



CQS Management Limited

Report and financial statements
for the year ended
31 March 2019

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Registered number

03691917

Registered office

4th Floor
One Strand
London
WC2N 5HR

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Directors

Adrian Collins (resigned 14 June 2019)
Catherine Cripps
Alexander Downer (appointed 1 April 2018, resigned 31 July 2019)
Richard Hayden (resigned 17 April 2019)
Mina Gerowin Herrmann (appointed 1 June 2019)
Sir Michael Hintze
Reuben Jeffery III
The Lord Myners of Truro
Sir Michael Peat
Alex Ribaroff (resigned 11 April 2018)
The Lord Richards of Herstmonceux (resigned 30 June 2019)
Xavier Rolet KBE (appointed 11 January 2019)
James Shinn

The directors present their report and the consolidated financial statements of CQS Management Limited (the "Company"), its subsidiary undertakings and its associated undertaking (together, the "Group") for the year ended 31 March 2019. The comparative figures present the results for the 15 month period ended 31 March 2018.

Principal activity and likely future developments

The Company serves as holding company to CQS Aiguille du Chardonnet S.à.r.l., CQS Investment Management (Australia) PTY LTD, CQS (Grosvenor) LLP, CQS Investment Management Limited, CQS (UK) LLP, CQS US Feeder Funds (GP) LLC and CQS (US), LLC, the principal activities of which are the provision of investment management and advisory services, sales agent and marketing services and infrastructure services. The directors do not expect any change in the Company's activities in the foreseeable future.

Directors

The directors during the year and up to the date of this report, except as indicated, were:

Adrian Collins (resigned 14 June 2019)
Catherine Cripps
Alexander Downer (appointed 1 April 2018, resigned 31 July 2019)
Richard Hayden (resigned 17 April 2019)
Mina Gerowin Herrmann (appointed 1 June 2019)
Sir Michael Hintze
Reuben Jeffery III
The Lord Myners of Truro
Sir Michael Peat
Alex Ribaroff (resigned 11 April 2018)
The Lord Richards of Herstmonceux (resigned 30 June 2019)
Xavier Rolet KBE (appointed 11 January 2019)
James Shinn

Financial risk management objectives and policies

CQS (UK) LLP is authorised and regulated by the Financial Conduct Authority. As part of this authorisation, this firm is required to make disclosures regarding its risk management objectives and policies. These disclosures, which are unaudited, can be found on the Group's website, www.cqs.com.

Information regarding the Group's principal risks, uncertainties and risk management policies is disclosed in the strategic report on page 2.

Distributions

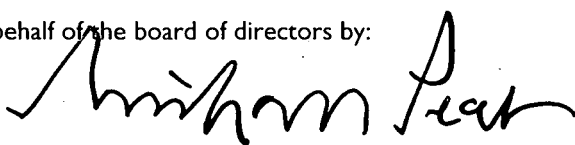
During the year, the directors declared and paid dividends totalling \$nil (2018: \$46,533 thousand) to ordinary shareholders, along with other distributions relating to payments in accordance with s850E of the Income Tax (Trading and Other Income) Act 2005 totalling \$46,244 thousand (2018: \$40,000 thousand).

Auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The independent auditor, BDO LLP, has indicated its willingness to be reappointed.

Signed on behalf of the board of directors by:



Sir Michael Peat
Director
5 September 2019

Review of the business

Following a reorganisation of the wider CQS group structure during the year, the Group's immediate parent undertaking changed from CQS Luxembourg Global S.à.r.l. to CQS Jersey Limited. There was no change to the Group's ultimate controlling party as disclosed in note 22.

The profit for the period, before partner profit shares and taxation, amounted to \$89,692 thousand (2018: \$160,375 thousand) as detailed in the consolidated statement of profit or loss on page 7. As at the year end, the Group acted as investment manager or investment advisor to 34 (2018: 31) funds and other investment vehicles. The key financial and other performance indicators during the year were as follows:

	2019 (12 months)	2018 (15 months)
Revenue (\$'000s)	200,827	310,751
Profit before income tax (\$'000s)	89,692	160,375
Assets under management at 31 March (\$ million)	18,026	15,768

The decrease in total income from principal activities has been driven by the decrease in performance fees earned by the Group, along with the impact of the change in the Group's financial year end.

The Group includes two limited liability partnerships, the profits of which are taxable on individual members. As such, some of the Group's profit before tax is not subject to corporation tax, but is instead subject to tax in the hands of the individual members, as detailed in note 7 to the financial statements. This split is presented below:

	2019	2018 (15 months)
Profits subject to corporation tax (\$'000s)	2,192	29,572
Profits taxable on individual partners (\$'000s)	87,500	130,803
Group profit before income tax (\$'000s)	89,692	160,375

As a result of a reorganisation of the Group in the prior period, a larger proportion of the Group's profit before income tax is now taxable on individual partners.

Principal risks and uncertainties

The management of risk is the responsibility of the board of directors. The Group maintains a risk management structure designed to manage known risks effectively and react to emerging risks. The three main categories of risk to which the Group is exposed are as follows:

1. Business risk, being the risk of a substantial decline in assets under management and, therefore, fee income. This is principally driven by the risk of poor investment performance, whether due to internal decision making, errors or external market conditions. The Group mitigates this risk through close monitoring of investment performance, implementing appropriate remuneration and incentive structures to hire and retain highly skilled professionals, and through maintaining robust procedures for identifying, measuring and managing portfolio risk.

The Group's business model is also at risk from reputational factors, as reputational damage could result in a significant decrease in assets under management and impairment of future business development. To curb both the effect and occurrence of damage to reputation, the Group invests resources into governance, portfolio management, the infrastructure platform and communications with relevant parties, including investors, regulators, third party service providers and counterparties.

Regulatory factors also give rise to business risk; the Group operates within a highly regulated environment and laws and regulations may evolve in a manner that negatively impacts upon the Group's business model, including changes as a result of "Brexit". The Group mitigates this risk through ongoing monitoring of current and proposed regulatory requirements along with engagement with industry bodies.

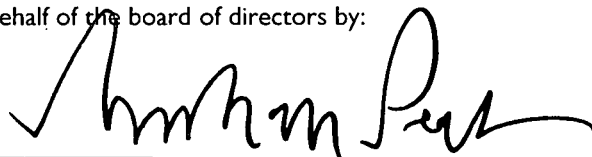
Principal risks and uncertainties (continued)

2. Market, Credit and Liquidity risks affect the Group's assets and liabilities comprising investments, cash deposits, receivables and payables:
- Market risk: The Group holds investment in fund products that are exposed to possible impairment due to market performance. These investments are held by a subsidiary undertaking, which holds specific capital and reserves in consideration of market risk as part of its capital planning process to mitigate the impact of this exposure.
 - Credit risk: The Group is exposed to the risk of loss should any of the Group's counterparties fail to fulfil their contractual obligations. This risk is managed through the establishment of short settlement terms with the Group's counterparties, primarily the funds managed by the Group, with billing for management and performance fees settled within one month. The Group's exposure to credit risk is managed in line with the CQS Group Treasury Policy.
 - Liquidity and cash flow risk: Exposure to the risk that the Group will be unable to meet its financial obligations as they fall due. To mitigate this risk, the Group's working capital requirements are regularly reviewed and managed in line with the CQS Group Treasury Policy, with sufficient cash and interest bearing deposits maintained to meet short term liabilities.
3. Operational risk, being the risk resulting from inadequate or failed internal processes, systems or outsourced functions. Each business function is responsible for the identification, assessment and management of operational risk within their area, including that associated with third-party service providers. Oversight is provided by the CQS Management Committee and Executive Committee, with independent challenge provided by the Audit Committee and Internal Audit function.

Going concern

The directors believe that the Group is well placed to manage its business risks successfully and to continue to be profitable for the foreseeable future. Therefore, the going concern basis has been adopted in preparing these financial statements.

Signed on behalf of the board of directors by:



Sir Michael Peat
Director

5 September 2019

Directors' responsibilities

The directors are responsible for preparing the directors' report, the strategic 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 the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.

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 Group and Company and of the profit or loss of the Group and 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 and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that show and explain the Group's transactions, disclose with reasonable accuracy at any time the financial position of the Group and Company, and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CQS MANAGEMENT LIMITED

Opinion

We have audited the financial statements of CQS Management Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 March 2019 which comprise the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated and Company statements of financial position, the consolidated and Company statements of changes in equity, the consolidated and Company statements of cash flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CQS MANAGEMENT LIMITED (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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.

Responsibilities of Directors

As explained more fully in the Statement of Directors Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent 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 the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

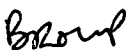
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent 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 the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Daniel Taylor (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

5/9/19

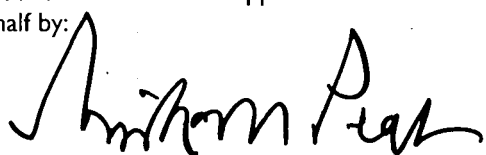
	Notes	Year ended 31 March 2019 \$'000	Period ended 31 March 2018 \$'000
Revenue		200,827	310,751
Cost of sales		(9,117)	(23,402)
Gross profit		191,710	287,349
Administrative expenses	3	(108,847)	(124,951)
Other operating income		537	282
Operating profit		83,400	162,680
Finance income	4	1,683	1,891
Finance expense	5	(19)	(464)
Other net gains/(losses)	6	4,628	(3,732)
Profit before income tax		89,692	160,375
Income tax credit/(expense)	7(a)	498	(10,115)
Profit for the period/year		90,190	150,260
Profit for the year/period attributable to:			
Owners of the parent		30,573	104,376
Non-controlling interests	12(a)	59,617	45,884
		90,190	150,260

Consolidated statement of other comprehensive income

	Year ended 31 March 2019 \$'000	Period ended 31 March 2018 \$'000
Profit for the year/period	90,190	150,260
Other comprehensive income		
Exchange differences on translation of foreign operations	(3,874)	3,567
Changes in the fair value of available for sale financial assets	-	253
Income tax expense 7(b)	-	(49)
Total other comprehensive income	(3,874)	3,771
Total comprehensive income	86,316	154,031
Total comprehensive income attributable to:		
Owners of the parent	26,699	108,147
Non-controlling interests 12(a)	59,617	45,884
	86,316	154,031

	Notes	As at 31 March 2019 \$'000	As at 31 March 2018 \$'000
Non-current assets			
Property, plant and equipment	10	5,282	6,157
Deferred tax assets	13	7,942	7,458
Investments in fund products	14(a)	20,096	-
		33,320	13,615
Current assets			
Current tax assets		2,911	-
Investments in fund products	14(b)	9,319	22,864
Trade and other receivables	15	34,253	29,529
Cash and cash equivalents	16(a)	24,574	68,812
		71,057	121,205
Total assets		104,377	134,820
Non-current liabilities			
Provisions	17	(19,342)	(15,219)
		(19,342)	(15,219)
Current liabilities			
Borrowings	16(b)	-	(13,515)
Provisions	17	(5,853)	(6,342)
Trade and other payables	18	(11,246)	(9,642)
Current tax liabilities		-	(2,666)
		(17,099)	(32,165)
Total liabilities		(36,441)	(47,384)
Net assets		67,936	87,436
Equity			
Share capital and capital reserves	19(b)	30,001	30,001
Revaluation reserves and retained earnings	19(c)	37,667	57,212
Capital and reserves attributable to owners		67,668	87,213
Non-controlling interests		268	223
Total equity		67,936	87,436

The financial statements were approved and authorised for issue by the board of directors on 5 September 2019 and signed on its behalf by:



Sir Michael Peat
Director

	Notes	As at 31 March 2019 \$'000	As at 31 March 2018 \$'000
Non-current assets			
Investments in Group undertakings	12(b)	29,696	32,080
Deferred tax assets	13	3,505	3,670
		33,201	35,750
Current assets			
Current tax assets		603	-
Trade and other receivables	15	875	486
Cash and cash equivalents	16(a)	4,351	1,950
		5,829	2,436
Total assets		39,030	38,186
Non-current liabilities			
Provisions	17	(3,456)	(1,224)
		(3,456)	(1,224)
Current liabilities			
Provisions	17	(767)	(2,179)
Trade and other payables	18	(510)	(693)
Current tax liabilities		-	(2,865)
		(1,277)	(5,737)
Total liabilities		(4,733)	(6,961)
Net assets		34,297	31,225
Equity			
Share capital and capital reserves	19(b)	30,001	30,001
Revaluation reserves and retained earnings	19(c)	4,296	1,224
Total equity		34,297	31,225

The financial statements were approved and authorised for issue by the board of directors on 5 September 2019 and signed on its behalf by:



Sir Michael Peat
Director

Consolidated statement of changes in equity

	Notes	Attributable to owners of the Company				Total equity \$'000
		Share capital and capital reserves \$'000	Revaluation reserves and retained earnings \$'000	Total \$'000	Non- controlling interests \$'000	
As at 1 January 2017		20,329	35,598	55,927	179	56,106
Profit for the period		-	104,376	104,376	45,884	150,260
Other comprehensive income		-	3,771	3,771	-	3,771
Total comprehensive income		-	108,147	108,147	45,884	154,031
Capital introduced by NCI		-	-	-	44	44
Profit allocations to NCI		-	-	-	(45,884)	(45,884)
Issue of share capital	19(b)	10,013	-	10,013	-	10,013
Repurchase of share capital	19(b)	(341)	-	(341)	-	(341)
Distributions paid	9	-	(86,533)	(86,533)	-	(86,533)
Transactions with owners		9,672	(86,533)	(76,861)	(45,840)	(122,701)
As at 31 March 2018		30,001	57,212	87,213	223	87,436
Profit for the year		-	30,573	30,573	59,617	90,190
Other comprehensive income		-	(3,874)	(3,874)	-	(3,874)
Total comprehensive income		-	26,699	26,699	59,617	86,316
Capital introduced by NCI		-	-	-	14	14
Capital repaid to NCI		-	-	-	(13)	(13)
Profit allocations to NCI		-	-	-	(59,573)	(59,573)
Distributions paid	9	-	(46,244)	(46,244)	-	(46,244)
Transactions with owners		-	(46,244)	(46,244)	(59,572)	(105,816)
As at 31 March 2019		30,001	37,667	67,668	268	67,936

	Notes	Share capital and capital reserves \$'000	Revaluation reserves and retained earnings \$'000	Total equity \$'000
As at 1 January 2017		20,329	12,634	32,963
Profit for the period		-	75,123	75,123
Total comprehensive income		-	75,123	75,123
Issue of share capital	19(b)	10,013	-	10,013
Repurchase of share capital	19(b)	(341)	-	(341)
Distributions paid	9	-	(86,533)	(86,533)
Transactions with owners		9,672	(86,533)	(76,861)
As at 31 March 2018		30,001	1,224	31,225
Profit for the year		-	49,316	49,316
Total comprehensive income		-	49,316	49,316
Distributions paid	9	-	(46,244)	(46,244)
Transactions with owners		-	(46,244)	(46,244)
As at 31 March 2019		30,001	4,296	34,297

Consolidated statement of cash flows

	Notes	Year ended 31 March 2019 \$'000	Period ended 31 March 2018 \$'000
Cash flows from operating activities			
Profit for the year/period		90,190	150,260
Adjustments for:			
Depreciation and amortisation	10	949	1,185
Finance income		(1,683)	(1,891)
Finance expense		19	464
Other net (gains)/losses		(4,628)	3,732
Income tax (credit)/expense		(498)	10,115
Net exchange (gains)/losses		(1,975)	1,434
Changes in working capital:			
(Increase)/decrease in trade and other receivables		(4,315)	11,792
Increase/(decrease) in trade and other payables		1,634	(309)
Increase in provisions		3,634	2,025
Cash generated from operations		83,327	178,807
Income taxes paid		(5,564)	(18,394)
Net cash inflow from operating activities		77,763	160,413
Cash flows from investing activities			
Payments for acquisitions of subsidiaries, net of cash acquired	11	(6)	-
Payments for property, plant and equipment	10	(74)	(532)
Payments for investments in fund products		(29,106)	-
Proceeds from disposal of investments in fund products		20,342	19,542
Proceeds from/(payments on) settlement of derivatives		4,082	(3,117)
Interest received		1,701	1,962
Net cash (used in)/generated from investing activities		(3,061)	17,855
Cash flows from financing activities			
Payments for shares repurchased	19(b)	-	(245)
Repayment of loans and borrowings		(13,065)	(12,041)
Interest paid		(59)	(492)
Transactions with non-controlling interests		1	44
Distributions paid to non-controlling interests in subsidiaries		(59,573)	(45,884)
Distributions paid	9	(46,244)	(76,520)
Net cash used in financing activities		(118,940)	(135,138)
Net (decrease)/increase in cash and cash equivalents		(44,238)	43,130
Cash and cash equivalents at the beginning of the financial year		68,812	25,682
Cash and cash equivalents at the end of the financial year		24,574	68,812

Company statement of cash flows

	Notes	Year ended 31 March 2019 \$'000	Period ended 31 March 2018 \$'000
Cash flows from operating activities			
Profit for the year/period		49,316	75,123
Adjustments for:			
Dividend income		(16,034)	(6,251)
Profit allocation income		(46,484)	(75,661)
Finance income		(141)	(28)
Finance expense		-	14
Other net losses		13,005	2,589
Income tax expense		70	3,805
Net exchange losses		122	-
Changes in working capital:			
(Increase)/decrease in trade and other receivables		(497)	2,486
Decrease in trade and other payables		(183)	(1,043)
Increase in provisions		820	968
Cash (used in)/generated from operations		(6)	2,002
Income taxes paid		(3,494)	(14,668)
Net cash outflow from operating activities		(3,500)	(12,666)
Cash flows from investing activities			
Investments in subsidiary undertakings		(13,215)	-
Disposal of subsidiary undertakings		1,538	-
Proceeds from/(payments on) settlement of derivatives		1,163	(2,316)
Dividends received		16,034	6,251
Profit allocations received		46,484	75,661
Interest received		141	28
Net cash from investing activities		52,145	79,624
Cash flows from financing activities			
Payments for shares repurchased	19(b)	-	(245)
Interest paid		-	(14)
Distributions paid	9	(46,244)	(76,520)
Net cash used in financing activities		(46,244)	(76,779)
Net increase/(decrease) in cash and cash equivalents		2,401	(9,821)
Cash and cash equivalents at the beginning of the financial year		1,950	11,771
Cash and cash equivalents at the end of the financial year		4,351	1,950

I Accounting policies

(a) Basis of preparation

The financial statements for the Group and Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretation Committee ("IFRS IC") interpretations, as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared on a going concern basis under the historical cost convention, except as otherwise described in the accounting policies.

Accounting policies that relate to the financial statements as a whole are set out below, while those that relate to specific areas of the financial statements are shown in the corresponding note. All accounting policies have been consistently applied to all the years presented except where otherwise stated.

(b) New standards and interpretations adopted by the Group

IFRS 9 'Financial Instruments' is effective for annual periods beginning on or after 1 January 2018. IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

Investments in fund products relating to collateralised loan obligations that would have previously been classified as held-to-maturity are now classified as financial assets at amortised cost. The Group intends to hold these assets to maturity to collect contractual cash flows. There was no difference between the previous carrying amount and the revised carrying amount of these assets as at 1 April 2018, the date of initial adoption of IFRS 9 by the Group.

Investments in fund products relating to units in unlisted funds are required to be held at fair value through profit or loss under IFRS 9. There was no impact on the amounts recognised in relation to these assets from the adoption of IFRS 9.

Financial assets that were previously classified as loans and receivables, being trade and other receivables and cash and cash equivalents, are now classified as amortised cost. There was no impact on the amounts recognised in relation to these assets from the adoption of IFRS 9.

The Group has two types of financial assets that are subject to IFRS 9's new expected credit loss model, being trade receivables and investments in fund products carried at amortised cost. The Group was required to revise its impairment methodology under IFRS 9 for these classes of assets. The impact of the change in impairment methodology on the Group's retained earnings was concluded to be immaterial.

IFRS 15 'Revenue from Contracts with Customers' is effective for annual periods beginning on or after 1 January 2018. IFRS 15 replaces both IAS 18 'Revenue' and IAS 11 'Construction Contracts' with the purpose to bring revenue recognition under a single, five step model to promote understanding and comparability.

The date of initial adoption of IFRS 15 is at 1 April 2018. The Group has reviewed the investment management agreements in place and concluded that the Group's accounting policy in respect of revenue recognition satisfies the requirements of IFRS 15. Consequently, no adjustments are needed on transition and the impact of the change has been concluded to be immaterial.

There are no other new or revised standards or interpretations that have been adopted that have had an impact on the Group's financial statements.

(c) New standards, amendments and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2019 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

IFRS 16 'Leases' was issued by the IASB in January 2016 and will become effective for the accounting period to 31 March 2020, subject to EU endorsement. The key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet as a right-of-use asset and a lease liability based on discounted future lease payments. The asset will be depreciated over its useful economic life while the lease payment will be apportioned between a capital repayment of the lease liability and a finance charge. Had the Group adopted IFRS 16 at 31 March 2019, the effect under the modified retrospective approach would have been to recognise a right-of-use asset and a lease liability estimated to be \$25,222 thousand and \$29,203 thousand respectively.

There are no other new or revised standards or interpretations that are not yet adopted that are expected to have an impact on the Group's financial statements.

I Accounting policies (continued)**(d) Basis of consolidation**

Subsidiary undertakings are entities over which the Group has the power to govern the financial and operating policies and are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary undertaking is the fair values of the assets transferred and the liabilities incurred by the Group, including those from any contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Acquisitions made by the Group of entities under common control are accounted for using predecessor accounting. Under predecessor accounting, the acquired net assets are recognised at their carrying amounts in the consolidated financial statements of the highest entity that has common control for which consolidated financial statements are prepared, or, if unavailable, their carrying amounts in the financial statements of the entities transferred. The difference between the consideration transferred and the net assets acquired is recognised directly in equity in retained earnings.

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(e) Foreign currency translation

The financial statements are presented in US Dollars (\$), which is the Group's functional and presentation currency. Transactions in foreign currencies are recorded at the rate ruling on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

The assets and liabilities of the Group's foreign currency subsidiaries are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the exchange rates at the dates of the transactions. Exchange differences arising on consolidation on the retranslation of foreign currency subsidiaries are recognised in other comprehensive income.

(f) Revenue recognition

Revenue, which is stated net of value added tax, is wholly attributable to the principal activity of the Group and arises from continuing activities in Australia, the United Kingdom and the United States of America. Management fees are recognised net of rebates on an accruals basis over the period in which services are provided, whilst performance fees are recognised at the point at which they crystallise, either at the end of a defined performance period or upon investor redemption. Fees in respect of infrastructure services and the secondment of personnel are recognised on an accruals basis as services are rendered.

(g) Cost of sales

Cost of sales consists of charges arising under an investment advisory agreement with a related party and external distribution costs.

(h) Other operating income

Other operating income represents rental income from sub-letting land and buildings to third parties along with related property recharges and recharged personnel costs that do not strictly fall into the category of revenue.

(i) Retirement benefits

The Group contributed to a defined contribution scheme during the year. Contributions to the scheme are charged to profit and loss as they fall due.

I Accounting policies (continued)**(i) Retirement benefits (continued)**

The Group also operates a cash balance plan, which provides for an annual contribution and interest on the sum accumulated in the cash balance plan, but with no contractual promise to provide specific levels of retirement income. As at 31 March 2018 and 2019, the cash balance plan was fully funded and is accounted for as a defined contribution scheme.

(j) Income tax

Provision is made for corporation tax at the rates that have been enacted or substantively enacted by the reporting date. Provision is made for deferred tax on all material timing differences arising from the different treatment of items for accounting and tax purposes. A deferred tax asset is only recognised to the extent that it is more likely than not that there will be taxable profits in the future against which the asset can be offset.

(k) Other long-term employee benefits – contributions made to employee benefit trusts

Contributions made to employee benefit trusts to fund deferred compensation awards are accounted for as a defined contribution scheme and charged to profit and loss in the year to which they relate.

Any incentivisation ultimately awarded and paid by employee benefit trusts will depend on, amongst other things, the satisfaction of vesting conditions by individual employees. Surpluses arising from revocations of awards are recognised as an asset of the Group and are credited against other long-term employee benefits within staff costs.

(l) Executive ownership plan

Certain individuals are entitled to participate in the CQS Executive Ownership Plan, under which Points are awarded that provide individuals with entitlements to future compensation awards or allocations of profits payable by the Group for a period of up to four financial years.

Any benefits arising from the CQS Executive Ownership Plan to individuals are accounted for in the period in which services are rendered and can be reliably estimated.

Furthermore, there is an entitlement for certain individuals to participate in Partnership Interests in CQS Cayman Limited Partnership. The fair value of the financial liability associated with this entitlement is assessed at each report date.

2 Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions to estimates recognised prospectively where required. The principal areas involving significant estimates or judgements are the assessment of expected credit losses on investments held at amortised cost (note 14(a)), the recognition of deferred tax assets (note 13) and trust surplus assets (note 15), the valuation of investments at fair value through profit or loss (notes 14(b) and 20), the valuation of derivative assets and liabilities (notes 18 and 20), and the valuation of deferred compensation liabilities (note 17).

3 Administrative expenses

	Year ended 31 March 2019	Period ended 31 March 2018
	\$'000	\$'000
Staff costs:		
Wages and salaries	56,639	74,764
Other long-term employee benefits	19,008	11,968
Social security costs	6,879	8,332
Pension contributions	1,350	1,483
Total staff costs	83,876	96,547

3 Administrative expenses (continued)

In addition to regular salary costs, wages and salaries include current variable compensation, employee benefits and termination payments. Partner profit allocations are presented as non-controlling interests (note 12(a)).

The average number of partners and employees of the Group (including directors) during the year was 209 (2018: 198), of which 14 (2018: 11) were employed by the Company.

Directors' emoluments for the period totalled \$17,077 thousand (2018: \$14,834 thousand). The total amount payable to the highest paid director in respect of emoluments was \$14,355 thousand (2018: \$13,801 thousand).

The Board, the Management Committee and the Executive Committee represent key management personnel for the purposes of these financial statements. The aggregate amount of remuneration, including partner profit allocations, attributable to members of the Board, the Management Committee and the Executive Committee was \$46,006 thousand (2018: \$33,565 thousand), comprising short-term benefits of \$35,560 thousand (2018: \$29,423 thousand), post-employment benefits of \$4 thousand (2018: \$nil) and other long-term benefits of \$10,442 thousand (2018: \$4,142 thousand).

	Year ended 31 March 2019 \$'000	Period ended 31 March 2018 \$'000
Other administrative expenses include:		
Depreciation of property, plant and equipment (note 10)	949	1,185
Foreign exchange losses/(gains)	19	(520)
Operating leases: land and buildings	3,973	4,994
Auditor's remuneration: audit services	113	147
Auditor's remuneration: tax services	8	5
Auditor's remuneration: other services	2	5

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rental payments made under operating leases are charged to profit and loss on a straight-line basis over the period of the lease. Lease incentives are recognised on a straight-line basis over the lease term as a reduction of rental expense.

4 Finance income

	Year ended 31 March 2019 \$'000	Period ended 31 March 2018 \$'000
Interest income on investments held at amortised cost	703	-
Interest income of held to maturity investments	-	1,446
Interest income on cash deposits	980	445
	1,683	1,891

5 Finance expense

	Year ended 31 March 2019 \$'000	Period ended 31 March 2018 \$'000
Interest payable on borrowings	18	449
Interest payable on bank overdrafts	1	15
	19	464

6 Other net gains/(losses)

This note provides a breakdown of the items included in 'other net gains/(losses)'. Information about specific profit and loss items (such as gains and losses in relation to financial instruments) is disclosed in the related balance sheet notes.

	Year ended 31 March 2019 \$'000	Period ended 31 March 2018 \$'000
Net gains/(losses) on financial assets at fair value through profit or loss:	4,628	(3,399)
Loss on disposal of held to maturity investments (note 14 (a))	-	(429)
Gain on repurchase of preference shares	-	96
	4,628	(3,732)

7 Income tax expense

(a) Amounts recognised in profit or loss

	Year ended 31 March 2019 \$'000	Period ended 31 March 2018 \$'000
Current tax (credit)/charge on profits for the year/period	(104)	8,781
Withholding taxes on distributions paid	-	275
Adjustments to tax charge in respect of previous periods	89	133
Total current tax (credit)/expense	(15)	9,189
(Increase)/decrease in deferred tax assets (note 13)	(483)	926
Income tax (credit)/expense	(498)	10,115

The tax assessed for the period is lower than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	Year ended 31 March 2019 \$'000	Period ended 31 March 2018 \$'000
Profit before income tax	89,692	160,375
Tax on ordinary activities at the standard rate of corporation tax in the UK of 19.0% (2018: 19.2%)	17,041	30,792
Effects of:		
Differences on consolidation	675	(868)
Depreciation in excess of capital allowances	57	52
Expenses not deductible for tax purposes	204	757
Income not assessable for tax purposes	(204)	(19)
Tax effect of temporary differences	(539)	1,498
Partnership profits taxable on other members	(17,337)	(25,114)
Effect of tax rates in foreign jurisdictions	(1)	1,683
	(104)	8,781
Withholding taxes on distributions paid	-	275
Adjustments to tax charge in respect of previous periods	89	133
Origination and reversal of temporary differences	(483)	926
Income tax (credit)/expense	(498)	10,115

7 Income tax expense (continued)*(b) Amounts recognised in other comprehensive income*

	Year ended 31 March 2019 \$'000	Period ended 31 March 2018 \$'000
Exchange differences on translation of foreign operations	(3,874)	3,567
Changes in the fair value of available for sale financial assets	-	253
Tax expense	-	(49)
Net of tax	(3,874)	3,771

8 Profit for the financial year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its statement of profit or loss in these financial statements. The Group profit for the period includes a profit for the Company after tax of \$49,316 thousand (2018: profit after tax of \$75,123 thousand).

9 Distributions

	Year ended 31 March 2019 \$'000	Period ended 31 March 2018 \$'000
Dividends paid of \$nil (2018: \$4.43) per ordinary share	-	46,533
Other distributions	46,244	40,000
	46,244	86,533

Dividend distributions to the Company's shareholders are recognised directly in equity in the period in which the dividend is declared. Of the total dividends paid during the year, \$nil (2018: \$10,013) was settled through the issuance of ordinary shares in the Company.

Other distributions represent payments in accordance with s850E of the Income Tax (Trading and Other Income) Act 2005.

10 Property, plant and equipment

	Leasehold improvements \$'000	Computers & communications equipment \$'000	Office furniture, fittings & equipment \$'000	Vehicles \$'000	Total \$'000
Cost:					
At 1 April 2018	5,642	1,510	822	136	8,110
Additions	74	-	-	-	74
Disposals	-	-	(114)	-	(114)
At 31 March 2019	5,716	1,510	708	136	8,070
Depreciation:					
At 1 April 2018	890	627	360	76	1,953
Charge for the period	532	260	128	29	949
Disposals	-	-	(114)	-	(114)
At 31 March 2019	1,422	887	374	105	2,788
Net book value:					
At 31 March 2018	4,752	883	462	60	6,157
At 31 March 2019	4,294	623	334	31	5,282

10 Property, plant and equipment (continued)

Property, plant and equipment is measured at cost less accumulated depreciation and any recognised impairment loss. Depreciation is provided on a straight-line basis from the point the asset is available for use over the following estimated useful lives:

Leasehold improvements	Over the term of the lease
Computers & communications equipment	1 – 5 years
Office furniture, fittings & equipment	5 years
Vehicles	4 years

11 Business combinations**(i) CQS US Feeder Funds (GP) LLC**

On 3 April 2018, the Group acquired the entire issued share capital of CQS US Feeder Funds (GP) LLC ('USFF') from CQS Cayman Limited Partnership, an entity under common control, for a total consideration of \$34 thousand. The consideration was satisfied fully in cash. The carrying value of the net assets of USFF as at the acquisition date was \$34 thousand.

(i) CQS Aiguille du Chardonnet S.à.r.l.

On 5 December 2018, the Group acquired the entire issued share capital of CQS Aiguille du Chardonnet S.à.r.l. ('ADC') from CQS Luxembourg Global S.à.r.l., an entity under common control, for a total consideration of \$27 thousand. The consideration was satisfied fully in cash. The carrying value of the net assets of ADC as at the acquisition date was \$27 thousand.

12 Investments in Group entities**(a) Group**

Details of the Group's subsidiaries, which have been consolidated into the Group's results, are provided below. The country of operation is the same as the country of registration, the year end is 31 March and Group interest represents both the percentage held and voting rights, unless otherwise stated.

Name	Country of registration	Group interest	Principal activity
CQS (Grosvenor) LLP ¹	United Kingdom	100%	Inactive
CQS Investment Management (Australia) PTY LTD ²	Australia	100%	Sales agent and marketing
CQS Investment Management Limited ¹	United Kingdom	100%	Inactive
CQS (UK) LLP ¹	United Kingdom	99%	Investment management and advisory
CQS (US), LLC ³	United States	100%	Investment management and advisory
CQS US Feeder Fund (GP) LLC ⁴	United States	100%	General partner
CQS Aiguille du Chardonnet S.à.r.l. ⁵	Luxembourg	100%	General partner

¹ The registered office is: 4th Floor, One Strand, London, WC2N 5HR, UK

² The registered office is: Suite 9.02, Level 9, 50 Pitt Street, Sydney, Australia

³ The registered office is: 152 West 57th St., 40th Floor, New York, NY, 10019, USA

⁴ The registered office is: 4001 Kennett Pike, Suite 302, Wilmington, DE 19807, Delaware,

⁵ The registered office is: Carré Bonn, 20, rue de la Poste, L-2346 Luxembourg, Grand Duchy of Luxembourg

The Group holds 100% of the voting rights of CQS (Grosvenor) LLP and owns 50% of the partnership capital.

The profits allocated to the non-controlling members of CQS (Grosvenor) LLP and CQS (UK) LLP are shown as profits attributable to non-controlling interests in the consolidated statement of profit or loss. The capital attributable and net amounts due to the non-controlling members of CQS (Grosvenor) LLP and CQS (UK) LLP are shown as non-controlling interests in the consolidated statement of financial position.

12 Investments in Group entities (continued)*(b) Company*

	Group entities \$'000
Cost and net book value:	
At 1 April 2018	32,080
Additions	13,214
Disposals	(15,598)
At 31 March 2019	29,696

Investments in Group entities are carried in the Company's balance sheet at the lower of cost and recoverable amount. The carrying value is assessed by the Company at each reporting date to determine whether there is objective evidence of impairment, with identified impairment losses recognised in profit and loss.

The Group entities are listed in note 12 (a). In addition to the business combinations described in note 11, during the year the Company made additional capital contributions totalling \$13,188 thousand into CQS (UK) LLP and received \$15,598 thousand in respect of its investment in CQS Investment Management Limited.

13 Deferred tax assets

The Group's and Company's deferred tax asset balances comprises temporary differences attributable to long-term employee benefits.

	Group	Company
	Employee benefits \$'000	Employee benefits \$'000
Non-current assets		
At 31 March 2018	7,458	3,670
Credited/(charged) to profit and loss	484	(165)
At 31 March 2019	7,942	3,505

The deferred tax assets recognised by the Group and Company represent amounts which can be offset against probable future taxable profits that are expected to arise over the next three years only. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting year and are expected to apply when the related deferred tax asset is realised.

14 Investments in fund products*(a) Non-current asset investments in fund products*

	As at 31 March 2019 \$'000	As at 31 March 2018 \$'000
Investments at amortised cost	20,084	-
Investments at fair value through other comprehensive income	12	3
	20,096	3

The investments at amortised cost comprised notes held in one (2018: nil) collateralised loan obligation ("CLO"), which is held by the Group to satisfy risk retention requirements.

Investments at amortised cost are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which would be classified within current assets.

None of the investments at amortised cost are past due or impaired. The investments at amortised cost are substantially denominated in Euros, giving rise to exposure to foreign exchange risk (note 15 (c)). There is no exposure to price risk as the investments will be held to maturity.

The total market value of the investments at amortised cost at 31 March 2019 was \$20,187 thousand (2018: \$nil).

14 Investments in fund products (continued)**(a) Non-current asset investments in fund products (continued)**

Non-current asset investments designated at fair value through other comprehensive income on initial recognition comprise investments in fund units that are not held for trading and represent strategic investments in management interests of certain investment funds.

On disposal of these investments, any related balance within the fair value through other comprehensive income reserve is reclassified to retained earnings.

(b) Current asset investments in fund products

	As at 31 March 2019 \$'000	As at 31 March 2018 \$'000
Available for sale investments	-	22,864
Investments at fair value through profit or loss	9,319	-
	9,319	22,864

Under IAS 39, available for sale investments were previously classified as current assets and were measured at fair value, being the estimated realisable amount. Changes in the fair value of available for sale investments were recognised in other comprehensive income and accumulated in the fair value reserve, with any gain or loss accumulated in equity reclassified to profit or loss on derecognition of these assets.

The available for sale investments were reclassified to investments at fair value through profit or loss on adoption of IFRS 9 on 1 April 2018. Related fair value gains of \$204 thousand were transferred from the fair value reserve to retained earnings on 1 April 2018 and the investments were subsequently disposed of during the year.

Investments at fair value through profit or loss comprise investments in fund units that are held for trading and are classified as Level 2 under the Group's fair value hierarchy (note 20). Mark to market movements are recognised in net gains or losses on financial assets at fair value through profit or loss. Purchases and sales of investments are recognised on trade dates.

Investments at fair value through profit or loss expose the Group to market risk. At 31 March 2019 the balance comprised investments held in one fund (2018: nil funds). A 10% increase/decrease in the reported NAVs of the underlying funds, with all other variables held constant, would have resulted in a gain/loss \$932 thousand (2018: \$nil), with a corresponding impact on equity.

15 Trade and other receivables

	Group As at 31 March 2019 \$'000	Group As at 31 March 2018 \$'000	Company As at 31 March 2019 \$'000	Company As at 31 March 2018 \$'000
Amounts due from related parties	620	10,070	851	364
Trade receivables	15,490	3,800	-	-
Prepayments and accrued income	16,216	13,999	-	-
Derivative financial instruments	572	157	-	108
Trust surpluses	53	180	-	-
Other receivables	1,302	1,323	24	14
	34,253	29,529	875	486

Trade and other receivables are measured initially at fair value and held at amortised cost less any expected credit losses, with the exception of derivative financial instruments.

Amounts due from related parties represent fees receivable in respect of investment management and advisory services, fees receivable in respect of infrastructure services and the secondment of personnel, amounts billed in respect of recoverable costs and loans due from related parties (note 23). No balances are overdue at year end.

15 Trade and other receivables (continued)

Trade receivables and accrued income predominantly represent management fees from fund products and are received in cash on a monthly basis when the funds' net asset values are determined. All fees are deducted from the NAV of the respective funds by the independent administrators and therefore the credit risk of fee receivables is minimal. No balances are overdue at year end.

Derivative financial instruments, which consist of foreign exchange contracts, are classified as held for trading and measured at fair value through profit or loss. Derivatives are used by the Group to hedge its risk associated with foreign exchange movements and not as speculative investments.

The notional value of all derivative financial assets at 31 March 2019 is \$27,576 thousand (2018: \$26,904 thousand). All derivatives are held with an A1 rated bank (2018: A1 rated bank) and mature within one year. During the year, there were net realised and unrealised gains arising from derivatives of \$4,497 thousand (2018: losses of \$3,399 thousand). Derivatives are classified as Level 2 under the Group's fair value hierarchy (note 20).

16 Cash, liquidity and borrowings**(a) Cash and liquidity**

Total liquidity comprises cash and cash equivalents of \$24,574 thousand (2018: \$68,812 thousand) for the Group and \$4,351 thousand (2018: \$1,950 thousand) for the Company, made up entirely of cash at bank. The Group's and Company's working capital requirements are regularly reviewed and managed in line with the CQS Group Treasury Policy, with sufficient cash and interest bearing deposits maintained to meet short term liabilities.

At 31 March 2019, the Group's cash and cash equivalents balance is held with six institutions (2018: six institutions). The single largest counterparty exposure of \$21,573 thousand is held with an A1 rated institution (2018: \$68,300 thousand with an A1 rated institution). At 31 March 2019, balances with institutions in the Aa ratings band aggregate to \$423 thousand (2018: \$54 thousand), balances with institutions in the A ratings band aggregate to \$24,543 thousand (2018: \$68,730 thousand) and balances with unrated institutions aggregate to \$29 thousand (2018: \$28 thousand). The Company's total cash and cash equivalents balance was held with one A1 rated bank as at 31 March 2019 (2018: one A1 rated bank). Exposure to credit risk is managed in line with the CQS Group Treasury Policy.

(b) Borrowings

	Nominal interest rate	Year of maturity	As at 31 March 2019 \$'000	As at 31 March 2018 \$'000
Current liabilities				
Secured bank loan	EURIBOR + 1.75%	2018	-	13,515
			-	13,515
Total borrowings			-	13,515

(c) Foreign exchange and interest rate risk

The Group is subject to risk from changes in foreign exchange rates and interest rates on monetary assets and liabilities. A 10% strengthening/weakening of the US Dollar against all other currencies, with all other variables held constant, would have resulted in a foreign exchange loss/gain of \$87 thousand (2018: loss/gain of \$385 thousand), with a corresponding impact on equity.

In respect of the Group's monetary assets and liabilities which earn/incur interest indexed to floating rates, as at 31 March 2019 a 50bp increase/decrease in interest rates, with all other variables held constant, would result in a \$100 thousand increase or \$nil decrease (2018: \$33 thousand increase or a \$nil decrease) in net interest income over the next financial period.

17 Provisions

Group:	Claims \$'000	Other long-term employee benefits \$'000	Social security \$'000	Total \$'000
Non-current liabilities				
At 1 January 2017	-	9,478	1,637	11,115
Charge for the period	-	8,669	834	9,503
Movements in provisions	-	490	394	884
Transfer to current liabilities	-	(5,147)	(1,136)	(6,283)
At 31 March 2018	-	13,490	1,729	15,219
Charge for the year	-	8,244	1,085	9,329
Movements in provisions	-	118	(32)	86
Transfer to current liabilities	-	(4,501)	(792)	(5,293)
At 31 March 2019	-	17,352	1,990	19,342
Current liabilities				
At 1 January 2017	-	8,273	148	8,421
Transfer from non-current liabilities	-	5,147	1,136	6,283
Movements in provisions	-	1,058	102	1,160
Provisions used in the period	-	(9,315)	(207)	(9,522)
At 31 March 2018	-	5,163	1,179	6,342
Transfer from non-current liabilities	-	4,501	792	5,293
Charge for the year	411	-	-	411
Movements in provisions	-	113	(179)	(65)
Provisions used in the year	-	(5,106)	(1,022)	(6,128)
At 31 March 2019	411	4,672	770	5,853

Company:	Other long-term employee benefits \$'000	Social security \$'000	Total \$'000
Non-current liabilities			
At 1 January 2017	2,140	295	2,435
Charge for the period	353	49	402
Movements in provisions	389	53	442
Transfer to current liabilities	(1,806)	(249)	(2,055)
At 31 March 2018	1,076	148	1,224
Charge for the year	2,637	364	3,001
Movements in provisions	22	3	25
Transfer to current liabilities	(698)	(96)	(794)
At 31 March 2019	3,037	419	3,456
Current liabilities			
At 1 January 2017	-	-	-
Transfer from non-current liabilities	1,806	249	2,055
Movements in provisions	109	15	124
At 31 March 2018	1,915	264	2,179
Transfer from non-current liabilities	698	96	794
Movements in provisions	(124)	(16)	(140)
Provisions used in the year	(1,815)	(251)	(2,066)
At 31 March 2019	674	93	767

17 Provisions (continued)

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Non-current provisions are measured at their present value.

Other long-term employee benefits

Provisions are recognised for other long-term employee benefits in respect of variable compensation awards linked to the performance of certain fund products. These provisions are expected to be utilised within the next three years.

Social security

Social security provisions are recognised in respect of employer's national insurance contributions that are expected to arise on vesting to beneficiaries of amounts held in an employee benefit trust and other direct deferred compensation awards. These provisions are expected to be utilised within the next three years.

Claims

In common with comparable businesses, the Group is periodically involved in disputes in the ordinary course of business, which may give rise to claims. The claims provision relates to the estimated cost, where appropriate, of settling claims against the Group. Outstanding claims are reviewed each year and adjustments to provisions are made as appropriate in the current year. No separate disclosure is made of the detail of such claims, as to do so could seriously prejudice the position of the Group.

18 Trade and other payables

	Group	Group	Company	Company
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
	\$'000	\$'000	\$'000	\$'000
Current liabilities				
Amounts due to related parties	1,383	1,386	-	-
Trade payables	2,481	1,186	158	-
Other taxes and social security costs	46	1,228	-	143
Accruals and deferred income	7,228	5,317	350	68
Other payables	108	525	2	482
	11,246	9,642	510	693

Trade and other payables are measured at amortised cost, with the exception of derivative financial instruments. The carrying value of trade and other payables is consistent with fair value in the current and prior year.

19 Capital management*(a) Objectives, policies and processes*

The primary objective of the Group's capital management is to ensure compliance with regulatory capital requirements, whilst also providing a suitable base to support the future development of the business and launch of new fund products.

The Group's capital consists of share capital, capital reserves, revaluation reserves and retained earnings. The Group's capital position is monitored on an ongoing basis through reviews of regulatory and working capital requirements.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid, return capital to shareholders or issue new shares.

19 Capital management (continued)*(b) Share capital and capital reserves*

	Ordinary share capital \$'000	Capital reserve \$'000	Capital redemption reserve \$'000	Total \$'000
Group and Company:				
At 31 March 2018 and 2019	25,857	3,741	403	30,001
Allotted, called up and fully paid:				Number of ordinary shares
At 31 March 2018 and 2019				18,521,200

Ordinary shares, which have a nominal value of £1 each, have attached to them full voting and dividend rights.

During the year the Company declared and paid a dividend of \$nil (2018: \$10,013 thousand), which was settled through the issuance of nil (2018: 8,052,834) ordinary shares.

(c) Revaluation reserves and retained earnings

Group:	Translation reserve \$'000	Fair value reserve \$'000	Retained earnings \$'000	Total \$'000
At 1 January 2017	(3,122)	-	38,720	35,598
Profit for the period	-	-	104,376	104,376
Other comprehensive income	3,567	204	-	3,771
Distributions	-	-	(86,533)	(86,533)
At 31 March 2018	445	204	56,563	57,212
Transfer to retained earnings	-	(204)	204	-
Profit for the year	-	-	30,573	30,573
Other comprehensive income	(3,874)	-	-	(3,874)
Distributions	-	-	(46,244)	(46,244)
At 31 March 2019	(3,429)	-	41,096	37,667

Exchange differences arising on translation of foreign currency subsidiaries are recognised in other comprehensive income as described in note 1 (e) and accumulated in a separate translation reserve. The cumulative amount is reclassified to retained earnings when the net investment is disposed of.

Changes in the fair value of investments that were classified as available for sale financial assets were recognised in other comprehensive income and accumulated in a separate fair value reserve. These amounts were reclassified to retained earnings on adoption of IFRS 9, as described in note 14 (b).

Company:	Retained earnings \$'000
At 1 January 2017	12,634
Total comprehensive income	75,123
Distributions	(86,533)
At 31 March 2018	1,224
Total comprehensive income	49,316
Distributions	(46,244)
At 31 March 2019	4,296

20 Fair value of financial assets and liabilities

The Group and Company disclose the fair value measurement of financial assets and liabilities using three levels, as follows:

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

All financial assets measured at fair value through profit or loss, comprising units in unlisted funds and derivative financial instruments in the form of foreign exchange contracts, are classified as Level 2. There have been no transfers between Level 1, 2 or 3 in the current year or prior period.

The units in unlisted funds are not actively traded and the valuation at the fund level cannot be determined by reference to other available prices. The fair values of units held in unlisted funds are derived from the reported NAVs of each of the fund products, which in turn are based upon the value of the underlying assets held within each of the fund products. The valuation of the underlying assets within each fund product is determined by external valuation providers based on an agreed valuation policy and methodology using observable inputs.

The Group's derivative financial instruments are valued using forward exchange rates at the balance sheet date.

21 Commitments under operating leases

The Group's total commitments under non-cancellable operating leases, together with the obligations by maturity, are as follows:

	2019 \$'000	2018 \$'000
Land and buildings:		
Within one year	4,561	3,823
Between one and five years	22,385	19,030
More than five years	9,655	11,958
	36,601	34,811
<i>Sub-lease payments</i>		
Future minimum lease payments expected to be received in relation to non-cancellable sub-leases of operating leases	1,331	63

22 Immediate and ultimate controlling party

The immediate controlling party of the Group is CQS Jersey Limited, a company incorporated in Jersey. The ultimate controlling party of the Group is Sir Michael Hintze.

23 Related party transactions

During the course of the current and prior period, the Group entered into transactions with CQS Cayman Limited Partnership, CQS (Hong Kong) Limited, CQS Jersey Limited, MHPF Holdings Pty Ltd, MHPF (UK) Limited, Dikler Farming Company Limited, SMH Aviation LP and Architekton Limited, all of which are related to the Group through common control.

(a) Investment advisory, sales agent and marketing services

The total net amounts charged by/(to) the Group during the period and the total amounts outstanding as receivable/(payable) at the period end in respect of investment advisory, sales agent and marketing services were as follows:

	Charges for the year		Balance outstanding	
	Year ended 31 March 2019 \$'000	Period ended 31 March 2018 \$'000	As at 31 March 2019 \$'000	As at 31 March 2018 \$'000
CQS Cayman Limited Partnership	49,096	246,354	620	10,070
CQS (Hong Kong) Limited	(5,350)	(21,886)	(1,383)	(1,386)

(b) Personnel, infrastructure and other administrative services

The total net amounts charged by/(to) the Group during the period and the total amounts outstanding as receivable/(payable) at the period end in respect of personnel, infrastructure and other administrative services were as follows:

	Charges for the year		Balance outstanding	
	Year ended 31 March 2019 \$'000	Period ended 31 March 2018 \$'000	As at 31 March 2019 \$'000	As at 31 March 2018 \$'000
Architekton Limited	36	66	36	34
CQS Jersey Limited	(553)	-	-	-
CQS Cayman Limited Partnership	(555)	-	-	-
Dikler Farming Company Limited	23	-	23	-
SMH Aviation LP	139	-	139	-
MHPF (UK) Limited	120	113	120	76

(c) Other

During the year, the Group paid charges to MHPF Holdings Pty Ltd totalling \$138 thousand (2018: \$166 thousand) in respect of property and other administration services, of which \$nil was owed to the Group as at the period end in respect of prepaid charges (2018: \$12 thousand owed by the Group).

During the year, an amount of \$313 thousand (2018: \$778 thousand) was charged to the Group by CQS Cayman Limited Partnership for the use of a private jet, of which \$94 thousand (2018: \$264) was outstanding as at the period end.

24 Subsequent events

Subsequent to the year end date, the Group acquired investments at fair value through profit or loss totalling \$36,921 thousand and received \$15,000 thousand in respect of a drawn loan facility.