excluding provision for warrants (31 March 2021: £22,009,000) and cash of £22,000 (31 March 2021: £65,910). The total amount due on redemptions are £866,000 (31 March 2021: £1,529,000). The remaining balance due in relation to redemptions will be settled once the liquidity of the Cell has improved.

The Directors' of the Cell and DCIL II considered various alternatives as listed below to monetise the portfolio. As a result of the position outlined above it is the directors opinion that this cell is not a going concern and as of this consequence these financial statements have been prepared on a non-going concern basis.

Plan to generate liquidity

In order for the Cell to meet its liabilities, the Cell is dependent on the cash received from DCIL II. As at 31 March 2022, the underlying subsidiary, DCIL II, also had insufficient liquid assets to meet its current obligations, with current liabilities of £40,863,329 (31 March 2021: £34,975,932) and cash of £206,632 (31 March 2021: £4,164,418). The Cell received an offer (the "Offer") from Long Term Assets Limited (the "Acquirer"), a Guernsey investment company limited by shares, as presented by the investment adviser (Disruptive Capital GP Limited) to the Cell for the 100% acquisition of the issued share capital (the "Shares") of DCIL II and that previously represented the sole direct investment property of the Cell. As approved by Shareholders, it was agreed that the Acquirer – subject to any legal, regulatory and administrative requirements – financed the acquisition of the Shares (as consideration paid to the Cell) by issuing an equivalent amount of new equity shares in LTA ("LTA Shares") to the Cell plus the release of £850,000 from DCIL II Limited to pay ongoing expenses of the Cell. Furthermore, as per note 13, £19,840,000 of a loan payable to Disruptive Capital Investment II Limited was distributed to the Cell by DCILII and then cancelled. The Directors of the Company were authorised by the shareholders to accept the terms of the Offer for and on behalf of the Cell subject to such modifications as they see fit. The Offer was accepted and completed on 30 September 2022.

DIRECTORS

The current directors, and directors who served during the year, are listed on page 1.

ELECTION AND APPOINTMENT OF AUDITOR

During the period, Deloitte LLP resigned as auditor of the Company on the 11 May 2021. Grant Thornton was subsequently appointed as auditor and to carry on their duties in accordance with section 258 of The Companies (Guernsey) Law, 2008.

DIRECTORS' REPORT (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THESE FINANCIAL STATEMENTS

The directors are responsible for preparing the annual report and the financial statements in accordance with the applicable law and regulations.

The Companies (Guernsey) Law, 2008 requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards including FRS 102 'The Financial Reporting Standard' applicable in the UK and Ireland and applicable law. Under that law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Cell and of the Statement of Profit and Loss of the Cell for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements; 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 are responsible for keeping proper accounting records that are sufficient to show and explain the Cell's transactions and disclose with reasonable accuracy at any time the financial position of the Cell and enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008. 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.

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

This confirmation is given and should be interpreted in accordance with the provisions of Section 249 of the Companies (Guernsey) Law, 2008.

CUSTODIAN'S REPORT TO THE SHAREHOLDERS

The Directors note the disclosure stated within the custodian report. Having considered this in detail, and following a review of the Licensees Conduct of Business Rules and Guidance, 2021 section 3.1 (3), the Directors respectfully disagree with the assessment by the custodian. This section relates to Licensees under the POI law and further they refer to compliance procedures, which were established, maintained and made available to the Zedra team. The Directors are aware that desktop procedures were not supplied by Zedra Fund Managers (Guernsey) Limited to the custodian during their regulatory visit, but further note that these have now been made available. The supply of desktop procedures is not viewed by the Directors as a requirement of the PCC under the Licensees Conduct of Business Rules and Guidance, 2021 section 3.1 (3).

Approved by the Board of Directors and signed on behalf of the Board.

Barney Lewis

Damien Fitzgerald

Director

Director

Date 21 December 2022

INVESTMENT MANAGER'S REPORT

The results of the Cell for the year ended 31 March 2022 are disclosed in the Statement of Profit and Loss on page 12.

The Zedra PCC (No.1) Limited – Disruptive Capital Investments Cell recorded a decrease in net assets attributable to shareholders of £34,365,000 for the year ended 31 March 2022 (31 March 2021: net increase, £893,944). No capital distributions were made during the year.

On 8 January 2020, DCIL II, DCIL, Issus LP and the investors of SDLP entered into agreements whereby DCIL II acquired the remaining investor interests of SDLP in exchange for issuing loan notes (the SDLP Loan Notes). Simultaneously, a new vehicle, Issus LP, acquired a significant proportion of the assets of DCIL, SDLP and DCIL II in exchange for cash and Common Limited Partner interests in Issus LP. Under the terms of Issus LP, the Preferred Limited Partner of Issus LP (an external party) is entitled to a preferred return of 1.3x (if repaid by June 2021); 1.4x thereafter; or subject to a minimum IRR of 9.5%. During this period 90% of distributions are paid to the Preferred Limited Partner.

The net asset value of DCIL II reflects the value of the holding in Issus LP based on the waterfall terms as at 31 March 2021 reflecting the preferred return due at that time of 1.4x. In the prior year the valuation of Issus LP was adjusted to reflect the effect of amending this preferred return to 1.4x. The adjustment in value would be an estimated decrease of £Nil (31 March 2021: £3,887,794) in the value of the share of investments in Issus L.P. and based on the asset value of Issus L.P. as at 31 March 2022. This adjustment in value has been included as an adjustment to the fair value of DCIL II disclosed in these financial statements. The investment Manager is in an agreement with this adjustment, and considers this a significant judgement when ascertaining a fair value for DCIL II.

The Cell received an offer (the "Offer") from Long Term Assets Limited (the "Acquirer"), a Guernsey investment company limited by shares, as presented by the investment adviser (Disruptive Capital GP Limited) to the Cell for the 100% acquisition of the issued share capital (the "Shares") of DCIL II and that previously represented the sole direct investment property of the Cell. As approved by Shareholders, it was agreed that the Acquirer – subject to any legal, regulatory and administrative requirements – financed the acquisition of the Shares (as consideration paid to the Cell) by issuing an equivalent amount of new equity shares in LTA ("LTA Shares") to the Cell plus the release of £850,000 from DCIL II Limited to pay ongoing expenses of the Cell. Furthermore, as per note 13, £19,840,000 of a loan payable to disruptive Capital Investment II Limited was distributed to the Cell by DCILII and then cancelled. The Directors of the Company were authorised by the shareholders to accept the terms of the Offer for and on behalf of the Cell subject to such modifications as they see fit. The Offer was accepted and completed on 30 September 2022.

For and on behalf of

Zedra Fund Managers (Guernsey) Limited

Damien Fitzgerald

Director

Date: 21 December 2022

CUSTODIAN REPORT

In our capacity as Custodian to the Company we confirm that, in our opinion, the Scheme has been managed during the year ended 31 March 2022, in line with the provisions of the principal documents of the Company and The Authorised Collective Investment Schemes (Class B) Rules and Guidance, 2021. However, at the time of the custodian's regulatory visit, conducted during the reporting period, copies of the Operational Procedures could not be provided by the Licensee, thereby breaching the Licensees Conduct of Business Rules and Guidance, 2021 section 3.1 (3). Subsequent to the visit, copies of updated operational procedures have been made available for inspection and the custodian has undertaken and completed sample testing which has enabled the visit finding to be closed.

Following our reviews of valuations covering the reporting period, but provided in November 2022, breaches of both scheme documentation and the GFSC's Pricing Controls in respect of Open Ended Collective Investment Schemes guidance notes, 2021, were identified and brought to the attention of the Manager. In each instance the breaches were either non material or had no material impact, but they highlighted areas where controls could be enhanced. These matters have been reviewed by the Manager and enhancements to improve and strengthen processes and controls are being introduced. These will continue to be monitored through our review process.

Furthermore, in order to meet the Guernsey Financial Services Commission "GFSC" guidance note for 'Custodians of Open-Ended Collective Investment Schemes with Indirectly Held Assets', issued in December 2020, we have undertaken 'look through' reviews for those cells within this scheme that hold Special Purpose Vehicles "SPV's", or other such investments outside our direct custody, in order to verify the existence and control of these assets. Information has been provided to us to enable these checks to be completed, but it should be noted these reviews do not extend to validating the value of the underlying assets held by the SPV(s) as this is the responsibility of the Manager.

BUTTERFIELD BANK (GUERNSEY) LIMITED

Regency Court

Glategny Esplanade

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Guernsey

GY1 3AP

Date: 21 December 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZEDRA PCC (NO.1) LIMITED – DISRUPTIVE CAPITAL INVESTMENTS CELL

Opinion

We have audited the financial statements of Zedra PCC (No.1) Limited – Disruptive Capital Investments Cell (the “Cell”), which comprise the Statement of Profit and Loss, the Statement of Changes in Net Assets Attributable to Shareholders, the Statement of Financial Position, the Statement of Cash Flows, Portfolio Statement and notes to the financial statements, including a summary of significant accounting policies. The financial statements framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’ (United Kingdom Generally Accepted Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Cell’s affairs as at 31 March 2022 and of the Cell’s loss for the year then ended;
- are in accordance with United Kingdom Generally Accepted Practice; and
- comply with The Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable law. Our responsibilities under those standards are further described in the ‘Auditor’s responsibilities for the audit of the financial statements’ section of our report. We are independent of the Cell in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Guernsey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw your attention to Note 2 to the financial statements, which describes the basis of preparation on a non-going concern basis. Our opinion is not qualified in respect of this matter.

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. 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.

The key audit matter	How the matter was addressed in our audit
<p>Risk 1</p> <p>Existence, Ownership and Valuation of investments (2022: £39,369,000 and 2021: £96,174,000).</p> <p>Explain risk</p> <p>The Cell holds a 100% interest in Disruptive Capital Investments II Limited (“DCIL II”) which has a total value of £39,369,000 (2021: £96,174,000), valued at the directors’ best estimate of fair value.</p>	<p>In responding to the key audit matter, we performed the following audit procedures:</p> <ul style="list-style-type: none">• Obtained an understanding of the processes, policies and methodologies, and controls in relation to the existence, ownership and valuation of investments and performed walkthroughs to assess the design and implementation of the key controls;• We obtained an independent confirmation of the investment holding from the Custodian. We then assessed whether the recorded holding in the investment at year end was accurate;

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZEDRA PCC (NO.1) LIMITED – DISRUPTIVE CAPITAL INVESTMENTS CELL - continued

Key audit matters - continued

The key audit matter	How the matter was addressed in our audit
<p>The key input to the valuation is the net asset value of DCIL II and the preferred distribution mechanism which determines the value of the holding of Issus LP by DCIL II. DCIL II's investments as well as those of its subsidiary, Issus LP, are held at fair value through profit or loss.</p> <p>We identified valuation of unquoted investments as one of the most significant assessed risks of material misstatement due to these being measured using inputs that are not based on observable market data (using models incorporating multiples of earnings or similar techniques) which are subject to subjectivity, estimation uncertainty and the possibility of management override of controls.</p> <p>The fair value of unquoted investments might be misstated due to application of inappropriate methodologies or inputs to the valuations and/or inappropriate judgemental factors.</p> <p>The valuation of the Cell's unlisted investments involves the use of significant estimates and judgements giving rise to a higher risk of misstatement requiring significant audit attention.</p>	<ul style="list-style-type: none"> • We obtained audited financial statements of DCIL II and reconciled the investment value to the total Net Asset Value of DCIL II; • Obtained and inspected the valuation models and supporting data to assess whether the data used was appropriate and relevant; • Challenged management as to the key inputs and assumptions used in the valuation of the underlying investments within DCIL II and Issus LP; • We recalculated the preferred distribution mechanism applied by the Directors' to DCIL II's holding in Issus LP; and • We reviewed the disclosures made to assess whether these were in accordance with Sections 11 and 12 of FRS 102. <p>Our result</p> <p>As a result of our testing, we concluded that the existence, ownership and valuation of the investment and related disclosures are appropriate.</p>
<p>Risk 2</p> <p>Valuation of Warrant Pledge (2022: £780,000 and 2021: £Nil)</p> <p>Explain risk</p> <p>The Cell has issued warrants on C shares to Crestline and as at 31 March 2022, the warrants were valued at £1,560,000 (31 March 2021: £3,230,369). As part of the reorganisation of the debt that occurred in the year ended 31 March 2019 which involved Crestline, De Boucaud Truell Inter-Generational FLP ("FLP") pledged to fund the increase in cost as a result of decreasing the strike price of the category 2 warrants, as and when Crestline exercises its right to redeem them.</p> <p>The valuation of the pledge is calculated by multiplying the no. of shares issued to Crestline to the difference of the exercise price and NAV per share. In previous years this value and the agreement to pay has been confirmed by FLP. There is a risk that this amount and the pledge to pay is not confirmed.</p>	<p>In responding to the key audit matter, we performed the following audit procedures:</p> <ul style="list-style-type: none"> • We obtained the agreement between Crestline and the Cell and reviewed the terms and conditions in the agreement. • Recalculated the NAV per share • Recalculated the warrant pledge by multiplying the no. of shares issued to Crestline to the difference of the exercise price and NAV per share • We requested a confirmation from FLP in respect of the amount pledged. <p>Our result</p> <p>As a result of our testing, we concluded that the valuation of the warrant pledge is appropriate, having been provided for in full.</p>

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZEDRA PCC (NO.1) LIMITED – DISRUPTIVE CAPITAL INVESTMENTS CELL - continued

Other information in the Annual Report

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Audited financial statements, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (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 Cell's Financial Statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of the directors for the financial statements

As explained more fully in the "Statement of Directors' Responsibilities in respect to these Financial Statements" set out on page 5, the Directors are responsible for the preparation of the financial statements which give a true and fair view in accordance with United Kingdom Generally Accepted Practice, 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 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Cell's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZEDRA PCC (NO.1) LIMITED – DISRUPTIVE CAPITAL INVESTMENTS CELL - continued

Auditor's responsibilities for the audit of the financial statements - continued

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Cell's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Cell to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Cyril Swale.

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.

Grant Thornton Limited

Chartered Accountants

St Peter Port

Guernsey

Date: 21 December 2022

**ZEDRA PCC (NO.1) LIMITED -
DISRUPTIVE CAPITAL INVESTMENTS CELL**

**ANNUAL REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

**STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Net (loss)/gain on investments	4	(56,804)	3,122
Dividend income received		734	200
Net adjustment in fair value of warrants including the related pledge	12	2,450	(1,668)
(LOSS)/GAIN ON INVESTMENT ACTIVITIES		(53,620)	1,654
Expenses	5	(570)	(760)
Loan waived	7,13	19,825	-
NET (DECREASE)/INCREASE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS		(34,365)	894

**ZEDRA PCC (NO.1) LIMITED -
DISRUPTIVE CAPITAL INVESTMENTS CELL**

**ANNUAL REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO
SHAREHOLDERS FOR THE YEAR ENDED 31 MARCH 2022**

	Share Capital Account £'000	Share Premium Account £'000	Income and Expenditure Account £'000	Total £'000
At 1 April 2020	2	115,810	(44,824)	70,988
Net increase in net assets attributable to shareholders	-	-	894	894
Value given for redemption of shares	-	(866)	-	(866)
At 31 March 2021	2	114,944	(43,930)	71,016
Net decrease in net assets attributable to shareholders	-	-	(34,365)	(34,365)
At 31 March 2022	2	114,944	(78,295)	36,651

**ZEDRA PCC (NO.1) LIMITED -
DISRUPTIVE CAPITAL INVESTMENTS CELL**

**ANNUAL REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022**

	Notes	31 March 2022 £'000	31 March 2021 £'000
NON CURRENT ASSETS			
Investments	6	-	96,174
CURRENT ASSETS			
Investments	6	39,369	-
Loans receivable	7	-	15
Warrant pledge	12	780	-
Cash and cash equivalents		22	66
		40,171	81
CURRENT LIABILITIES			
Loan payable	13	-	(19,840)
Cost of share redemptions due	8	(866)	(1,529)
Provision for premium on warrants	12	(1,560)	(3,230)
Creditors	9	(1,094)	(640)
		(3,520)	(25,239)
NET CURRENT ASSETS/ (LIABILITIES)		36,651	(25,158)
NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS		36,651	71,016
		£	£
Net Asset Value per Share			
A Share		86.79	163.80
B Share		-	-
C Share		7,700.26	15,287.80

These financial statements on pages 12 to 33 were approved and authorised for issue by the Board of Directors on 21 December 2022

Signed on behalf of the Board of Directors

Barney Lewis

Damien Fitzgerald

Director

Director

**ZEDRA PCC (NO.1) LIMITED -
DISRUPTIVE CAPITAL INVESTMENTS CELL**

**ANNUAL REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

**STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Net cash from/(used in) operating activities	14	619	(118)
Cash outflow used/from in financing activities			
Share redemptions	11,14	(663)	(17)
Net cash outflow from financing activities		<u>(663)</u>	<u>(17)</u>
Net decrease in cash and cash equivalents		(44)	(135)
Cash and cash equivalents held at beginning of year		66	201
Cash and cash equivalents held at end of year		<u><u>22</u></u>	<u><u>66</u></u>

During the year ended 31 March 2022 the Cell entered into certain non-cash transactions. Details of these non-cash transactions are found in note 14.

**ZEDRA PCC (NO.1) LIMITED -
DISRUPTIVE CAPITAL INVESTMENTS CELL**

**ANNUAL REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

**PORTFOLIO STATEMENT
AS AT 31 MARCH 2022**

	Nominal	Fair	% of	Fair
	Shares	value	NAV	value
Unquoted investments		£'000		level
Disruptive Capital Investments II Limited	177,876,592.57	39,369	107.42%	3
Total unquoted investments		<u>39,369</u>	<u>107.42%</u>	
Unquoted investments		39,369	107.42%	
Current assets		802	2.18%	
Current liabilities		(3,520)	(9.60)%	
Net assets attributable to shareholders		<u><u>36,651</u></u>	<u><u>100.00%</u></u>	

The Cell holds 100% of the issued capital of Disruptive Capital Investments II Limited as at 31 March 2022. There were no purchases or sales of investments during the year.

**ANNUAL REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. AUTHORISATION AND STRUCTURE OF THE COMPANY

Zedra PCC (No.1) Limited ("the Company") is authorised by the Guernsey Financial Services Commission as part of the Authorised Collective Investment Scheme (Class B) Rules and Guidance 2021 under the provision of The Protection of Investors (Bailiwick of Guernsey) Law, 2020 as amended.

The Company is an open-ended investment Protected Cell Company governed by the provisions of the Companies (Guernsey) Law, 2008.

Persons investing and dealing with a cell of the Company shall only have recourse to, and their interests shall be limited to, the assets from time to time attributable to that cell.

As at 31 March 2022, there were eight active Cells in the company. These financial statements relate to the Disruptive Capital Investments Cell (the "Cell").

Class A shares of the Cell are listed on The International Stock Exchange ("TISE").

2. SIGNIFICANT JUDGEMENTS AND ESTIMATES

In preparing these financial statements in conformity with FRS 102, the directors have made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Significant Estimates

Investment in DCIL II

The Disruptive Capital Investments Cell holds only one investment, i.e. shares in Disruptive Capital Investments II Limited ("DCIL II"), which holds investments in five entities, with one entity Issus L.P. owning a diverse portfolio. This investment is held exclusively with a view to subsequent resale and has been excluded from consolidation. In the opinion of the directors, adopting this accounting treatment provides a user of these financial statements a clearer understanding of the Cell's function and performance. The DCIL II shares are carried at fair value on the Statement of Financial Position with any changes in value being included in the Statement of Profit and Loss.

This Investment is a private investment. This fair value is derived from the underlying investments that this investment company holds. These underlying investments are mostly illiquid unlisted investments and are valued by use of various statistical models and valuation techniques.

Issus L.P. preferred return agreement

On 8 January 2020 DCIL II, DCIL, Issus LP and the investors of SDLP entered into agreements whereby DCIL II acquired the remaining investor interests of SDLP in exchange for issuing loan notes (the SDLP Loan Notes). Simultaneously, a new vehicle, Issus LP, acquired a significant proportion of the assets of DCIL, SDLP and DCIL II in exchange for cash and Common Limited Partner interests in Issus LP. Under the terms of Issus LP the Preferred Limited Partner of Issus LP (an external party) is entitled to a preferred return of 1.3x (if repaid by June 2021); 1.4x thereafter; or subject to a minimum IRR of 9.5%. During this period 90% of distributions are paid to the Preferred Limited Partner.

The net asset value of DCIL II reflects the value of the holding in Issus LP based on the waterfall terms as at 31 March 2021 reflecting the preferred return due at that time of 1.4x. In the prior year the valuation of Issus LP was adjusted to reflect the effect of amending this preferred return to 1.4x. The adjustment in value would be an estimated decrease of £Nil (31 March 2021: £3,887,794) in the value of the share of investments in Issus L.P. and based on the asset value of Issus L.P. as at 31 March 2022. This adjustment in value has been included as an adjustment to the fair value of DCIL II disclosed in these financial statements. The investment Manager is in an agreement with this adjustment, and the Directors' consider this a significant judgement when ascertaining a fair value for DCIL II.

**ANNUAL REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT JUDGEMENTS AND ESTIMATES (CONTINUED)

Significant Judgements

(i) Going concern

As at 31 March 2022, the Cell has insufficient liquid assets to meet its foreseeable obligations, including share redemptions amounting to £865,521 that are due to be paid. The Cell is reliant on funds transferred from its underlying subsidiary, DCIL II, but this subsidiary also has insufficient liquid assets to meet its own obligations. As at 31 March 2022, the Cell had current liabilities of £1,960,000, excluding provision for warrants (31 March 2021: £22,009,000) and cash of £22,000 (31 March 2021: £65,910). The total amount due on redemptions that occurred on 1 April 2019 and 1 April 2020 was £1,529,147 (31 March 2020: £679,495). Payment of the £679,495 relating to the 1 April 2019 redemptions was made in two separate tranches and this was communicated to investors. The remaining balance due in relation to redemptions will be settled once the liquidity of the Cell has improved.

The Directors' of the Cell and DCIL II considered various alternatives as listed in the Directors' report to monetise the portfolio. As a result of the position outlined above it is the directors opinion that this cell is not a going concern and as of this consequence these financial statements have been prepared on a non-going concern basis.

3. PRINCIPAL ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared under the historical cost convention, modified to include certain items at fair value, in accordance with applicable United Kingdom accounting standards and policies, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102")". All values are rounded to the nearest thousand ("£'000"), except when otherwise indicated.

The Companies (Guernsey) Law, 2008 (as amended) permits a Protected Cell Company ("PCC") to forego preparing group consolidated financial statements provided all the underlying cells that form the PCC produce individual audited financial statements at cell only level. The directors agreed to adopt this level of financial reporting for this Cell, whereby the results of this Cell will not be incorporated in a group consolidation at the PCC group level.

Basis of non-consolidation

Where a subsidiary is held as part of an investment portfolio, and is held exclusively with a view to subsequent resale, it shall be excluded from consolidation and will be measured and displayed in the Statement of Financial Position at fair value, with changes in fair value recognised through the Statement of Profit and Loss.

The Cell holds 177,876,593 B shares in DCIL II, being 100% of the total issued capital of the company. The principal activity of DCIL II is investment holding with a view of making gains on the investments held and was incorporated in Guernsey on 20 September 2016.

Functional currency

The 'functional currency' is the currency of the primary economic environment in which the Cell operates. If indicators of the primary economic environment are mixed, then management uses its judgement to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The majority of the Cell's transactions and ultimate investments are denominated in Pounds Sterling. Shareholders' contributions and distributions are also received and paid in Pounds Sterling. Accordingly, the directors have determined that the functional currency of the Cell is Pounds Sterling.

**ANNUAL REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Redeemable participating shares

Redeemable participating shares are redeemable at the shareholder's option and are classified as share capital. When a request for redemption is received by the Cell, the liability is then recognised as a current liability and displayed as such in the Statement of Financial Position until it is paid.

Warrants

The two categories of warrants in issue that subscribe for certain C class shares in the capital of the Cell are valued according to the terms detailed in the warrant instrument, signed and dated on 7 March 2018, and as amended in February 2019. Category 1 warrants have an exercise price of £0.01 per warrant share; and originally Category 2 warrants would have an exercise price of £35,873.94 per warrant share, as determined on 18 December 2017. This exercise price was reduced to £0.01 per warrant share in the amended warrant agreement of February 2019. The warrants have been recognised in the financial statements as a current liability as detailed in note 13. As the C share value will be reduced by the introduction of a lower exercise price on Category 2 warrants. FLP has pledged into the Cell its own funds to match the liability generated as a result of reducing the strike price as and when the warrants are exercised. The warrant pledge has been recognised in the financial statements as a current asset.

On 1 March 2022, FLP indicated a change in position and declined signing the warrant pledge for the year ended 31 March 2021, despite having acknowledged this pledge in the preceding two financial years. An impairment provision as at 31 March 2022 of £Nil (31 March 2021: £1,615,184) has been included, as the position has been re-confirmed and the undertaking reinstated in the accounts (see further detail in note 12).

On exercising the warrants, the number of C shares that the warrants are entitled to, are deemed to be issued at the same value of C shares at the value listed in the latest available annual audited financial statements less the cost of exercising the warrant. As at 31 March 2022, the C share warrants (category 1 and category 2) would command a value of £8,019.47 each.

Financial instruments

The full provisions of section 11 and 12 of FRS 102 have been applied in the recognition and measurement of the investments and the preparation of the Financial Statements.

Financial assets and financial liabilities are recognised when the Cell becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

i) Financial assets and liabilities

Financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a finance transaction. The financial asset or the financial liability is measured at the net realisable value and net settlement value.

ii) Investments

Investments in equity shares, non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value. Where fair value cannot be measured reliably, investments are measured at cost less impairment. Realised gains or losses on disposal of investments are calculated by deducting the weighted average cost of investment from the proceeds of sale. The weighted average method will calculate an average cost, to be matched against the sale, from the opening investment holding and subsequent purchases of the investment. All changes in fair value of investments are then recognised in the Statement of Profit and Loss.

**ANNUAL REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Loans payable and receivable

Loans are measured at net realisable value and net settlement value. Any impairment in value is recognised in the Statement of Profit and Loss.

Income recognition

Bank interest is accrued on a day to day basis using the effective interest method. Dividend income is accrued when the dividend has been declared and the market value of the relevant shares is quoted exclusive of the dividend. Dividend income is recorded gross of irrecoverable tax credits.

Expenses

All expenses are accounted for on an accruals basis. The realised and unrealised gains or losses, income and expenses (other than class specific management and performance fees) of the Cell are allocated on each valuation date to each class of redeemable participating shares in proportion to the respective net asset value, which includes redeemable participating share trades dated for that day, at the date on which the allocation is made. Class specific management and performance fees do not require allocation.

Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, call deposit accounts and short term liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

Taxation

The Company is eligible for exemption from taxation in Guernsey under the provision of The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. As such the Company is only liable to pay a fixed annual fee which was £1,200 per annum.

4. NET (LOSS)/GAIN ON INVESTMENTS

The net (loss)/gain on investments during the year comprise:

	Year end 31 March 2022 £'000	Year end 31 March 2021 £'000
Net movement in unrealised (loss)/gain for the year	<u>(56,804)</u>	<u>3,122</u>

5. EXPENSES

	Year end 31 March 2022 £'000	Year end 31 March 2021 £'000
Investment manager's fees	206	213
Custodian fees	11	22
Legal and professional fees	48	36
Investment advisory fee	198	410
Auditor's remuneration	73	76
Other expenses	34	3
	<u>570</u>	<u>760</u>

**ANNUAL REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. EXPENSES (CONTINUED)

Investment Managers' Fee

The Investment Manager is entitled to receive a fee payable out of the net assets of the Cell at rates specified as follows:

The Management Fees will be £75,000 per annum plus 0.06% of the Net Asset Value of the Cell ("NAV") per annum for any NAV balance between Zero and £150,000,000 plus 0.03% of the NAV of the Cell on all balances above £150,000,000. Additional work required, over and above that required for the day to day administration of the Cell will be charged on a time override basis. The Manager reserves the right to renegotiate the Management Fee in the event that the structure or investment profile of the Cell changes, resulting in a material increase in administration services. The Management Fee on the terms above will be payable quarterly in arrears and are effective from 1 April 2017.

The total amount charged and accrued in the year was £206,396 from the Cell (31 March 2021: £212,881). At 31 March 2022, £528,000 (31 March 2021: £251,833) was due to Zedra Fund Managers (Guernsey) Limited. Additional fees due to Zedra Fund Managers (Guernsey) Limited, for payment of 3rd Party cell expenses, totals £Nil (31 March 2021: £70,089).

Investment Advisor and Performance fees

The Investment Advisor is entitled to receive a fee based on the increase in the net asset value of the A and C shares. The fee, applicable to both class A and C shares and paid for carrying out duties under the Investment Advisory Agreement, shall be paid in cash to the Investment Advisor calculated at an amount equal to 10% of any increase in the net asset value of class A and 20% of any increase in the net asset value of the class C shares; as at the end of each relevant class performance period. If the net asset value of the A and C shares decrease, any advance over payment would be clawed back by the Cell if over the period in which the fees are accrued has not reached its crystallisation date.

The total amount accrued for performance fees as at 31 March 2022 is £nil (31 March 2021: £nil). The gains in the net asset value of the Cell for the year ending 31 March 2021 were not sufficient enough to earn performance fees.

An additional investment advisory fee, applicable to the class C shares only and paid as a reward for carrying out additional duties under the Investment Advisory Agreement, shall be paid in cash to the Investment Advisor calculated at an amount equal to 1% of the net asset value of the class C shares (excluding from this calculation class C assets which are held in cash or cash equivalents). The fee is to be calculated and accrued on each annual dealing valuation point and/or special dealing valuation point, and is payable in advance on a six monthly basis.

The total amount charged and accrued in the year was £197,776 (31 March 2021: £409,510) and the full amount is included in creditors at the year-end. The investment advisory fees (as detailed above) for class C shares were introduced by the Supplementary Offering Memorandum, dated 29 July 2016. The terms and method of this fee calculation for class A shares remains unchanged in the revised Supplementary Offering Memorandum dated 29 July 2022.

Custodian Fees

The revised Supplementary Offering Memorandum, dated 19 January 2018, reintroduced a custodian fee whereby it will be calculated at 0.03% of the net asset value of the Cell per annum. The custodian fee will be calculated quarterly and is subject to a minimum fee of £11,000 per annum. This arrangement commenced on 1 April 2017.

The total amount charged and accrued in the year was £11,000 (31 March 2021: £22,428). The balance payable at the end of the year was £8,606 (31 March 2021: £8,606).

**ANNUAL REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. INVESTMENTS

As at 31 March 2022 and 31 March 2021, the Cell has invested into one company, Disruptive Capital Investments II Limited ('DCIL II'), which holds investments in five entities, with one entity Issus L.P. owning a diverse portfolio. The Cell holds all the issued share capital of the company, but has opted not to prepare full consolidated financial statements as, in the opinion of the directors, the Cell holds shares in the company exclusively with a view to subsequent resale. The shares in the company are held in an investment portfolio and are measured at fair value which is determined by the net asset values of the company as displayed in their financial statements as at 31 March 2022, then adjusted for any additional contingent liabilities that the directors of the Cell deems pertinent to include.

On 8 January 2020 DCIL II, DCIL, Issus LP and the investors of SDLP entered into agreements whereby DCIL II acquired the remaining investor interests of SDLP in exchange for issuing loan notes (the SDLP Loan Notes). Simultaneously, a new vehicle, Issus LP, acquired a significant proportion of the assets of DCIL, SDLP and DCIL II in exchange for cash and Common Limited Partner interests in Issus LP. Under the terms of Issus LP the Preferred Limited Partner of Issus LP (an external party) is entitled to a preferred return of 1.3x (if repaid by June 2021); 1.4x thereafter; or subject to a minimum IRR of 9.5%. During this period 90% of distributions are paid to the Preferred Limited Partner.

The net asset value of DCIL II reflects the value of the holding in Issus LP based on the waterfall terms as at 31 March 2021 reflecting the preferred return due at that time of 1.4x. In the prior year the valuation of Issus LP was adjusted to reflect the effect of amending this preferred return to 1.4x. The adjustment in value would be an estimated decrease of £Nil (31 March 2021: £3,887,794) in the value of the share of investments in Issus L.P. and based on the asset value of Issus L.P. as at 31 March 2022. This adjustment in value has been included as an adjustment to the fair value of DCIL II disclosed in these financial statements. The investment Manager is in an agreement with this adjustment, and considers this a significant judgement when ascertaining a fair value for DCIL II. As at 31 March 2022 the Cell's overall investment into Disruptive Capital Investments II Limited ('DCIL II'), totals £ 39,369,248 (31 March 2021: £ 96,173,693).

7. LOANS RECEIVABLE

	31 March 2022	31 March 2021
	£'000	£'000
Disruptive Capital Investments II Limited	-	15

The above loan was unsecured, interest free and repayable on demand. In the year to 31 March 2019 Disruptive Capital Investments II Limited acquired investments with a cost of £14,615 which were settled by shares issued by the cell. The loan has now been distributed to the Cell by DCILII and then cancelled.

Loan maturity tables as at 31 March 2022 and 31 March 2021 are as follows:

31 March 2022

Loans receivable maturity table	Less than one year	Between one and five years	More than five years	Total
	£'000	£'000	£'000	£'000
Disruptive Capital Investments II Limited	-	-	-	-
	-	-	-	-

**ZEDRA PCC (NO.1) LIMITED -
DISRUPTIVE CAPITAL INVESTMENTS CELL**

**ANNUAL REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. LOANS RECEIVABLE (CONTINUED)

31 March 2021

Loans receivable maturity table	Less than one year £'000	Between one and five years £'000	More than five years £'000	Total £'000
Disruptive Capital Investments II Limited	15	-	-	15
	15	-	-	15

8. COST OF REDEMPTIONS DUE

	31 March 2022 £'000	31 March 2021 £'000
Opening balance - capital redemptions payable	1,529	680
Redemption of shares - FY2019 - partial remaining - valid	-	187
Redemption of shares - FY2020 - partial remaining - valid	-	678
Payments made in settlement of redemptions	(663)	(16)
	866	1,529

On 1 April 2020 some of the shareholders took up their rights to redeem part of their share-holdings. Nil class A shares were redeemed at a cost of £nil; and 56.761250 class C shares were redeemed at a cost of £865,521, giving a combined cost of £865,521. This combined total included the remaining 1 April 2019 redemptions made up of 12.829400 class C shares at a cost of £187,503 which had been previously capped in the previous year. The amount of redemption due was unpaid due to the liquidity constraint as at the year-end 31 March 2022. This amount due is considered a current liability. Full detail on how the Cell proposes to settle this liquidity is found in the Going Concern in note 2.

9. CREDITORS

	31 March 2022 £'000	31 March 2021 £'000
Investment manager's fees	458	253
Investment advisory fees	436	238
Custody	9	9
Due to Zedra Fund Managers (Guernsey) Limited	70	70
Audit fee	100	70
Other Creditors	21	-
	1,094	640

**ZEDRA PCC (NO.1) LIMITED -
DISRUPTIVE CAPITAL INVESTMENTS CELL**

**ANNUAL REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. AUTHORISED SHARE CAPITAL – PROTECTED CELL COMPANY

31 March 2022 31 March 2021

Authorised

100 Management Shares of £1 each	£100	£100
42,500,000 Unclassified Shares of £0.01 each	£425,000	£425,000
42,500,000 Unclassified Shares of US\$0.01 each	US\$425,000	US\$425,000
42,500,000 Unclassified Shares of EUR0.01 each	EUR425,000	EUR425,000

Unclassified shares may be issued as redeemable participating shares or nominal shares. Nominal shares can only be issued to the investment manager. Participating shares carry one vote each.

Management shares are not redeemable, carry one vote each and do not carry any rights to receive dividends. The management shares are not attributable to any specific cell. In a winding up the surplus of any non-cellular assets shall be distributed among the holders of management shares on a pro-rata basis.

Nominal shares carry no voting rights and do not carry any rights to receive dividends. The shares are only to be issued at par and only for the purpose of providing funds for the redemption of redeemable participating shares. Nominal shares issued for the purpose of redemption of participating shares of a particular cell shall constitute shares in such cell and the proceeds of issue shall constitute assets of such cells.

The holders of nominal shares in any particular cell are entitled on any subscription day by notice to the Company to convert all or any portion of such shares into redeemable participating shares. The Company is entitled to give the holders of nominal shares one month's notice to redeem any such shares in issue out of the cells set aside for such purpose.

In the event of a winding up, the cellular assets available for distribution shall be applied in repayment of the nominal amounts paid up: firstly on the redeemable participating shares of each cell on a pro rata basis and secondly, on nominal shares issued in respect of the cell in question. Any surplus of cellular assets then remaining shall be distributed among the holders of the redeemable participating shares of each cell.

The holders of participating redeemable shares are entitled to redeem their shares upon written notice to the company. The redemption value is calculated by dividing the net asset value of the cell at the next valuation date, less a provision for duties and charges, by the number of shares in issue, rounded to 3 decimal places.

Share class	Nominal value	Specific class rights
A shares	£0.01 each	<p>Class A shares shall carry a right to attend and vote at meetings of the Cell and to attend and vote at general meetings of the Fund.</p> <p>Class A shares will have a right to receive dividends or distributions; however, the directors reserve the right to pay dividends and make distributions at any time, subject to the Companies law, and at their sole discretion.</p> <p>Class A shares have a right to a return of capital during the life of the Cell provided that there remains in the capital of the Cell sufficient assets to cover any return of capital to the class A shares on a winding up of the Cell.</p>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. AUTHORISED SHARE CAPITAL – PROTECTED CELL COMPANY (CONTINUED)

Share class	Nominal value	Specific class rights
B shares	£0.01 each	Class B shares shall carry a right to attend and vote at meetings of the Cell and to attend and vote at general meetings of the Fund. Class B shares will not have a right to receive dividends and distributions (except a distribution by way of redemption of class B shares).
C shares	£0.01 each	Class C shares shall carry a right to attend and vote at meetings of the Cell and to attend and vote at general meetings of the Fund. Class C shares will have a right to receive dividends or distributions; however, the directors reserve the right to pay dividends and make distributions at any time, subject to the Companies law, and at their sole discretion. Class C shares have a right to a return of capital during the life of the Cell provided that there remains in the capital of the Cell sufficient assets to cover any return of capital to the class C shares on a winding up of the Cell.

11. SHARE CAPITAL AND REDEEMABLE PARTICIPATING SHARES – CELL

Number of shares in issue	31 March 2022 Shares	31 March 2021 Shares
Participating Redeemable A Shares		
Number issued as at start of year	205,546.401296	205,546.401296
Number issued as at end of year	<u>205,546.401296</u>	<u>205,546.401296</u>
Participating Redeemable B Shares		
Number issued as at start and end of year	<u>3,960.269566</u>	<u>3,960.269566</u>
Participating Redeemable C Shares		
Number issued as at start of year	2,442.946334	2,499.707584
Redemption of shares	-	(56.761250)
Number issued as at end of year	<u>2,442.946334</u>	<u>2,442.946334</u>

During the year £Nil (31 March 2021: 56.761250) C shares were redeemed at a value of £Nil (31 March 2021: £865,521).

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12. PROVISION FOR PREMIUM ON WARRANTS

	Number in issue	Exercise price as at 31 March 2022 £	Exercise price as at 31 March 2021 £	Fair value 31 March 2022 £'000s	Fair value 31 March 2021 £'000s
Category 1	97.24098708	0.01	0.01	780	1,615
Category 2	97.24098708	0.01	0.01	780	1,615
Total fair value				<u>1,560</u>	<u>3,230</u>

The two categories of warrants in issue that subscribe for certain C class shares in the capital of the Cell are valued according to the terms detailed in the warrant instrument, signed and dated on 7 March 2018, and amended on 14 February 2019. The main amendment being the reduction of the exercise price of the Category 2 warrants from £35,873.94 to £0.01. The exercise period is the earlier of (i) the sale or liquidation of the Cell; and (ii) the tenth anniversary of the date of the signing of the warrant instrument.

On exercising the warrants, the number of C shares that the warrants are entitled to, are deemed to be issued at the same value of C shares at the value listed on The International Stock Exchange less the cost of exercising the warrant. As at 31 March 2022, the C share warrants (category 1 and category 2) would command a value of £8,019.47 each (31 March 2021: £16,610.12).

Subsequent to the breach of one of the covenants within the crestline loan facility by DCIL II, in accordance with the loan agreement and to ensure the continuance of the loan the warrant strike price for category 2 warrants was reduced to £0.01. In order not to disadvantage the shareholders, FLP pledged that it would contribute to the Cell from its own funds to make good the potential loss to shareholders. The amount would be for the category 2 warrant liability as and when Crestline exercises its option to redeem all of its warrants. The value of the pledge is treated as a current debtor in the financial statements and was valued to be £779,822 as at 31 March 2022 (31 March 2021: £Nil). The change in the fair value of the warrants and the pledge is also included in the Statement of Profit and Loss and is categorised as "net adjustment in the fair value of warrants".

On 1 March 2022, FLP indicated a change in position and declined signing the warrant pledge for the year ended 31 March 2021, despite having acknowledged this pledge in the preceding two financial years. The value of the pledge is treated as a current debtor in the financial statements and was valued to be £779,822 (31 March 2021: £1,615,184). An impairment provision as at 31 March 2022 of £Nil (31 March 2021: £1,615,184) has been included, as the position has been re-confirmed and the undertaking reinstated in the accounts. The amounts displayed are made up for 31 March 2022 and 31 March 2021 as follows:

31 March 2022	Fair value 31 March 2022 £'000s	Fair value 31 March 2021 £'000s	Movement in Fair value during 31 March 2022 £'000s
Warrants - category 1	780	1,615	835
Warrants - category 2	780	1,615	835
Total fair value of warrants	<u>1,560</u>	<u>3,230</u>	<u>1,670</u>
Fair value of pledge	(780)	(1,615)	(835)
Impairment loss provision	-	1,615	1,615
Net adjustment in the fair value of warrants	<u>780</u>	<u>3,230</u>	<u>2,450</u>

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12. PROVISION FOR PREMIUM ON WARRANTS (CONTINUED)

31 March 2021

	Fair value 31 March 2021	Fair Value 31 March 2020	Movement in Fair value during 31 March 2021
	£'000s	£'000s	£'000s
Warrants - category 1	1,615	1,562	(53)
Warrants - category 2	1,615	1,562	(53)
Total fair value of warrants	3,230	3,124	(106)
Fair value of pledge	(1,615)	(1,562)	53
Impairment loss provision	1,615	-	(1,615)
Net adjustment in the fair value of warrants	3,230	1,562	(1,668)

13. Loans Payable

	31 March 2022 £'000	31 March 2021 £'000
(i) Disruptive Capital Investments II Limited	-	13,125
(ii) Disruptive Capital Investments II Limited	-	6,715
	-	19,840

(i) An amount of £Nil (31 March 2021: £13,125,123) is payable to Disruptive Capital Investments II Limited under the Preferred loan agreement, dated 9 March 2018. Under the preferred loan agreement, any amount paid (interest, costs and repayments) by Disruptive Capital Investments Limited (DCIL) towards its loan facility with Crestline Direct Finance L.P is ultimately borne by Zedra No.1 PCC Limited as parent. During the year DCIL repaid £Nil (31 March 2021: £nil). The loan was interest free, unsecured and repayable on demand and was restructured to the Cell by DCILII and then waived.

(ii) The loans due to Disruptive Capital Investments II Limited consist of loans of £230,000, £1,000,000, £4,056,000, £1,074,000, £186,292 and £168,500 paid on 19 June 2018, 20 July 2018, 20 July 2018, 28 October 2018, 8 November 2018, 25 July 2019 and 23 January 2020 respectively. The loans are interest free, unsecured and repayable on demand. During the year DCIL repaid £Nil (31 March 2021: £nil). The loan was interest free, unsecured and repayable on demand and was restructured to the Cell by DCILII and then waived.

14. NOTES TO THE CASH FLOW STATEMENT

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Reconciliation of operating profit to operating cash flows:		
Operating profit	(34,365)	894
Net change in unrealised appreciation of investments	56,804	(3,122)
Loan waived	(19,825)	-
Movement in provision for warrants	(834)	106
Other income	-	(53)
Impairment loss (reversal of provision)/provision	(1,615)	1,615
Operating cash outflow before movement in working capital	165	(560)
Decrease in debtors	-	175
Movement in creditors	454	267
Net cash outflow from/(used) in operating activities	619	(118)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Opening Balance	1,529	680
Cost of Cell shares redeemed in year	-	866
Amount due for redemptions at year end	(866)	(1,529)
Cash paid out in the year for redemptions	<u>663</u>	<u>17</u>
Loan payable brought forward from previous year	19,840	19,840
Loan waived	(19,840)	-
Loan payable as displayed in the Statement of Financial Position	<u>-</u>	<u>19,840</u>
Opening current liabilities	(5,399)	(4,176)
Redemptions due - financing activity	663	(849)
Increase in provision for warrants	1,670	(107)
Movement in creditors as per cash flow note 14	(454)	(267)
Closing creditors and other payables	<u>(3,520)</u>	<u>(5,399)</u>

15. FINANCIAL INSTRUMENTS

Fair value of financial assets and financial liabilities

The financial assets and liabilities that are not classed as unquoted investments or as a pledge to cover warrants liability of the Cell are included in the Statement of Financial Position at amortised cost. Financial assets and liabilities are included in the Statement of Financial Position. The following table categorises by class the financial assets and liabilities held by the Cell at 31 March 2022 and 31 March 2021:

Assets	31 March 2022 £'000	31 March 2021 £'000
Financial assets at fair value through profit or loss:		
By class of financial asset:		
Unquoted investments	39,369	96,174
Pledge to cover warrants liability	780	1,615
Impairment loss provision	-	(1,615)
Financial assets at amortised cost:		
Loans receivable	-	15
Cash and cash equivalents	22	66
Total	<u>40,171</u>	<u>96,255</u>
Liabilities		
Financial liabilities at amortised cost:		
Creditors and other payables	(3,520)	(5,399)
Loans payable	-	(19,840)
Total	<u>(3,520)</u>	<u>(25,239)</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. FINANCIAL INSTRUMENTS (CONTINUED)

Risk arising from financial instruments

The Cell is exposed to credit risk, liquidity risk and market risk arising from the financial instruments it holds. Market risk is comprised of interest rate risk, foreign currency risk and price risk. The following analysis, detailed in this note, highlights the nature and extent of these risks arising from the financial instruments held by the Cell at 31 March 2022 and 31 March 2021.

Credit risk

'Credit risk' is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that is entered into with the Cell, resulting in a financial loss to the Cell. For risk management purposes, the Cell considers all elements of credit risk exposure.

The Cell's cash and cash equivalents, loans receivables as disclosed in note 7 as well as the Cell's exposure to the warrant pledge gives rise to credit risk. The Cell's sundry debtors balance is not considered to give rise to material credit risk due to its relative low amount.

The Cell's cash and cash equivalents are held with Butterfield Bank (Guernsey) Limited. The bank has a long term senior rating of BBB+ from Standard & Poor. Management monitors the financial position of the bank with which the Cell holds cash and cash equivalents on a regular basis. The warrant pledge as described in note 12 is backed by assurances from FLP, such that the directors have confidence that the pledge will be honored if called upon.

Liquidity risk

'Liquidity risk' is the risk that the Cell will encounter difficulty in meeting the obligations associated with its financial liabilities and commitments that are settled by delivering cash or another financial asset. The present lack of liquidity and its effect on the going concern requirement on the Cell is a high risk issue. The Directors' of the Cell and DCIL II considered various alternatives as listed on page 4 to monetise the portfolio. As a result of the position outlined, it is the directors opinion that this cell is not a going concern and as a result, these financial statements have been prepared on a non-going concern basis. The Cell's financial assets include unlisted equity investments, which are illiquid. As a result, the Cell may not be able to liquidate its investments in due time to meet its liquidity requirements.

The following were the contractual maturities of its assets and liabilities at the reporting date:

	Less than 1 year £'000	Between 1 and 5 years £'000	More than 5 years £'000
31 March 2022			
Investments	-	39,369	-
Pledge to cover warrants liability	780	-	-
Impairment loss provision	-	-	-
Cash and cash equivalents	22	-	-
Creditors and other payables	(3,520)	-	-
Shareholder equity	(36,651)	-	-
Net assets attributable to shareholders	(39,369)	39,369	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk (continued)

31 March 2021	Less than 1 year £'000	Between 1 and 5 years £'000	More than 5 years £'000
Investments	-	96,174	-
Loans receivable	15	-	-
Pledge to cover warrants liability	1,615	-	-
Debtors and prepayments	(1,615)	-	-
Cash and cash equivalents	66	-	-
Creditors and other payables	(25,239)	-	-
Shareholder equity	(71,016)	-	-
Net assets attributable to shareholders	(96,174)	96,174	-

Market risk

‘Market risk’ is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Cell’s income or the fair value of its holdings of financial instruments.

Market price risk is further analysed into interest rate risk, foreign currency risk and price risk.

i) Interest rate risk

The amount of interest payable and receivable that the Cell transacts is immaterial and therefore negates such a risk.

ii) Foreign currency risk

All the Cell’s assets and liabilities are held in Pounds Sterling and therefore negate the foreign currency risk.

iii) Price risk

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual investment held or factors affecting all securities/investments traded in the market.

Also, as at 31 March 2022, the Cell has invested into one company, Disruptive Capital Investments II Limited (‘DCIL II’), which holds investments in five entities, with one entity Issus L.P. owning the majority of investments which makes up diverse portfolio. Such a diverse portfolio helps to mitigate price risk.

The Cell’s sensitivity to a 20% decrease in the fair value of investments while all other variables are held constant would result in a fall of net asset value by £ 7,873,850 (31 March 2021: £19,234,739). An equivalent increase would have resulted in an equivalent but opposite impact.

A rate of 20% for sensitivity analysis has been chosen for all Cells held by Zedra PCC (No.1) Limited to provide a consistent approach. The assumption is that a rate of 20% is a reasonable estimate of an unexpected market downturn, and is easily appreciated and understood by a reader of these financial statements.

The fair value hierarchy has the following levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. FINANCIAL INSTRUMENTS (CONTINUED)

Market risk (continued)

iii) Price risk (continued)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Cell. The Cell considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Cell's financial assets and liabilities (by class) measured at fair value at 31 March 2022 and 31 March 2021:

31 March 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Warrant pledge	-	-	780	780
Unquoted Investments	-	-	39,369	39,369
Total	-	-	40,149	40,149

31 March 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Unquoted Investments	-	-	96,174	96,174
Total	-	-	96,174	96,174

The following table analyses the movement of level 3 category investments during the year:

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Fair value as at 1 April	96,174	93,052
Fair value appreciation	(56,805)	3,122
Fair value as at 31 March	<u>39,369</u>	<u>96,174</u>

16. RELATED PARTIES

Investment Advisor and Performance fees

The Investment Advisor is entitled to receive a fee based on the increase in the net asset value of the A and C shares. The fee, applicable to both class A and C shares and paid as a reward for carrying out duties under the Investment Advisory Agreement, shall be paid in cash to the Investment Advisor calculated at an amount equal to 10% of any increase in the net asset value of class A and 20% of any increase in the net asset value of the class C shares; as at the end of each relevant class performance period.

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16. RELATED PARTIES (CONTINUED)

Investment Advisor and Performance fees (continued)

An additional investment advisory fee, applicable to the class C shares only and paid as a reward for carrying out additional duties under the Investment Advisory Agreement, shall be paid in cash to the Investment Advisor calculated at an amount equal to 1% of the net asset value of the class C shares (excluding from this calculation class C assets which are held in cash or cash equivalents). The fee is to be calculated and accrued on each annual dealing valuation point and/or special dealing valuation point, and is payable in advance on a six monthly basis.

During the period Investment advisory fees accrued of £197,776 from the Cell (31 March 2021: £409,510). At 31 March 2022, £436,172 (31 March 2021: £238,397) was due to the Investment Advisor as displayed in the financial statements.

The investment advisory fees (as detailed above) for class C shares were introduced by the Supplementary Offering Memorandum, dated 29 July 2016. The terms and method of this fee calculation for class A shares remains unchanged in the revised Supplementary Offering Memorandum dated 19 January 2018.

Full details of amounts payable in relation to the investment advisor and performance fees during the year are disclosed in note 5.

Zedra PCC (No. 1) Limited

The immediate parent company is Zedra holdings (Guernsey) Limited, a company incorporated in Guernsey. The ultimate parent company is Corsair Capital Partners Group Ltd, a company registered in the Cayman Islands. The ultimate controlling party is Corsair V Financial Services Capital Partners, L.P. a partnership established and registered in the Cayman Islands.

Disruptive Capital Investments Cell

During the period Zedra Fund Managers (Guernsey) Limited accrued management fees of £206,396 from the Cell (31 March 2021: £212,881). Staff employed by Zedra Trust Company (Guernsey) Limited, a fellow group company, were utilised by Zedra Fund Managers (Guernsey) Limited. At 31 March 2022, £458,229 (31 March 2021: £251,833) was due to Zedra Fund Managers (Guernsey) Limited. Additional fees due to Zedra Fund Managers (Guernsey) Limited, for payment of 3rd Party cell expenses, totals £70,089 (31 March 2021: £70,089).

Disruptive Capital Investments Cell (continued)

The directors of this Cell also serve as directors for all active Cells that form the Protected Cell Company, Zedra PCC (No.1) Limited; Mr. Fitzgerald and Mr. Ritz also act as directors of the investment manager.

Disruptive Capital Investments II Limited

As at 31 March 2022 and 31 March 2021, the Cell has invested into one company, Disruptive Capital Investments II Limited ('DCIL II'), which holds investments in five entities, with one entity Issus L.P. owning a diverse portfolio. The Cell holds all the issued share capital of the company, but has opted not to prepare full consolidated financial statements as, in the opinion of the directors, the Cell holds shares in the company exclusively with a view to subsequent resale. The shares in the company are held in an investment portfolio and are measured at fair value which is determined by the net asset values of the company as displayed in their financial statements as at 31 March 2022, then adjusted for any additional contingent liabilities that the directors of the Cell deems pertinent to include.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. RELATED PARTIES (CONTINUED)

Disruptive Capital Investments II Limited (continued)

An amount of £Nil (31 March 2021: £13,125,123) is payable to Disruptive Capital Investments II Limited under the Preferred loan agreement, dated 9 March 2018. Under the preferred loan agreement, any amount paid (interest, costs and repayments) by Disruptive Capital Investments Limited (DCIL) towards its loan facility with Crestline Direct Finance L.P is ultimately borne by Zedra No.1 PCC Limited as parent. During the year DCIL repaid £nil (31 March 2020: £nil). The loan is interest free, unsecured and repayable on demand and was waived off during the year.

17. CONTROLLING PARTY

In the opinion of the Directors there is no ultimate controlling party as no one party has the ability to direct the financial and operating policies of the Cell.

18. SUBSEQUENT EVENTS

The Cell received an offer (the "Offer") from Long Term Assets Limited (the "Acquirer"), a Guernsey investment company limited by shares, as presented by the investment adviser (Disruptive Capital GP Limited) to the Cell for the 100% acquisition of the issued share capital (the "Shares") of DCIL II and that previously represented the sole direct investment property of the Cell. As approved by Shareholders, it was agreed that the Acquirer – subject to any legal, regulatory and administrative requirements – financed the acquisition of the Shares (as consideration paid to the Cell) by issuing an equivalent amount of new equity shares in LTA ("LTA Shares") to the Cell plus the release of £850,000 from DCIL II Limited to pay ongoing expenses of the Cell. Furthermore, as per note 13, £19,840,000 of a loan payable to disruptive Capital Investment II Limited was distributed to the Cell by DCILII and then cancelled. The Directors of the Company were authorised by the shareholders to accept the terms of the Offer for and on behalf of the Cell subject to such modifications as they see fit. The Offer was accepted and completed on 30 September 2022.

On the 29 November 2022, the shareholders voted to approve a managed wind down of the Cell. As part of the managed wind down, once creditors are settled, shareholders will receive a share of LTA shares in lieu of their holding in the Cell.

Warrants

On 5th April 2022, Crestline issued a redemption notice for all warrants, which will be redeemed on the next dealing day.

The Directors are not aware of any further significant events, after the reporting period, that require disclosure in these financial statements.