

COUTTS PRIVATE EQUITY LIMITED
PARTNERSHIP II (in liquidation)

Financial Statements

For the period from 1 January 2022 to 31 March 2023

COUTTS PRIVATE EQUITY LIMITED PARTNERSHIP II (in liquidation)

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Independent Auditors' Report to the General Partner

Opinion

We have audited the financial statements of Coultts Private Equity Limited Partnership II (the "Partnership"), which comprise the statement of assets, liabilities, and partners' capital (in liquidation) as at March 31, 2023, the statements of operations (in liquidation), changes in partners' capital (in liquidation) and cash flows (in liquidation) for the period from January 1, 2022, through March 31, 2023, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Partnership as at March 31, 2023, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "*Auditors' Responsibilities for the Audit of the Financial Statements*" section of our report. We are independent of the Partnership in accordance with 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 the Cayman Islands, 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 attention to Note 2 in the financial statements, which describes that the Partnership has prepared the financial statements on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines 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, management is responsible for assessing the Partnership'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 management either intends to liquidate the Partnership or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Partnership's financial reporting process.



Independent Auditors' Report to the General Partner (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 skepticism 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 Partnership's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 the Partnership's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Partnership 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 those charged with governance 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.

KPMG LLP

November 30, 2023

COUTTS PRIVATE EQUITY LIMITED PARTNERSHIP II (in liquidation)

Statement of Assets, Liabilities and Partners' Capital (in liquidation)

As at 31 March 2023

(expressed in United States dollars)

	Note	1 January 2022 to 31 March 2023	1 January 2021 to 31 December 2021
		\$	\$
Assets			
Financial assets measured at amortised cost			
Cash and cash equivalents	10	3,954,406	11,272,621
Interest receivable	11	1,797	848
Prepayments		-	15,498
<i>Total financial assets measured at amortised cost</i>		3,956,203	11,288,967
Total assets		3,956,203	11,288,967
Liabilities			
Financial liabilities measured at amortised cost			
Distributions payable to Limited Partners		3,827,851	3,859,000
Operational fee payable	6,11	5,305	24,124
Accounts payable and accrued expenses	9	123,047	149,714
<i>Total financial liabilities measured at amortised cost</i>		3,956,203	4,032,838
Total liabilities		3,956,203	4,032,838
Net assets attributable to Limited Partners		-	7,256,129

The accompanying notes on pages 7 - 14 form an integral part of these financial statements.

Approved by Aberdeen General Partner CPELP II Limited on 30 November 2023.



Director of the General Partner



Director of the General Partner

COUTTS PRIVATE EQUITY LIMITED PARTNERSHIP II (in liquidation)

Statement of Operations (in liquidation)

For the period from 1 January 2022 to 31 March 2023

(expressed in United States dollars)

	Note	1 January 2022 to 31 March 2023	1 January 2021 to 31 December 2021
			*Restated
		\$	\$
Investment income			
Interest income	11	36,562	17,670
Foreign exchange gain		4,028	33
		40,590	17,703
Net investment profit		40,590	17,703
Operating expenses			
Administration fee	7	103,888	238,518
Professional fees		67,645	55,874
Directors' fees	11	21,088	10,250
Operational fees*	6, 11	46,950	116,991
Other		28,924	15,754
Total operating expenses		268,495	437,387
Net loss from operations		(227,905)	(419,684)
Net change in partners' capital resulting from operations		(227,905)	(419,684)

* The General Partner is only the manager and was not an investor in the fund and accordingly the fees earned are more in the nature of services rendered than a return on an investment.

The accompanying notes on pages 7 - 14 form an integral part of these financial statements.

COUTTS PRIVATE EQUITY LIMITED PARTNERSHIP II (in liquidation)

Statement of Changes in Partners' Capital (in liquidation)

For the period from 1 January 2022 to 31 March 2023

(expressed in United States dollars)

	Amount *Restated
	\$
Balance at 31 December 2020	15,414,163
Distributions	(7,738,350)
Net change in partners' capital resulting from operations *	(419,684)
Balance at 31 December 2021	7,256,129
Distributions	(7,028,224)
Net change in partners' capital resulting from operations	(227,905)
Balance at 31 March 2023	-

* The General Partner is only the manager and was not an investor in the fund and accordingly the fees earned are more in the nature of services rendered than a return on an investment.

The accompanying notes on pages 7 - 14 form an integral part of these financial statements.

COUTTS PRIVATE EQUITY LIMITED PARTNERSHIP II (in liquidation)

Statement of Cash Flows (in liquidation)

For the period from 1 January 2022 to 31 March 2023

(expressed in United States dollars)

	1 January 2022 to 31 March 2023	1 January 2021 to 31 December 2021 *Restated
	\$	\$
Cash provided by/(used in)		
Operating Activities		
Net change in partners' capital resulting from operations	(227,905)	(419,684)
Add/(deduct) items not involving cash:		
Net change in non-cash operating balances:		
Other receivables and prepayments	15,498	(10,702)
Interest receivable	(949)	(848)
Accounts payable and accrued expenses	(45,486)	32,058
Net cash (used in) operating activities	(258,842)	(399,176)
Financing Activities		
Distributions to Limited Partners	(7,059,373)	(8,616,850)
Net cash (used in) financing activities	(7,059,373)	(8,616,850)
Movements in cash and cash equivalents during the period/year	(7,318,215)	(9,016,026)
Cash and cash equivalents at beginning of period/year	11,272,621	20,288,647
Cash and cash equivalents at end of the period/year	3,954,406	11,272,621
Supplementary information on cash flows from operating activities		
Interest received	35,613	16,822

* The General Partner is only the manager and was not an investor in the fund and accordingly the fees earned are more in the nature of services rendered than a return on an investment.

The accompanying notes on pages 7 - 14 form an integral part of these financial statements.

COUTTS PRIVATE EQUITY LIMITED PARTNERSHIP II (in liquidation)

NOTES TO THE FINANCIAL STATEMENTS (in liquidation)

For the period from 1 January 2022 to 31 March 2023

1. GENERAL INFORMATION

Coutts Private Equity Limited Partnership II (the “Partnership”) was established under the Exempted Limited Partnership Law of the Cayman Islands on 2 February 2007 as a Cayman Islands closed-ended Exempted Limited Partnership. On 24 July 2020, the Partnership registered with the Cayman Islands Monetary Authority (“CIMA”) under the Private Funds Law, 2020. The registered office of the Partnership is located at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

Pursuant to the terms of the Amended and Restated Limited Partnership Agreement dated 23 April 2007 (the “Agreement”), Aberdeen General Partner CPELP II Limited (the “General Partner”) acts as General Partner to the Partnership and is responsible for the operation, management and risk management of the Partnership on the advice of abrdn Investments Ltd (the “Investment Advisor”). Accordingly, in these notes, references to the General Partner should be read in the context that the General Partner has delegated investment discretion to the Investment Advisor. The General Partner was incorporated under the Companies Law of the Cayman Islands on 29 January 2007 as an exempted company with limited liability. The General Partner does not intend to invest any capital in the Partnership and does not have any capital invested as of 31 March 2023 and 31 December 2021.

The investment objective of the Partnership is to seek long-term capital appreciation by investing in selected closed-ended investment funds operated by leading private equity investment advisors (“Investment Vehicles”). In particular, the Partnership is a limited partner in a number of Investment Vehicles.

CPELP II Guernsey is a Limited Partnership with legal personality in Guernsey established under the Limited Partnership (Guernsey) Law on 18 April 2007 which was established to facilitate the acquisition of certain investments on behalf of the Partnership. The General Partner is also the general partner of CPELP II Guernsey and the Partnership is CPELP II Guernsey’s sole limited partner. CPELP II Guernsey has been dissolved with effect from 9 August 2022.

At the start of the life of the Partnership, it was intended that the term of the Partnership would be for the same term as the longest term of any of the Investment Vehicles plus a period determined by the General Partner during which period the Partnership would be wound up. Following the liquidity offer, cash reserves were maintained in respect of potential future liabilities and expenses for a period of eight months following the date of transfer to 3 November 2023.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The current financial statements are prepared for the period of 15 months from 1 January 2022 to 31 March 2023 since the Partnership is in liquidation. The amounts mentioned in the financial statements are not entirely comparable. These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and reflect the following significant accounting policies.

The functional and presentation currency of the Partnership is the U.S. dollar and not the local currency of the Cayman Islands, reflecting the fact that partners’ capital is denominated in U.S. dollars and the Partnership’s operations are primarily conducted in U.S. dollars.

The Partnership has prepared the financial statements on a basis other than that of going concern. There is no material changes in how assets and liabilities are recognised from the prior period, with no adjustments in relation to the recoverability and classification of asset or liability amounts.

COUTTS PRIVATE EQUITY LIMITED PARTNERSHIP II (in liquidation)

NOTES TO THE FINANCIAL STATEMENTS (in liquidation) (continued)

For the period from 1 January 2022 to 31 March 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards and interpretations

There are no new standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2022, that have a material effect on the financial statements of the Partnership.

Use of estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the period. Actual results could differ from those estimates.

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Financial assets and financial liabilities

Classification of financial assets

On initial recognition, the Partnership classifies financial assets as measured at amortised cost or 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 cashflows; 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 Partnership are measured at FVTPL and include investments in Investment Vehicles.

Financial assets at amortised cost are Cash and cash equivalents, Receivable due from General Partner, Interest receivable and Prepayments.

Business model assessment

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

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Partnership's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed;
- how the Investment Advisor is compensated; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Partnership's continuing recognition of the assets.

COUTTS PRIVATE EQUITY LIMITED PARTNERSHIP II (in liquidation)

NOTES TO THE FINANCIAL STATEMENTS (in liquidation) (continued)

For the period from 1 January 2022 to 31 March 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition unless the Partnership were to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

Classification of financial liabilities

Financial liabilities are classified as measured at amortised cost.

Financial liabilities at amortised cost are:

Operational fee payable, Accounts payable and accrued expenses and Distributions payable to limited partners.

Recognition, measurement and derecognition

The Partnership recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument using trade date accounting. Other financial assets and financial liabilities are recognized on the date on which they are originated. Financial instruments are initially measured at fair value and, for an item not at FVTPL, includes transaction costs that are directly attributable to its acquisition or issue. Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Operations. Net gain on investments is calculated using the specific identification method. Other financial assets or financial liabilities are subsequently measured at amortised cost using the effective interest method. The Partnership derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IFRS 9. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Impairment

The Partnership recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

The Partnership measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk has not increased significantly since initial recognition.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. At each reporting date, the Partnership assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Other financial assets and liabilities

The carrying value of financial assets and liabilities not classified at FVTPL approximate the fair value principally because of the short-term nature of these instruments.

COUTTS PRIVATE EQUITY LIMITED PARTNERSHIP II (in liquidation)

NOTES TO THE FINANCIAL STATEMENTS (in liquidation) (continued)

For the period from 1 January 2022 to 31 March 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents comprise deposit accounts or short-term, highly liquid investments with original maturities of three months or less.

The Partnership held \$438,118 (2021: \$7,411,558) of cash and cash equivalents in a money market account at period end which is classified as level 1 on the fair value hierarchy.

Fair value measurement principles

Financial instruments recognised at fair value in the statement of assets, liabilities and partners' capital have been classified into a fair value hierarchy with the following levels:

- | | |
|---------|---|
| Level 1 | Fair value is determined by quoted prices in active markets for identical assets and liabilities that the Partnership can access at the same measurement date; |
| Level 2 | Fair value is determined by reference to observable inputs for the instrument not included within Level 1 of the fair value hierarchy; and |
| Level 3 | Fair value is determined by reference to unobservable inputs (including the Partnership's own data, which are adjusted, if necessary, to reflect the assumptions market participants would use in the circumstances). |

Interest income

Interest income on cash and cash equivalents is accrued using the effective interest method.

Expenses

Expenses are recognised in the period when the service is provided on an accruals basis, in accordance with contractual arrangements.

Taxes

Under Cayman Islands law, distributions made by the Partnership and return of capital in respect of investments in the Partnership are not subject to taxation in the Cayman Islands and no withholding will be required on such payments to limited partners. The Partnership has received an undertaking from the Governor in Cabinet exempting it from all local income, profits and capital gains taxes until 13 February 2057. No such taxes are levied in the Cayman Islands at the present time. The limited partners are responsible for reporting their respective share of the Partnership's net income or net loss on their own tax returns.

According to the IFRIC 23, the Partnership is required to determine whether its tax positions are "more-likely-than-not" to be sustained upon examination by the applicable taxing authority, based on the technical merits of the position. Tax positions not deemed to meet a "more-likely-than-not" threshold would be recorded as a tax expense in the current year. Based on its analysis, the Partnership has determined that it has not incurred any liability for unrecognized tax benefits as at March 31, 2023.

COUTTS PRIVATE EQUITY LIMITED PARTNERSHIP II (in liquidation)

NOTES TO THE FINANCIAL STATEMENTS (in liquidation) (continued)

For the period from 1 January 2022 to 31 March 2023

3. INVESTMENTS IN INVESTMENT VEHICLES

As at 31 March 2023, the Partnership does not have any committed capital and investment in Investment Vehicles (2021: Nil).

The Partnership's maximum exposure to loss as at 31 March 2023 is \$nil (2021: \$nil) represented by the Partnership's investment at fair value and the unfunded commitment. During the period the Partnership did not provide financial support to the Investment Vehicles and has no intention of providing financial support.

4. FINANCIAL ASSETS AND LIABILITIES AT AMORTISED COST

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance. The Partnership's carrying value of other financial assets and liabilities at amortised cost approximates fair value and are classified as level 2 on the fair value hierarchy.

5. PARTNERS' CAPITAL

The Partnership held a first offering which closed on 23 April 2007 that resulted in commitments from the partners of \$515,890,000, of which \$464,301,000 has been called and recorded as contributions to the Partnership. On 21 June 2016, the General Partner released the remaining commitment. Limited partners' capital interests are not redeemable and cannot be transferred except at the discretion of the General Partner.

As at 31 March 2023 the Partnership has distributed \$666,335,644 (2021: \$659,307,420) to limited partners of which \$7,028,224 (2021: \$7,738,350) relates to distributions declared during the period from 1 January 2022 to 31 March 2023. In certain circumstances, limited partners may be required to repay distributions previously declared by the Partnership so that the Partnership is able to meet obligations imposed by the Investment Vehicles.

Limited partners' capital interests are not redeemable and cannot be transferred except at the discretion of the General Partner.

6. OPERATIONAL AND PERFORMANCE FEE

Pursuant to the Agreement, the General Partner is entitled to receive from the Partnership an amount (the "Operational Fee") equal to 1.25% per annum (0.3125% per quarter) of the aggregate amount of limited partners' contributions drawn down by the Partnership as at the end of each relevant quarter, for the period from 23 April 2007 (the "Closing Date") until the end of the Investment Period, as defined in the Agreement. For the period from the end of the Investment Period to the Termination Date, as defined in the Agreement, the General Partner will receive an Operational Fee equal to 1.25% per annum (0.3125% per quarter) of the lesser of the Net Asset Value, as defined in the Agreement, of the Partnership or the aggregate amount of limited partners' contributions drawn down by the Partnership since the Closing Date as at the relevant quarter date.

The Partnership must also pay a performance fee of 10% of the Partnership's net income and capital gains, after all other fees and expenses have been deducted, in excess of the "Hurdle" rate, as defined in the Agreement. Once the limited partners have been returned their original investment in the Partnership plus the Hurdle rate thereon, the General Partner receives 10% of all sums distributed after that time. The remaining 90% will be distributed to the limited partners pro rata to their investment in the Partnership. During the period from 1 January 2022 to 31 March 2023 and 31 December 2021, no performance fees were accrued by the Partnership.

COUTTS PRIVATE EQUITY LIMITED PARTNERSHIP II (in liquidation)

NOTES TO THE FINANCIAL STATEMENTS (in liquidation) (continued)

For the period from 1 January 2022 to 31 March 2023

7. ADMINISTRATION FEE

On 8 January 2013, the Partnership appointed Apex Fund and Corporate Services (Guernsey) Limited pursuant to an administrative services agreement ("Administration Agreement") to act as the administrator to the Partnership. The Administrator is primarily responsible for processing contributions from and distributions to limited partners and providing administrative and accounting services to the Partnership. During the period, the Partnership incurred administration expenses totaling \$103,888 (2021: \$238,518).

8. INVESTMENT ADVISOR

Pursuant to an investment agreement dated 1 June 2010 (as novated on 4 June 2013 and 31 March 2017) the Investment Advisor has agreed to act as investment advisor to the General Partner. The investment advisory fee is met by the General Partner out of the Operational Fee.

9. ACCOUNTS PAYABLE AND ACCRUED EXPENSES:

	1 January 2022 to 31 March 2023 \$	1 January 2021 to 31 December 2021 \$
Administration fee payable	46,085	62,794
Audit fee payable	15,000	15,000
Bank charges payable	5,900	-
Due to General Partner	1,675	-
Legal expenses payable	48,205	-
Tax fee payable	6,182	71,920
	<u>123,047</u>	<u>149,714</u>

10. CASH AND CASH EQUIVALENTS:

	1 January 2022 to 31 March 2023 \$	1 January 2021 to 31 December 2021 \$
Cash and cash equivalents held at Barclays	3,516,288	3,861,063
Cash and cash equivalents held at Aberdeen Liquidity Fund	438,118	7,411,558
	<u>3,954,406</u>	<u>11,272,621</u>

COUTTS PRIVATE EQUITY LIMITED PARTNERSHIP II (in liquidation)

NOTES TO THE FINANCIAL STATEMENTS (in liquidation) (continued)

For the period from 1 January 2022 to 31 March 2023

11. RELATED PARTIES

The following balances and transactions were with related parties:

	1 January 2022 to 31 March 2023 \$	1 January 2021 to 31 December 2021 \$
<u>Assets</u>		
Cash and cash equivalents held at Aberdeen Liquidity Fund	438,118	7,411,558
Interest receivable	1,797	848
<u>Liabilities</u>		
Operational fee payable	5,305	24,124
<u>Income</u>		
Interest income	36,562	17,670
<u>Expenses</u>		
Directors' fees	21,088	10,250
Operational Fee	46,950	116,991

The General Partner and Investment Advisor are related parties by virtue of common control by abrdn plc.

Directors' fees are paid by the Partnership on behalf of the General Partner.

12. RISK MANAGEMENT

The Partnership's investing activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. Significant financial risks to which the Partnership is exposed are market risk and credit risk.

The Partnership's financial risk is managed by the General Partner.

The nature and extent of the financial instruments outstanding at the date of the Statement of Assets, Liabilities and Partners' Capital and the risk management policies employed by the General Partner on behalf of the Partnership are discussed below.

(a) Market risk

Market risk is the risk that changes in interest rates, foreign exchange rates or equity and commodity prices will make an instrument less valuable or more onerous. All financial assets designated at fair value through profit or loss are recognised at fair value, and all changes in market conditions directly affect net income. Market risk includes price risk and interest rate risk.

Price risk

There is no price risk as all the underlying investments were sold.

COUTTS PRIVATE EQUITY LIMITED PARTNERSHIP II (in liquidation)

NOTES TO THE FINANCIAL STATEMENTS (in liquidation) (continued)

For the period from 1 January 2022 to 31 March 2023

12. RISK MANAGEMENT (continued)

Interest rate risk

At 31 March 2023 and 31 December 2021, cash and cash equivalents, which are repriced daily, are the Partnership's only interest bearing financial assets.

The Partnership's exposure to interest rate risk is considered insignificant and fluctuations in interest rates would not have a significant impact on the Partnership's net assets.

(b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Partnership.

Credit risk is generally higher when a non-exchange traded financial instrument is involved because the counterparty for non-exchange traded financial instruments is not backed by an exchange clearing house. At 31 March 2023 and 31 December 2021, none of the instruments were exchange traded.

The amount of credit exposure is represented by the carrying amount of each financial instrument in the Statement of Assets, Liabilities and Partners' Capital. The bank accounts are held with Barclays Bank plc. The Partnership also subscribed into the Aberdeen Liquidity Fund ("LUX") a money market account that is readily convertible to cash. The Partnership is subject to credit risk to the extent that these entities may be unable to fulfil their obligations to repay the amounts owed. The General Partner considers the possibility that these entities will fail to meet their obligations to be remote.

Other than outlined above, there were no significant concentrations of credit risk to counterparties at 31 March 2023 or 31 December 2021.

(c) Residual contractual maturities of financial liabilities

The Partnership's contractual obligations to settle financial liabilities are disclosed in the following notes: Partners' Capital (note 5), Operational and Performance Fee (note 6) and Administration Fee (note 7).

13. SUBSEQUENT EVENTS

On 21 July 2023, the Partnership made a final distribution of \$328,531 to the Limited Partners due to dissolution of the Partnership. All outstanding liabilities as at 31 March 2023 have been settled.

There were no other significant events subsequent to 31 March 2023 to the date the financial statements were approved by the General Partner that requires disclosure in the financial statements.