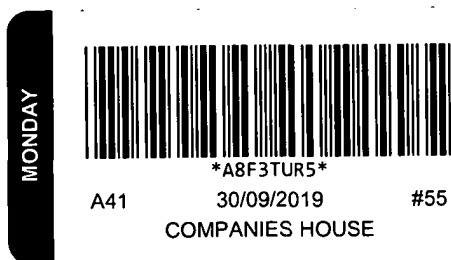


Panmure Gordon & Co Limited

Annual report and financial statements

Registered number 02700769

31 December 2018



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STRATEGIC REPORT

Introduction

In accordance with Section 414A of Companies Act 2006, the directors of Panmure Gordon & Co Limited (formerly Panmure Gordon & Co Plc) (the 'Company') are pleased to present the Strategic Report on the progress and developments of the business for the year ending 31 December 2018.

The Company's ultimate parent company is Panmure Gordon Group Limited, which is the lead entity for the Panmure Gordon Group of companies (the 'Group'). These results should be read in the context of the Group accounts for the period ended 31 December 2018 to give a full picture of the Group's performance.

Financial review

The principal activities of the business, as set out in the Principal Activities section in the Directors' Report, is providing administrative services to the Group and acting as intermediate holding company. The Company provides services to its subsidiaries which it recharges on an arm's length basis in accordance with certain transfer pricing arrangements. It reported revenues of £8.6m (2017: £6.1) during current year together with underlying administrative costs of £6.0m (2017: £5.4m), and a net profit of £1.1m (2017: loss of £3.6m).

On 21 December 2018, the company raised equity by £37.6m, issuing ordinary shares to its parent company, Panmure Gordon Group Limited at a subscription price of £1 (4p par value) by conversion of outstanding PIK notes of £37.6m (principal of £36.1m, together with accrued interest of £1.5m) in order to continue to support the company's investments in its underlying subsidiaries, and the Group in its strategic ambitions.

Acquisition

The Company owned a 49% controlling stake in PrimeXtend Limited as at 1 January 2018. This stake was increased to 51% in March 2018 following the exercise of an option by the Company to acquire 2% (79 class B Ordinary shares of nominal value of £0.10 each) of PrimeXtend Limited's equity. In September 2018, the Company acquired 1,000 class A Ordinary shares in the capital of PrimeXtend Limited from the non-controlling investors and PrimeXtend Limited became a wholly owned subsidiary of the Company.

Principal Risks and Risk Management


Given the significance of investments in subsidiaries to the Company, the principal risk is associated with these investments. Risk management activity is undertaken on a Group basis and reference should be made to the Risk Management section contained within the consolidated accounts of Panmure Gordon Group Limited for the period ended 31 December 2018, for a complete description of the business risks and mitigants, including those that may impact each of the underlying subsidiary legal entities.

Outlook

The outlook for the Company is closely intertwined with the outlook for the Group and reference should be made to the consolidated accounts of Panmure Gordon Group Limited for the period ended 31 December 2018 for a complete description of the aims and strategic ambitions for the Group. The Company is supported by its parent company, Panmure Gordon Group Limited.

The process of UK withdrawal from the European Union ('EU') has resulted in political uncertainty with potential consequences for investment and market confidence. Management closely monitors the developments of the negotiations and continue to assess the potential consequences for the company and the Group. The Group's business is predominately UK based and most of its transactions are denominated in Sterling, which reduces the potential impact of the withdrawal. Although there is some impact in the short term, the Group is adequately prepared to manage the challenges that may arise from the UK withdrawal and well placed to continue growing its business.

By order and on behalf of the board.



Ian Axe
Director

23 September 2019

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 December 2018.

Parent Company

The Company is a wholly owned subsidiary of Panmure Gordon Group Limited, a private limited company. Following the acquisition and subsequent de-listing of the Company by Panmure Gordon Group Limited on 17 July 2017, the Company ceased to be a regulated entity.

Registered Office

The Company is incorporated and domiciled in England and Wales. The registered office is One New Change, London, EC4M 9AF.

Principal Activities

The Company is a private limited company domiciled in the UK. Following the acquisition by Panmure Gordon Group Limited, it ceased to be the ultimate holding company of the Panmure Gordon Group. The company is an intermediate holding company and the administrative service company for the Group's operations.

Results and dividends

The Company recorded a profit after tax of £1.0m (2017: loss after tax of £3.6m). The Directors do not recommend the payment of a dividend for the year ended 31 December 2018 (2017: nil per ordinary share).

Board of Directors

The directors who held office during the period and up to the date of signing were as follows:

Mehmet Dalman (appointed 6 November 2018)
 Ian Axe (appointed 18 July 2017)
 Timothy Kacani (appointed 18 July 2017)
 David Schamis (appointed 18 July 2017)
 Michael Katounas (appointed on 3 June 2013)
 Andrew Adcock (resigned 26 January 2019)
 Matthew Hansen (resigned 30 November 2018)
 Ataf Ahmed (resigned 30 October 2018)
 Tamim Al-Kawari (resigned 30 October 2018)

Directors' indemnity arrangements

The Company has purchased and maintained throughout the year directors' and officers' liability, professional indemnity, employer's liability and public and products liability insurance. These provisions, which are qualifying third party provisions, were in force during the financial year and remain in force at the date of this report.

Going concern

The Directors have formed a judgment, at the time of approving the financial statements, considering the available cash and liquid resources, and the business forecasts for 2019 and 2020, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements. See Note 1 for further information on this assessment.

Political donations

No political donations were made by the Company during 2018 (2017: nil).

DIRECTORS' REPORT (continued)

Events after the balance sheet date

On 18 March 2019, the Company raised £10m capital from its parent, Panmure Gordon Group Limited, by issuing 9,996,591 ordinary shares (par value of 4p) at a subscription price of £1.

Directors' statement as to disclosure of information to auditors

Each Director who was a member of the Board at the time of approving the Directors' report (as listed on page 2), having made enquiries of fellow Directors and of the Company's auditors, confirms that:

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of this report of which the Company's auditors are unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

By order and on behalf of the board



Ian Axe
Director
23 September 2019

One New Change
London
EC4M 9AF

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PANMURE GORDON & CO. LIMITED

Opinion

We have audited the financial statements of Panmure Gordon & Co. Limited ("the company") for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flow, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;

INDEPENDENT AUDITOR'S REPORT (continued)

- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Suvro Dutta (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London, E14 5GL
23 September 2019

Statement of profit or loss and other comprehensive income
for the year ended 31 December 2018

		31 December 2018 £'000	31 December 2017 £'000
	Note		
Continuing operations			
Other operating income	4	8,621	6,080
Administrative expenses	5	(6,027)	(5,439)
Impairment charge	12	-	(4,168)
Share-based payments	9	-	(24)
Operating profit/(loss)		2,594	(3,551)
Change in expected credit losses and other credit impairment charges	3	-	-
Net finance costs	7	(1,544)	(65)
Profit/(loss) before tax from operations		1,050	(3,616)
Taxation (charge)/credit	10	(31)	16
Profit/(loss) for the year		1,019	(3,600)
Total comprehensive profit/(loss) for the year		1,019	(3,600)

The notes on pages 11 to 29 form an integral part of these financial statements.

Statement of financial position
as at 31 December 2018

		31 December 2018 £'000	31 December 2017 £'000
Assets	Note		
Non-current assets			
Property, plant and equipment	11	1,256	1,186
Investment in subsidiary undertakings	12	61,138	24,780
Amounts owed by subsidiary undertakings	21	30	3,705
Deferred tax asset	13	63	94
Other receivables	14	137	218
		62,624	29,983
Current assets			
Other receivables	14	1,378	836
Cash and cash equivalents		75	682
		1,453	1,518
Current liabilities			
Finance facilities	15	-	(6,900)
Trade payables	16	(135)	(46)
Amounts owed to subsidiary undertakings	21	(8,843)	(8,607)
Corporation tax liabilities		-	(73)
Other payables	16	(571)	(716)
Accruals, provisions and deferred income	16	(1,499)	(824)
		(11,048)	(17,166)
Net current liabilities		(9,595)	(15,648)
Net assets		53,029	14,335
Equity			
Issued share capital	19	1,508	641
Share premium	19	36,168	-
Merger reserve	20	1,715	1,715
Other reserve	20	-	(6,300)
Retained earnings		13,638	18,279
Total equity		53,029	14,335

The notes on pages 11 to 29 form an integral part of these financial statements.

Approved by the board on 23 September 2019 and signed on its behalf by:



Ian Axe

Director

Panmure Gordon & Co. Limited, registered number 02700769

Statement of cash flow
for the year ended 31 December 2018

		31 December 2018 £'000	31 December 2017 £'000
	<i>Note</i>		
Cash flows from operating activities			
Profit/(loss) before tax*		1,050	(3,616)
Interest on PIK notes		1,544	-
Depreciation and amortisation	11	442	401
Share-based payment charges		-	24
(Increase)/decrease in other receivables	12	(460)	1,864
Increase/(decrease) in trade and other payables, accruals, provisions and deferred income		620	(5,976)
Impairment of investments		-	4,168
Income tax paid*	10	(74)	32
Net cash used in operating activities		3,122	(3,103)
Cash flows from investing activities			
Investment in subsidiary	12	(36,358)	-
Cashflow from subsidiary undertakings	21	4,141	-
Acquisition of plant and equipment	11	(512)	(52)
Net cash used in investing activities		(32,729)	(52)
Cash flows from financing activities			
Repayment of loan		-	(3,000)
PIK note funding	15	29,000	6,900
Financial costs	15	-	(65)
Net cash from financing activities		29,000	3,835
Net decrease in cash and cash equivalents		(607)	680
Cash and cash equivalents at 1 January 2018		682	2
Cash and cash equivalents at 31 December 2018		75	682

*Comparatives have been re-presented to be consistent with the current year presentation of Profit before tax.

The notes on pages 11 to 29 form an integral part of these financial statements.

Statement of changes in equity
for the year ended 31 December 2018

Statement of changes in equity for the year ended 31 December 2018

£'000	Issued share capital	Share premium	Merger reserve	Other reserve	Retained earnings	Total equity
Balance as at 1 January 2018	641	-	1,715	(6,300)	18,279	14,335
Profit/ (Loss) for the year	-	-	-	-	1,019	1,019
Other items recorded directly in equity						
Issue of share	1,507	36,168	-	-	-	37,675
Capital reduction	(640)	-	-	-	640	-
Transfer in respect of the 2005 Employee Share Option Plan	-	-	-	6,300	(6,300)	-
At 31 December 2018	1,508	36,168	1,715	-	13,638	53,029

Statement of changes in equity for the year ended 31 December 2017

£'000	Issued share capital	Share premium	Merger reserve	Other reserve	Retained earnings	Total equity
Balance as at 1 January 2017	622	-	1,715	(6,260)	21,359	17,436
Profit/ (Loss) for the year	-	-	-	-	(3,600)	(3,600)
Other items recorded directly in equity						
Issue of share	-	-	-	(40)	-	(40)
Capital reduction	19	-	-	-	520	539
At 31 December 2017	641	-	1,715	(6,300)	18,279	14,335

The notes on pages 11 to 29 form an integral part of these financial statements.

Notes to the financial statements

1 Accounting policies

Panmure Gordon & Co. Limited (the "Company") is a private company limited by shares domiciled in the United Kingdom. The address of the Company's registered office is One New Change, London EC4M 9AF. The registered number of the Company is 02700769.

These financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards ("IFRSs") as endorsed by the European Union ("EU"). IFRSs comprise accounting standards issued by the International Accounting Standards Board ("IASB") and its predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and its predecessor body.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

The financial statements are presented in sterling, rounded to the nearest thousand.

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

The Company had cash resources of £75K at 31 December 2018 (2017: £682K). As an administrative service provider to the Group, the Company has third party supplier contracts necessitating recognition of accruals and other payables that are subsequently recharged to other group companies in future periods. The Company does not have any significant balance sheet risk in the form of loans to third parties or other assets where deterioration in asset quality or market values could affect the Company's capital, other than its receivables.

On 21 December 2018, the Company raised equity of £37.6m by issuing ordinary shares to its parent company, Panmure Gordon Group Limited at a subscription price of £1 (4p par value) by conversion of outstanding PIK notes (principal of £36.1m and accrued interest of £1.5m). This funding was used to continue to support the Group in its strategic ambitions.

The Directors therefore have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Changes in accounting policies and disclosures

a. New and amended Standards and Interpretations adopted by the Company

On 1 January 2018, the Company implemented IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers'. As permitted by IFRS 9 and IFRS 15, comparative information for previous periods has not been restated. The impact of the Company's financial position of applying the requirements of IFRS 9 and IFRS 15 is set out in Note 3.

b. New and amended Standards and Interpretations mandatory for the first time for the financial year beginning 1 January 2018 but not currently relevant to the Company

The adoption of the following new and amended Standards and Interpretations did not have any material effect on the Company's financial statements:

- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- Amendments to IAS 40: Transfers of Investment Property
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions Contracts
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

Notes to the financial statements (continued)

1 Accounting policies (continued)

Changes in accounting policies and disclosures (continued)

c. New and amended Standards and Interpretations issued but not effective for the financial year beginning 1 January 2018.

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective.

IFRS 16 "Leases" will be effective for annual periods beginning on or after 1 January 2019, and sets out the principles for recognition, measurement, presentation and disclosure of leases for both lessees and lessors. IFRS 16 requires lessees to recognise a right-of-use (ROU) asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments for all leases with a term of more than 12 months, unless the underlying asset is of low value. The asset will be amortised over the length of the lease, and the financial liability measured at amortised cost. Lessor accounting remains substantially the same as under IAS 17 "Leases". The Company's operating lease commitments, estimated at approximately £2m on an undiscounted basis, as shown in Note 18, will be recognised in the statement of financial position.

The adoption of all other standards and interpretations, as listed below, is not expected to have a material effect on the Financial statements; IFRS 17 Insurance Contracts, IFRIC 23 Income tax treatments, IAS 28 Long-term interest in associates and joint ventures, IAS 19 Plan amendment, curtailment or settlement, amendments to the Conceptual Framework and the Annual improvements to IFRS Standards 2015 to 2017 cycle.

Foreign currency

The functional currency of the Company is sterling, which is also the presentational currency of the financial statements of the Company. Transactions in foreign currencies are recorded at the rate of exchange on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the rate of exchange at the initial transaction date. Foreign exchange differences are included in the income statement.

Revenue Recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as the employee renders the service.

Share-based payment transactions

The Company has applied the requirements of IFRS 2 'Share-based Payments' to all grants of equity instruments. The Company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The grant-date fair value of share-based payment awards granted to employees is recognised as a share-based payment expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. Where the Company enters into share-based payment arrangements involving employees of subsidiaries, the cost is recognised in 'Investment in subsidiaries' and credited to the 'Other reserve' over the vesting period. Where the cost is recharged to the subsidiary, it is recognised as an inter-Company debtor, not as an investment in subsidiary. Where a subsidiary has funded the share-based payment arrangement, 'Investment in subsidiaries' is reduced by the fair value of equity instruments.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Taxation

Tax on the profit or loss for the year comprises current and deferred tax.

Current taxation

The tax expense represents the sum of the tax currently payable and any deferred tax. The current tax charge is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the year end date.

Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle on a net basis.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. The estimated useful lives are as follows:

- | | |
|---------------------------------------|--------------|
| i) Fixtures and fittings | 5 - 10 years |
| ii) Furniture and office equipment | 6 - 10 years |
| iii) Computer and telephone equipment | 3 - 5 years |

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment of property, plant and equipment

At each balance sheet date, the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the

Notes to the financial statements (continued)

1 Accounting policies (continued)

Impairment of property, plant and equipment (continued)

recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Investment in subsidiaries

Where an entity is governed by voting rights, the entity is a subsidiary when the Company holds, directly or indirectly, the necessary voting rights to pass resolutions by the governing body. In all other cases, the assessment of control is more complex and requires judgement of other factors, including having exposure to variability of returns, power to direct relevant activities and whether power is held as agent or principal.

The Company's investments in subsidiaries are stated at cost less impairment losses. Impairment testing is performed if there is an indication that the investment may be impaired.

Financial instruments (policy applicable from 1 January 2018)

a. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

b. Classification and subsequent measurement

Financial assets

Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

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

Notes to the financial statements (continued)

1 Accounting policies (continued)

Financial instruments (policy applicable from 1 January 2018) (continued)

b. Classification and subsequent measurement (continued)

Classification (continued)

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Subsequent measurement and gains and losses

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI - these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- i) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- ii) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares. Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Financial instruments (policy applicable from 1 January 2018) (continued)

c. Impairment

General approach

The Company recognises a loss allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost, debt investments measured at FVOCI (as defined in IFRS 15). The amount of ECLs is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information when relevant.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI 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.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Financial instruments (policy applicable prior to 1 January 2018)

Loans and receivables

Loans and receivables are non-derivative are recognised initially at fair value plus directly attributable transactions costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. At each balance sheet date such receivables are reviewed to determine whether there is an indication of impairment. If any such indication exists, the recoverable amount is estimated. Impairment losses are recognised in the income statement.

Trade and other receivables

Trade and other receivables are recognised initially at fair value plus directly attributable transactions costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. At each balance sheet date such receivables are reviewed to determine whether there is an indication of impairment. If any such indication exists, the recoverable amount is estimated. Impairment losses are recognised in the income statement.

Trade and other payables

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Provisions and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, which can be estimated reliably, and it is probable that the Company will be required to settle that obligation. Provisions are measured at management's best estimate of the expenditure required to settle that obligation at the balance sheet date.

Contingent liabilities related to legal proceedings or regulatory matters are not recognised in the financial statements but are disclosed, unless the probability of settlement is remote.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. At the year-end date all leases are classified as operating leases.

The Company as lessee

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Notes to the financial statements (continued)

2 Critical accounting judgement and key sources of estimation uncertainty

Accounting estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates.

The areas involving a higher degree of judgment and or complexity, or areas where assumptions and estimates are significant to the financial statements include the impairment of intangibles and investments in subsidiaries, in determining ECL and the recognition of deferred tax assets.

Impairment of investments in subsidiaries

Investments in subsidiaries are tested for impairment when there is an indication that the investment may be impaired. Impairment testing involves significant judgement in determining the value in use ('VIU'), and in particular estimating the present values of cash flows expected to arise from continuing to hold the investment and the rates used to discount these cash flows.

Significant increase in credit risk

As explained in note 1 Financial instruments (policy applicable from 1 January 2018) paragraph (c), ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Deferred tax

Deferred tax is calculated based on the taxable temporary differences and taxable losses arising. A deferred tax asset has been recognised. The assessment of the recoverability of the deferred tax asset is based mainly on the premise that the Company will generate sufficient profits in the future to realise the deferred tax assets. This is a matter of judgment and is reviewed at each reporting date.

3 Changes in accounting policies

IFRS 9 'Financial Instruments'

On 1 January 2018, the Company implemented IFRS 9 'Financial Instruments'. As permitted by IFRS 9, comparative information for previous periods has not been restated. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the balance sheet as at 31 December 2017 but are recognised in the opening balance sheet on 1 January 2018. As prior periods have not been restated, changes in impairment of financial assets in the comparative periods remain in accordance with IAS 39 and are therefore not necessarily comparable to the impairment provisions reported for the current period.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of the business model within which a financial asset is held. The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
- The designation of certain investments in equity instruments not held for trading as at FVOCI.
- If an investment in a debt security had low credit risk at the date of initial application of IFRS 9, then the Company assumed that the credit risk on the asset had not increased significantly since its initial recognition.

Notes to the financial statements (continued)**3 Changes in accounting policies (continued)****IFRS 9 'Financial Instruments' (continued)**

On 1 January 2018, the Company's management has assessed the financial instruments held by the Company and determined whether reclassification was needed under IFRS 9.

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 January 2018:

	Original classification under IAS 39	New Classification under IFRS 9	Carrying amount under IAS 39 £'000	Carrying amount under IFRS 9 £'000
Financial assets				
Amounts owed by subsidiary undertakings	Amortised cost	Amortised cost	3,705	3,705
Other receivables	Amortised cost	Amortised cost	836	836
Cash and cash equivalents	Amortised Cost	Amortised Cost	682	682
Total financial assets			5,223	5,223

	Original classification under IAS 39	New Classification under IFRS 9	Carrying amount under IAS 39 £	Carrying amount under IFRS 9 £
Financial liabilities				
Finance facilities	Amortised cost	Amortised cost	(6,900)	(6,900)
Trade payables	Amortised cost	Amortised cost	(46)	(46)
Amounts owed to subsidiary undertakings	Amortised cost	Amortised cost	(8,607)	(8,607)
Other payables	Amortised cost	Amortised cost	(716)	(716)
Total financial liabilities			(16,269)	(16,269)

While cash and cash equivalents, other receivables and intercompany loans are subject to the impairment requirements of IFRS 9, the Company has concluded that the expected credit loss on these items is nil and therefore no impairment provision adjustment is required.

IFRS 15 'Revenue from Contracts with Customers'

On 1 January 2018, the Company adopted IFRS 15 'Revenue from Contracts with Customers'. The adoption of this accounting standard has had an insignificant effect on the financial statements of the Company.

Notes to the financial statements (continued)**4 Other operating income**

	31 December 2018 £'000	31 December 2017 £'000
Management charges receivable	8,621	6,080
	8,621	6,080

5 Operating expenses

The operating profit / (loss) before taxation is stated after charging:

	31 December 2018 £'000	31 December 2017 £'000
Employee benefit expense	2,389	1,628
Depreciation of property, plant and equipment (see note 11)	442	401
Buildings & Maintenance	1,485	1,451
Other	1,711	1,959
	6,027	5,439

6 Auditor's remuneration

The analysis of the auditor's remuneration is as follows:

	31 December 2018 £'000	31 December 2017 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts:		
Fees relating to current year	40	40
Fees payable to the Company's auditor for other services:		
Audit related services:		
Other assurance services	-	17
Tax services	-	20
Total audit fees	40	77

7 Net finance costs

	31 December 2018 £'000	31 December 2017 £'000
Payment in Kind ("PIK") loan interest	(1,544)	(65)
	(1,544)	(65)

Notes to the financial statements (continued)**8 Directors' remuneration**

All of the directors in the period that were directors of the Company in receipt of remuneration, were paid by Panmure Gordon Group Limited.

	Emoluments	Pension	Share option gain
	2018	2018	2018
	£'000	£'000	£'000
Aggregate	-	-	-
Highest paid Director	-	-	-

	Emoluments*	Pension	Share option gain
	2017	2017	2017
	£'000	£'000	£'000
Aggregate	1,135	47	172
Highest paid Director	597	37	59

* Emoluments include consultancy services.

9 Share-based payments

The following table sets out a summary of the share-based payment charge incurred by the Company.

	31 December 2018 £'000	31 December 2017 £'000
Share-based payment charges (excluding National Insurance)	-	24
	-	24

Notes to the financial statements (continued)**10 Income tax expense**

The analysis of the total income tax charge/(credit) is as follows:

	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Analysis of tax charge/(credit) in period:		
UK corporation tax at 19.00% (2017: 19.25%)		
Current year tax charge/(credit)	-	-
Prior year adjustment	-	-
Foreign tax	-	-
Deferred tax		
Prior year adjustments to deferred tax charge/(credit)	-	-
Current year deferred tax charge/(credit)	31	(16)
Tax charge/(credit) on profits on ordinary activities	31	(16)
Effective tax rate charge	2.98%	1.99%
Profit/(loss) on ordinary activities before tax	1,050	(3,616)
Profit/(loss) on ordinary activities multiplied by rate of UK corporation tax at 19.00% (2017: 19.25%)	200	(696)
Effects of:		
Expenses not deductible for tax purposes	4	851
Non-taxable income	(44)	-
Fixed assets write-off	28	13
Group relief surrendered/(claimed) for £nil consideration	(174)	-
Change in corporation tax rate	(1)	2
Unrecognised deferred tax asset	19	(154)
Total tax charge/(credit) on profits/losses on ordinary activities	31	(16)

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted. This will reduce the Company's future current tax charge accordingly. The deferred tax at 31 December 2018 has been calculated based on these rates.

Analysis of current tax recognised in statement of comprehensive income:

	2018	2017
UK corporation tax charge/(credit)	31	(16)
Foreign tax charge/(credit)	-	-
Total	31	(16)

Notes to the financial statements (continued)**11 Property, plant and equipment**

2018	Furniture and office equipment £'000	Fittings £'000	Computer and telephone equipment £'000	Total £'000
Cost				
At 1 January 2018	514	1,052	2,017	3,583
Additions	80	372	60	512
At 31 December 2018	594	1,424	2,077	4,095
Accumulated depreciation				
At 1 January 2018	(298)	(517)	(1,582)	(2,397)
Charge for the year	(52)	(166)	(224)	(442)
At 31 December 2018	(350)	(683)	(1,806)	(2,839)
Net book value				
At 31 December 2018	244	741	271	1,256

2017	Furniture and office equipment £'000	Fittings £'000	Computer and telephone equipment £'000	Total £'000
Cost				
At 1 January 2017	514	1,052	1,965	3,531
Additions	-	-	52	52
At 31 December 2017	514	1,052	2,017	3,583
Accumulated depreciation				
At 1 January 2017	(282)	(408)	(1,306)	(1,996)
Charge for the year	(16)	(109)	(276)	(401)
At 31 December 2017	(298)	(517)	(1,582)	(2,397)
Net book value				
At 31 December 2017	216	535	435	1,186

Notes to the financial statements (continued)**12 Investment in subsidiary undertakings**

Investment in subsidiary undertakings	£'000
At 1 January 2018	24,780
Investments in subsidiaries during the year	36,358
At 31 December 2018	61,138

Investment in subsidiary undertakings	£'000
At 1 January 2017	26,887
Share-based payments on behalf of subsidiaries	515
Other movement	1,546
Impairment charge	(4,168)
At 31 December 2017	24,780

The Company owned a 49% controlling interest in a subsidiary company, PrimeXtend Limited as at 1 January 2018. This stake was increased to 51% in March 2018 following the exercise of an option by the Company to acquire 2% (79 class B Ordinary shares of nominal value of £0.10 each) of PrimeXtend Limited's equity. In September 2018, the Company acquired the remaining 1,000 class A Ordinary shares in the capital of PrimeXtend Limited from the non-controlling investors for £1.25m and PrimeXtend Limited became a wholly owned subsidiary of the Company.

The Company acquired additional ordinary shares in a subsidiary company, Panmure Gordon (UK) Limited for £1 each on 27 March 2018 for £6.0m, on 29 April 2018 for £15.0m, on 28 September 2018 for £8.0m, and on 30 October 2018 for £6.0m respectively. These investments support the Group in its strategic ambitions.

Impairment testing of investments in subsidiaries

At each reporting period end, the Company reviews investments in subsidiaries for indicators of impairment. An impairment is recognised when the carrying amount exceeds the recoverable amount for that investment. The recoverable amount is the higher of the investment's fair value less costs of disposal and its value in use.

The value in use is calculated by discounting management's cash flow projections for the investment. The cash flow projections for each investment are based on the latest board-approved plans, covering a 5 year period and a conservative long-term growth rate is used to extrapolate the cash flows in perpetuity. The rate used to discount the cash flows is based on the cost of capital, which is derived using a capital asset pricing model ('CAPM'). CAPM depends on a number of inputs reflecting financial and economic variables, including the risk-free rate and a premium to reflect the inherent risk of the business being evaluated. These variables are based on the market's assessment of the economic variables and management's judgement.

No impairment was recognised in 2018. In 2017, the Company recognised an impairment of £4.1m in relation to its investment in Panmure Gordon (UK) Limited and PrimeXtend Limited.

Notes to the financial statements (continued)**12 Investment in subsidiary undertakings (continued)****Additional information on subsidiary undertakings**

At 31 December 2018 the Company owned 100% of the ordinary share capital of the following subsidiary undertakings:

Name	Principal place of business and country of incorporation	Nature of business
Panmure Gordon (UK) Limited	United Kingdom – A1	Stockbroking, corporate finance and market making
Panmure Gordon Securities Limited ¹	United Kingdom – A1	Stockbroking, corporate finance and market making
PrimeXtend Limited ²	United Kingdom – A1	Prime broking
Panmure General Partner Limited	United Kingdom – A1	General partner
Panmure Gordon (Asia) Private Limited ³	Singapore – A2	Dormant
Panmure Gordon (Broking) Limited	United Kingdom – A1	Dormant
Durlacher Research Limited	United Kingdom – A1	Dormant
Life Capital Limited	United Kingdom – A1	Dormant
Rotherfield Nominees Limited ⁴	United Kingdom – A1	Dormant
Web Angel Limited	United Kingdom – A1	Dormant
United Energy Limited ⁵	United Kingdom – A1	Dormant
Panmure Gordon Holdings US LLC	United States of America – A3	Dormant

¹ US regulatory approval was received in July 2016 and business commenced in November 2016

² At 31 December 2017, the Company owned 49% of PrimeXtend Limited, which increased during 2018 to 100%.

³ The Singapore business was closed in May 2016 and the legal entity is in the process of closure

⁴ Direct subsidiary of Panmure Gordon (Broking) Limited

⁵ Direct subsidiary of Web Angel Limited

A1 – One New Change, London, United Kingdom, EC4M 9AF

A2 – Registered agent: Rajah & Tann Singapore LLP, 9 Battery Road, 25-01 Straits Trading Building, Singapore 049910

A3 – Registered agent: National Registered Agents, Inc, 160 Greentree Drive, Dover, Delaware 19904 United States of America

13 Deferred tax asset

	Short term provisions £'000	Plant and equipment £'000	UK Losses £'000	Total £'000
Balance as at 1 January 2018	-	67	27	94
Movement during the year	8	(12)	(27)	(31)
Balance as at 31 December 2018	8	55	-	63

A deferred tax asset of £63k (2017: £94k) has been established to reflect the tax benefit which is expected to arise from the accelerated capital allowances and losses carried forward.

Notes to the financial statements (continued)**14 Other receivables**

	31 December 2018 £'000	31 December 2017 £'000
Non-current assets		
Other receivables	137	218
Total	137	218
 Due within one year:		
Current assets		
Other receivables	568	353
Prepayments and accrued income	810	483
Total	1,378	836

15 Finance facilities

Following the acquisition of the Company in July 2017, shareholders agreed to fund a committed equity line of £6.9m that was treated as a shareholder loan at the end of 2017, in the form of 8% cumulative Payment in Kind ("PIK") Notes.

During 2018, the Company issued additional 8% cumulative PIK to its parent company, Panmure Gordon Group Limited for £15.0m (29 April 2018), £8.0m (28 September 2018) and £6.0m (30 October 2018) respectively.

On 21 December 2018, the Company raised equity by converting the total PIK notes outstanding with its parent company, for £36.1m together with cumulative interest of £1.5m, into ordinary shares of £1 each to its investors (Note 19).

16 Trade and other payables

	31 December 2018 £'000	31 December 2017 £'000
Trade payables	(135)	(46)
Total	(135)	(46)
 Other payables	(571)	(716)
Provisions, accruals and deferred income	(1,499)	(824)
Total	(2,070)	(1,540)

Trade and other payables are expected to be settled within 12 months.

Notes to the financial statements (continued)

17 Financial instruments and risk profile

The Company's financial instruments comprise cash and cash equivalents, receivables and payables arising from operations. The Company has recognised the following risks arising from these financial instruments:

- Credit risk
- Liquidity risk

Credit risk

Credit risk represents the possibility that the Company will suffer a financial loss resulting from a counterparty failing to meet its contractual obligations. For the Company, credit risk primary arises from intercompany trade debtors and other receivables.

As at 31 December 2018, all cash and cash equivalents were held at a major financial institution, rated 'A' and above. The maximum credit exposure on cash and cash equivalents was £75k (2017: £682K).

Liquidity risk

Liquidity risk represents the possibility that the Company has insufficient funds to meet its obligations as they fall due. The Company manages liquidity risk by assessing cash-flows and monitoring the Company's balance sheet, in particular:

- monitoring of cash positions; and
- ensuring timely settlement by trade debtors and payment of creditors.

The Company holds its cash and cash equivalents with rated financial institutions. All cash and cash equivalents are short-term, liquid investments that are readily convertible to known amounts of cash without penalty.

18 Other Financial Commitments

At 31 December 2018, the Company was committed to making the following payments under non-cancellable operating leases:

	31 December 2018 £'000	31 December 2017 £'000
Land & building annual commitments which expire:		
Within 1 year	652	652
Within 1 to 2 years	652	652
Within 2 to 5 years	924	1,576
Over 5 years	-	-
Total	2,228	2,880

At 31 December 2018, there were no underwriting commitments to clients (2017: £Nil).

Notes to the financial statements (continued)**19 Share Capital**

As at 31 December 2018, the number of shares issued was 37,690,663 ordinary shares at a par value of 4p (31 December 2017: 16,027,918 ordinary shares at a par value of 4p).

The share capital of the Company was reduced in June 2018 from £641,117 (16,027,918 ordinary shares of 4p each) to £641 (16,028 ordinary shares of 4p each). This reduction is recognised in Retained earnings.

The Company further issued 37,674,635 ordinary shares (par value of 4p) at a subscription price of £1 on 21 December 2018 by converting PIK notes outstanding (principal outstanding for £36.1m, together with cumulative interest for £1.5m) with its parent, Panmure Gordon Group Limited.

20 Reserves**Merger reserve**

This reserve represents the difference between the market value of shares issued on business acquisitions and their nominal value. The difference between the merger reserve on consolidation, and the merger reserve in the Company's statement of financial position of £1.7m, results from the acquisition of Panmure Gordon (UK) Limited in 2005.

Other reserve

The other reserve represented the nominal value of share capital owned by the Panmure Gordon & Co. Limited No. 2 Employee Benefit Trust under the 2005 Employee Share Option Plan and the cost of shares purchased in the market prior to de-listing in July 2017. At 31 December 2018 the Trust held nil shares (December 2017: nil shares). The Trust is held within the Company accounts, and the nominal value of the share capital are therefore deducted from reserves. As a result of de-listing the Company's shares and closure of the share option plan, the reserves has been transferred to retained earnings.

21 Related Party transactions

During the year the Company reported the following related party transactions.

Intra-Company transactions with wholly owned subsidiaries

	Owed by Subsidiaries 31 Dec 2018 £'000	Owed by Subsidiaries 31 Dec 2017 £'000	Owed to Subsidiaries 31 Dec 2018 £'000	Owed to Subsidiaries 31 Dec 2017 £'000
Panmure Gordon (UK) Limited	-	3,675	(436)	(234)
Panmure Gordon Securities Limited	-	-	(34)	-
Durlacher Research Limited	-	-	(8,373)	(8,373)
Think Equity - Capital Advisors	30	30	-	-
Balance	30	3,705	(8,843)	(8,607)

These loans are unsecured and repayable on demand.

Notes to the financial statements (continued)**21 Related party transactions (continued)**

	Admin costs recharged 31 Dec 2018 £'000	Admin costs recharged 31 Dec 2017 £'000	Funding charges 31 Dec 2018 £'000	Funding charges 31 Dec 2017 £'000
Panmure Gordon Group Limited	-	-	1,545	231
Panmure Gordon (UK) Limited	8,621	6,080	-	-
Balance	8,621	6,080	1,545	231

Administrative costs are re-charged between entities using a transfer pricing mechanism on a cost plus 10% basis.

Transactions with key management personnel

The compensation paid to the Company's Directors is disclosed in note 8.

22 Contingent liabilities

The Company had no contingent liabilities at 31 December 2018 (2017: £nil).

23 Events after the balance sheet date

On 18 March 2019, the Company raised £10m capital from its parent, Panmure Gordon Group Limited, by issuing 9,996,591 ordinary shares (par value of 4p) at a subscription price of £1.

24 Ultimate parent undertaking of larger company of which the Company is a member

The Company is a subsidiary undertaking of Panmure Gordon Group Limited which is incorporated in the United Kingdom. The company in which the results of the Company are consolidated is Panmure Gordon Group Limited. The consolidated accounts of this company are available to the public and may be obtained from Companies House.