

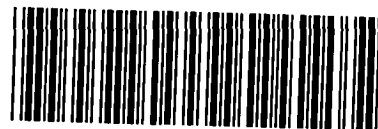
BC Capital Management Services Limited

Registered Number: 3986168

Directors' Report and Audited Consolidated Financial Statements

For the period ended 31 March 2018

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Contents

	Page
Administrative information	1
Directors' report	2
Group strategic report	4
Statement of Directors' responsibilities	6
Independent auditor's report	7
Group statement of comprehensive income	9
Parent company statement of comprehensive income	10
Group statement of financial position	11
Parent company statement of financial position	12
Group statement of changes in equity	13
Parent company statement of changes in equity	14
Group statement of cash flows	15
Notes to the financial statements	16

Administrative information

Directors

P J Dehadray

P A Cox

Secretary

P J Dehadray

Auditor

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Banker

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Solicitors

Simmons & Simmons LLP

CityPoint

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EC2Y 9SS

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Nova North, 11 Bressenden Place

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SW1E 5BY

Directors' report

The Directors present their annual report of BC Capital Management Services Limited (the "Company") and its subsidiaries (collectively the "Group") together with the Group and Company financial statements for the period ended 31 March 2018.

Change of financial period end

During the financial period, the Group changed its financial period end from 31 December to 31 March. Accordingly, the financial statements have been prepared for the 15 month period ending 31 March 2018. The comparative information covers the financial period from 1 January 2016 to 31 December 2016.

Principal activity and review of the business

The principal activity of the Group is the provision of office, infrastructure and employment services to BlueCrest Capital Management (UK) LLP ("BCM(UK)LLP") and BlueCrest Capital Management LP ("BCM LP").

During the period, the Company operated as the holding company for certain of BlueCrest's international entities which, together with the Company, form the Group. At 31 March 2018, the Group includes an operating subsidiary based in Singapore. The principal activity of this subsidiary is the provision of investment management services under sub-investment management agreements with BlueCrest Capital Management Limited ("BCML") in its capacity as general partner of BCM LP.

On 23 January 2017, the Company sold 100% of the ordinary share capital of GWN Capital Management Ltd (formerly BlueCrest Capital Management (Canada) Limited) ("GWN") to 10008087 Canada Inc.

The agreements under which BlueCrest Capital Management (Hong Kong) Limited (in liquidation) ("BCM Hong Kong") formerly provided investment management services to BCM LP were terminated during 2016 and the first quarter of 2017.

On 20 July 2017, unsecured loan notes representing US\$105,000,000, issued by BlueCrest Capital Management Global Holdings Limited ("BCMGLH") to the Company, were cancelled with a loss equivalent to the fair value of £80,658,000 recognised in the parent company's statement of comprehensive income.

On 2 January 2018, the Company sold 100% of the ordinary share capital of BCMGLH to BS Investment Fund Limited, a fund managed by BCML (the "US Sale"). As a result, the Company no longer holds interests in the following indirect subsidiaries: BlueCrest USA Holdings Limited; BlueCrest USA LP; BlueCrest Capital Management (New York) LP; BlueCrest Capital Management (Boston) LP; and BC USA GP, LLC.

The financial statements presented for the current and prior period are the consolidated results and position of the Company and its subsidiaries.

The Group's key financial indicators during the period were as follows:

	2018	2016
	£000's	£000's
Turnover	140,605	116,685
Group operating loss	(33,303)	(23,323)
(Loss)/Profit on ordinary activities before tax	(14,512)	19,773

The loss on ordinary activities before tax for the period ended 31 March 2018 is primarily due to the loss on the US Sale of £28,359,000.

The average number of Group employees during the period decreased by 19% to 274 (2016: 337).

Directors' report

Disabled employees

The Group gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Employee involvement

Regular meetings are held between management and employees to allow a free flow of information about the Group.

Political and charitable donations

There were no charitable donations during the period (2016: £25,000).

There were no political contributions during the period (2016: nil).

Claims and contingencies

The Directors are not aware of any claims or other liabilities that are not recorded or disclosed in the financial statements. The Group performs regulated activities in a range of jurisdictions and from time to time regulators make enquiries and examinations of our business. There are enquiries being conducted currently that are in various stages and the members are unable at this point to assess or evaluate whether it is more likely than not that there will be any liabilities arising from these enquiries.

Disclosure of information to the auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors, each Director has taken all the steps that they are obliged to take as a Director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Directors

The Directors of the Company during the period and up to the date of this report are disclosed on page 1.

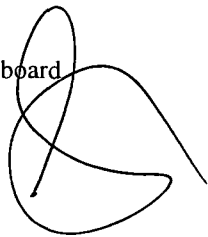
Auditor

KPMG LLP has been appointed as auditor of the Company. There is no requirement for the annual reappointment of an auditor.

On behalf of the board

P J Dehadray
Director

19 December 2018



Group strategic report

Results and dividends

The Group loss for the period after tax is £22,253,000 (2016: profit of £20,096,000). The Company did not declare or pay any interim dividend during the period (2016: £3,857,000).

Future developments

The Directors aim to continue the activities of the Group as a service provider to BCM(UK)LLP and BCM LP. The liquidation of BCM Hong Kong is expected to be completed during 2019.

Principal risks and uncertainties

Risk is an inherent component of the Group's business. The ability to earn a return on capital of the funds managed under the sub-investment management agreements derives from taking risks. The principal risks facing the Group include:

- **Business risk:** the risk that the market position of the funds managed under the sub-investment management agreements may be adversely impacted resulting in a reduction to the future profitability of the business.
- **Foreign exchange risk:** the Group is exposed to foreign exchange risk as a result of the foreign currency denominated assets held.
- **Credit risk:** the Group is exposed to credit risk in respect of fees receivable from BCM LP. In turn BCM LP is exposed to credit risks in respect of a counterparty or fund failing to meet their contractual obligations.
- **Operational risk:** the Group is exposed to most of the operational risks normally found within asset management businesses. Examples of significant risks include: fraud, mis-selling of products or errors in fund prospectuses, breach of investment mandate, technology failures and fund valuation errors.
- **Liquidity risk:** the risk of not having sufficient liquid resources to meet obligations as they fall due.

The Group addresses these risks through:

- Capital planning to ensure that the Group at all times holds capital resources in excess of its capital requirements. An important aspect of this is for the Group to maintain a cost base that is variable to the greatest extent possible in order to minimise the probability of failing to meet budgeted profit levels.
- Holding working capital in cash and daily liquidity funds and monitoring cash balances on a daily basis.

The Group mitigates operational risks through:

- Fostering a culture that emphasises the importance of effective risk management, strong internal controls, sound governance and a clear understanding of operational risk management processes.
- The recruitment, retention and motivation of high calibre professionals across portfolio management, infrastructure and operational functions.
- The design, implementation and effective operation of the firm-wide risk management framework which outlines responsibilities and escalation procedures for the identification and management of operational risks and operational risk losses.

Group strategic report

Principal risks and uncertainties (cont'd)

- Regular review of the integrity and robustness of information technology systems including significant resources committed to protecting the resilience of these systems, formal business continuity plans, appropriate remote data back-up and disaster recovery facilities.

Going concern

The Group has considerable financial resources together with sub-investment management agreements with BCM LP and a service agreement with BCM(UK)LLP. The Directors believe that the Group is well placed to manage its business risks successfully and to pay all of its liabilities as and when they fall due. After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the report and financial statements.

On behalf of the board



P J Dehadray
Director

19 December 2018

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 group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent 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 group or the parent 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 parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its 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 group and to prevent and detect fraud and other irregularities.

Independent auditor's report

to the member of BC Capital Management Services Limited

Opinion

We have audited the financial statements of BC Capital Management Services Limited ("the company") for the period ended 31 March 2018 which comprise the Group statement of comprehensive income, the Parent Company statement of comprehensive income, the Group statement of financial position, the Parent Company statement of financial position, the Group statement of changes in equity, the Parent Company statement of changes in equity, the Group statement of cash flows 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 group's and of the parent company's affairs as at 31 March 2018 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 group 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.

Going concern

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. We have nothing to report in these respects.

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;
- 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 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

Independent auditor's report

to the member of BC Capital Management Services Limited

- 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 6, 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 group and 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 they 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

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 the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Jatin Patel (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square
Canary Wharf
London, E14 5GL
19 December 2018

Group statement of comprehensive income

for the period ended 31 March 2018

	Notes	2018 £000's	2016 £000's
Turnover			
Sub-investment management fees	2	82,506	73,393
Service fees receivable	2	58,099	43,292
		<u>140,605</u>	<u>116,685</u>
Service fees payable		-	(199)
Other income		7	-
Administrative expenses		(173,915)	(139,809)
Group operating loss	3	<u>(33,303)</u>	<u>(23,323)</u>
Interest receivable and similar income		575	248
Interest payable and similar charges		(34)	(318)
Income from investments		45,104	26,468
Loss on sale of subsidiaries	7(c)	(25,211)	-
Provision for debtors	8	-	(1,881)
Net foreign exchange (loss)/gain		(1,643)	18,579
(Loss)/Profit on ordinary activities before tax		<u>(14,512)</u>	<u>19,773</u>
Tax (charge)/credit on profit on ordinary activities	5	(7,741)	323
(Loss)/Profit on ordinary activities after tax		<u>(22,253)</u>	<u>20,096</u>
(Loss)/Profit on ordinary activities after tax attributable to:			
Members of the parent company		(22,253)	20,096
		<u>(22,253)</u>	<u>20,096</u>
Other comprehensive income/(loss)			
Exchange differences on retranslation of net assets of subsidiary undertakings		15,680	(10,650)
Total comprehensive (loss)/income		<u>(6,573)</u>	<u>9,446</u>
Total comprehensive (loss)/income attributable to:			
Members of the parent company		(6,573)	9,446
		<u>(6,573)</u>	<u>9,446</u>

All amounts relate to continuing operations.

The notes on pages 16 to 32 form an integral part of these financial statements.

Parent company statement of comprehensive income**for the period ended 31 March 2018**

	<i>Notes</i>	<i>2018 £000's</i>	<i>2016 £000's</i>
Turnover	2	40,594	31,418
Gains/(losses) on investments		747	(850)
Other income		2	-
Administrative expenses		(37,615)	(30,391)
<i>Operating profit</i>		3,728	177
Profit allocations		14	9
Interest receivable and similar income		2,635	4,924
Loss on sale of subsidiaries	7(c)	(25,211)	-
Cancellation of loan note	8	(80,658)	-
Net foreign exchange (loss)/gain		(5,771)	15,449
<i>(Loss)/Profit on ordinary activities before tax</i>		(105,263)	20,559
Tax (charge)/credit on profit on ordinary activities	5	(3,615)	762
<i>(Loss)/Profit on ordinary activities after tax</i>		(108,878)	21,321
<i>Total comprehensive (loss)/income</i>		(108,878)	21,321

All amounts relate to continuing operations.

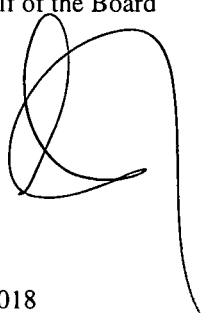
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Group statement of financial position

at 31 March 2018

	<i>Notes</i>	<i>2018</i> <i>£000's</i>	<i>2016</i> <i>£000's</i>
Fixed assets			
Tangible fixed assets	6	5,590	4,372
Investments	7(a)	14,187	13,681
Employee Benefit Trust	7(b)	9,367	10,091
		<u>29,144</u>	<u>28,144</u>
Current assets			
Debtors			
Amounts falling due within one year	8	18,620	104,855
Amounts falling due after one year	8	167	3,290
Cash at bank		<u>8,200</u>	<u>15,301</u>
Total current assets		<u>26,987</u>	<u>123,446</u>
Creditors: amounts falling due within one year	9	<u>(2,706)</u>	<u>(96,028)</u>
Net current assets		<u>24,281</u>	<u>27,418</u>
Total assets less current liabilities		<u>53,425</u>	<u>55,562</u>
Provisions for liabilities	10	<u>(13,512)</u>	<u>(14,281)</u>
Net assets		<u>39,913</u>	<u>41,281</u>
Equity			
Called up share capital	12	1,750	1,750
Profit and loss account		38,163	39,531
Total shareholders' funds		<u>39,913</u>	<u>41,281</u>

Signed on behalf of the Board


P J Dehadray
Director

19 December 2018

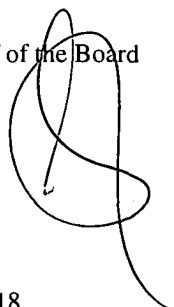
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Parent company statement of financial position

at 31 March 2018

	<i>Notes</i>	<i>2018</i> <i>£000's</i>	<i>2016</i> <i>£000's</i>
Fixed assets			
Tangible fixed assets	6	4,992	-
Investments in subsidiary undertakings	7(c)	2,521	31,041
Investments	7(a)	14,187	13,675
Employee Benefit Trust	7(b)	9,367	10,091
		<u>31,067</u>	<u>54,807</u>
Current assets			
Debtors			
Amounts falling due within one year	8	17,185	10,637
Amounts falling due after one year	8	-	85,548
Cash at bank		<u>5,523</u>	<u>7,048</u>
Total current assets		<u>22,708</u>	<u>103,233</u>
Creditors: amounts falling due within one year	9	<u>(13,420)</u>	<u>(8,038)</u>
Net current assets		<u>9,288</u>	<u>95,195</u>
Total assets less current liabilities		<u>40,355</u>	<u>150,002</u>
Provisions for liabilities	10	<u>(13,512)</u>	<u>(14,281)</u>
Net assets		<u>26,843</u>	<u>135,721</u>
Equity			
Called up share capital	12	1,750	1,750
Profit and loss account		25,093	39,442
Other reserves		-	94,529
Total shareholders' funds		<u>26,843</u>	<u>135,721</u>

Signed on behalf of the Board


P J Dehadray
Director

19 December 2018

The notes on pages 16 to 32 form an integral part of these financial statements.

Group statement of changes in equity**for the period ended 31 March 2018**

	<i>Called-up share capital £000's</i>	<i>Profit and loss account £000's</i>	<i>Total equity £000's</i>
Balance at 1 January 2016:	1,750	33,942	35,692
Profit for the year	-	20,096	20,096
Exchange differences on retranslation of net assets of subsidiary undertakings	-	(10,650)	(10,650)
Dividends paid to members of the parent company	-	(3,857)	(3,857)
Balance at 31 December 2016	<u>1,750</u>	<u>39,531</u>	<u>41,281</u>
Loss for the period	-	(22,253)	(22,253)
Exchange differences on retranslation of net assets of subsidiary undertakings	-	15,680	15,680
Consolidation elimination of disposed subsidiaries	-	5,205	5,205
Balance at 31 March 2018	<u>1,750</u>	<u>38,163</u>	<u>39,913</u>

No dividends were declared and paid by the Company during the period (2016: £3,857,000).

Parent company statement of changes in equity**for the period ended 31 March 2018**

	<i>Called-up share capital £000's</i>	<i>Other reserves £000's</i>	<i>Profit and loss account £000's</i>	<i>Total equity £000's</i>
Balance at 1 January 2016:	1,750	94,529	21,978	118,257
Profit for the year	-	-	21,321	21,321
Dividends paid	-	-	(3,857)	(3,857)
Balance at 31 December 2016	<u>1,750</u>	<u>94,529</u>	<u>39,442</u>	<u>135,721</u>
Loss for the period	-	-	(108,878)	(108,878)
Transfer from revaluation reserve	-	(94,529)	94,529	-
Balance at 31 March 2018	<u>1,750</u>	<u>-</u>	<u>25,093</u>	<u>26,843</u>

No dividends were declared and paid by the Company during the period (2016: £3,857,000).

Group statement of cash flows

for the period ended 31 March 2018

	<i>Notes</i>	<i>2018 £000's</i>	<i>2016 £000's</i>
Net cash outflow from operating activities	16	(41,408)	(46,500)
<i>Investing activities</i>			
Profit allocation received		44,356	50,700
Bank interest received		575	248
Payments to acquire tangible fixed assets	6	(6,434)	(24)
Payments to acquire fixed asset investments	7(a)	(364)	(2,829)
Disposal of subsidiaries' cash	7(c)	(4,374)	-
Proceeds from sale of fixed asset investments	7(a)	582	6,900
Proceeds from sale of current investments	7(b)	-	62
Net cash flow from investing activities		34,341	55,057
<i>Financing activities</i>			
Dividends paid to members of the parent company		-	(3,857)
Interest paid		(34)	(318)
Net cash flow from financing activities		(34)	(4,175)
<i>(Decrease)/Increase in cash and cash equivalents</i>		(7,101)	4,382
<i>Cash and cash equivalents at 1 January</i>		15,301	10,919
<i>Cash and cash equivalents at 31 March/December</i>		8,200	15,301

The notes on pages 16 to 32 form an integral part of these financial statements.

Notes to the financial statements

for the period ended 31 March 2018

1. Accounting policies

Statement of compliance

BC Capital Management Services Limited ("the Company") is a limited liability company incorporated in England and Wales. The Registered Office is Nova North, 11 Bressenden Place, London SW1E 5BY.

The financial statements of the Partnership have been prepared in compliance with Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and in accordance with the requirements of the Companies Act 2006.

Basis of preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets measured at fair value through profit and loss and in accordance with applicable accounting standards. The financial statements are presented in Great British Pounds ("GBP") and have been rounded to the nearest £1,000.

Basis of consolidation

The group financial statements consolidate the financial statements of BC Capital Management Services Limited and its subsidiaries (collectively the "Group").

All intercompany transactions and balances have been eliminated in the Group accounts.

Judgements, assumptions and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Fair value of financial instruments

The Company has estimated the fair value of financial instruments measured at fair value through profit or loss (refer to note 18).

The Company has estimated the fair value of its investments in BCM LP and BCM(UK)LLP using an enterprise value/EBITDA multiple, benchmarked against publicly available enterprise value/EBITDA multiple information from comparable entities. An enterprise value/EBITDA multiple of 10 has been used in the valuations (2016: 10).

Turnover

Sub-investment management fees are recognised in the period in which services are provided, whilst sub-investment performance fees are recognised at the point at which they crystallise. Service fees are recognised in the period in which the services are provided. Other income is recognised when the amount of revenue can be reliably measured and it is probable economic benefits will be received.

Interest income

Interest income is recognised as interest accrues using the effective interest method.

Income from investments

Income from investments comprises profit allocations and gains on sale of investments.

Profit allocations are derived from the Group's income interest in the profits of BCM LP and BCM(UK)LLP. Gains on sale of investments are recognised at the point at which they crystallise.

Notes to the financial statements

for the period ended 31 March 2018

1. Accounting policies (cont'd)

Expenses

Service fees payable include office, infrastructure and employment services provided by BCM(UK)LLP and are recognised in accordance with the service agreements in place.

Administrative expenses are recognised on an accruals basis.

Tangible fixed assets

All fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, based on prices prevailing at the date of acquisition or revaluation, of each asset on a systematic basis over its expected useful life as follows:

Leasehold costs	-	5 years
Computers and technology	-	3 years
Office equipment	-	5 years
Fixtures and fittings	-	5 years

Employee Benefit Trust

The Employee Benefit Trust is consolidated in accordance with UITF abstract 32 "Employee benefit trusts and other intermediate payment arrangements". The Employee Benefit Trust is controlled by independent trustees and its assets are held separately from those of the Group.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are carried at cost less accumulated impairment losses.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks, cash in hand and short term deposits with an original maturity date of three months or less.

Financial Instruments

Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Notes to the financial statements

for the period ended 31 March 2018

1. Accounting policies (cont'd)

Financial Instruments (cont'd)

Financial liabilities

Basic financial liabilities, including trade and other payables and loans from fellow group companies are initially recognised at transaction price.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Interest-bearing loans

Loan notes receivable are initially recognised at their principal value. After initial recognition, the loan value is reduced by any repayments made in the period. Interest income is recognised in the profit and loss account as it accrues.

Provisions for liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Foreign currencies

Company

The Company's functional currency is GBP. Transactions in foreign currencies are initially recorded in the Company's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the statement of comprehensive income.

Group

The balance sheets of overseas subsidiary undertakings are translated to GBP at the rate of exchange ruling at the balance sheet date. The profit and loss account of overseas subsidiary undertakings are translated at the average rate of exchange for the period. The exchange difference arising on translation of subsidiary undertakings is taken directly to reserves.

Current and deferred tax

The current tax charge is calculated on the basis of the tax law enacted or substantively enacted at the balance sheet date in the countries where the Group entities operate and generate taxable income.

Deferred tax is provided using the liability method on all timing differences, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

Operating leases

Rent payable under operating leases is charged in the statement of comprehensive income on a straight line basis over the lease term. Lease incentives are recognised on a straight line basis over the lease term.

Pensions

Contributions to defined contribution schemes are recognised in the profit and loss account in the period in which they become payable.

Notes to the financial statements**for the period ended 31 March 2018****2. Turnover**

Service fees receivable, which is stated net of any value added tax, comprises service fees received by the Company. Services fees are attributable to the provision of office, infrastructure and employment services to BCM(UK)LLP and BCM LP.

Sub-investment management fees consist of revenue derived from the provision of investment management services under sub-investment management agreements with BCM LP.

3. Group operating loss

	<i>2018</i> <i>£000's</i>	<i>2016</i> <i>£000's</i>
Group operating loss is stated after charging:		
Auditor's remuneration	74	59
Depreciation (note 6)	2,757	2,496
Operating lease rentals – land and buildings	6,231	5,327
Auditor's remuneration comprises:		
Fees payable to the Company's auditor for the audit of the Group and Company financial statements	74	59
Total auditor's remuneration	<u>74</u>	<u>59</u>

4. Group staff costs

	<i>2018</i> <i>£000's</i>	<i>2016</i> <i>£000's</i>
Wages and salaries	141,069	110,567
Social security costs	5,092	4,574
Pension contributions	2,634	2,359
	<u>148,795</u>	<u>117,500</u>
	<i>No.</i>	<i>No.</i>
The average number of employees during the period	<u>274</u>	<u>337</u>

Pension contributions of £2,634,000 are in respect of defined contribution schemes (2016: £2,359,000).

Notes to the financial statements

for the period ended 31 March 2018

5. Tax on (loss)/profit on ordinary activities

<i>Group</i>	<i>2018 £000's</i>	<i>2016 £000's</i>
The Group tax charge/(credit) is made up as follows:		
(a) Analysis of charge in the period		
Current Tax:		
UK corporation tax on (loss)/profit for the period	-	365
Adjustments in respect of prior period	3,626	(1,974)
Foreign tax:		
US business tax	18	14
Other	(1,663)	1,803
	<u>1,981</u>	<u>208</u>
Deferred tax: (note 11)		
Origination and reversal of timing differences	3,184	(405)
Adjustments in respect of prior period	2,576	(126)
	<u>5,760</u>	<u>(531)</u>
Total tax charge/(credit) for the period	<u><u>7,741</u></u>	<u><u>(323)</u></u>

(b) Factors affecting tax charge for the period

The tax assessed for the period differs from the standard rate of corporation tax in the UK. The differences are explained below:

(Loss)/Profit on ordinary activities before tax	<u>(14,512)</u>	<u>19,773</u>
(Loss)/Profit on ordinary activities multiplied by full rate of corporation tax in the UK of 19.2% (2016: 20%)	(2,786)	3,955
Effects of:		
Income of non-taxable entities	(1,181)	223
Adjustments in respect of prior period	4,539	(2,100)
Expenses not deductible for tax purposes	4,485	233
Overseas tax – current period	2,834	469
Unrecognised timing differences	-	(3,133)
Group relief not paid for	(150)	-
Change of current tax rate on timing differences	-	30
	<u><u>7,741</u></u>	<u><u>(323)</u></u>

Notes to the financial statements

for the period ended 31 March 2018

5. Tax on (loss)/profit on ordinary activities (cont'd)

<i>Company</i>	<i>2018</i> <i>£000's</i>	<i>2016</i> <i>£000's</i>
The tax charge is made up as follows:		
(a) Analysis of charge in the period		
Current Tax:		
UK corporation tax on (loss)/profit for the period	-	365
Adjustments in respect of prior period	3,626	(992)
Deferred tax: (note 11)		
Origination and reversal of timing differences	-	149
Adjustments in respect of prior period	(11)	(284)
	<u>(11)</u>	<u>(135)</u>
Total tax charge/(credit) for the period	<u>3,615</u>	<u>(762)</u>

(b) Factors affecting tax charge for the period

The tax assessed for the period differs from the standard rate of corporation tax in the UK. The differences are explained below:

(Loss)/Profit on ordinary activities before tax	<u>(105,263)</u>	<u>20,559</u>
(Loss)/Profit on ordinary activities multiplied by full rate of corporation tax in the UK of 19.2% (2016: 20%)	(20,210)	4,112
Effects of:		
Adjustments in respect of prior period	3,615	(1,276)
Expenses not deductible for tax purposes	20,360	-
Change of current tax rate on timing differences	-	31
Difference between accounting and taxable profits	-	144
Group relief not paid for	(150)	(3,773)
	<u>3,615</u>	<u>(762)</u>

Notes to the financial statements

for the period ended 31 March 2018

6. Tangible fixed assets

Group

	<i>Leasehold costs</i>	<i>Computers and technology</i>	<i>Office equipment</i>	<i>Fixtures and fittings</i>	<i>Total</i>
	<i>£000's</i>	<i>£000's</i>	<i>£000's</i>	<i>£000's</i>	<i>£000's</i>
<i>Cost:</i>					
At 1 January 2017	8,614	2,519	106	1,389	12,628
Additions	2,406	3,371	-	657	6,434
Foreign exchange adjustment	(995)	(270)	(9)	(161)	(1,435)
Disposals	(7,619)	(2,109)	(86)	(1,231)	(11,045)
At 31 March 2018	2,406	3,511	11	654	6,582
<i>Depreciation:</i>					
At 1 January 2017	4,932	2,247	96	803	8,078
Provided during the period	1,569	932	6	250	2,757
Foreign exchange adjustment	(655)	(257)	(11)	(112)	(1,035)
Disposals	(5,794)	(2,009)	(80)	(925)	(8,808)
At 31 March 2018	52	913	11	16	992
<i>Impairment:</i>					
At 1 January 2017	146	-	-	32	178
Disposals	(146)	-	-	(32)	(178)
At 31 March 2018	-	-	-	-	-
<i>Net book value:</i>					
At 1 January 2017	3,536	272	10	554	4,372
At 31 March 2018	2,354	2,598	-	638	5,590

Tangible fixed assets includes work in progress of £2,535,000 relating to leasehold, fixtures and fittings costs incurred in the fit out of the Nova North offices (2016: nil).

Notes to the financial statements

for the period ended 31 March 2018

6. Tangible fixed assets (cont'd)*Company*

	<i>Leasehold costs £000's</i>	<i>Computers and technology £000's</i>	<i>Fixtures and fittings £000's</i>	<i>Total £000's</i>
<i>Cost:</i>				
At 1 January 2017	-	-	-	-
Additions	1,986	3,091	537	5,614
At 31 March 2018	1,986	3,091	537	5,614
<i>Depreciation:</i>				
At 1 January 2017	-	-	-	-
Provided during the period	-	622	-	622
At 31 March 2018	-	622	-	622
<i>Net book value:</i>				
At 1 January 2017	-	-	-	-
At 31 March 2018	1,986	2,469	537	4,992

Notes to the financial statements

for the period ended 31 March 2018

7. Investments**(a) Fixed asset investments****Group**

	<i>Group Investments Listed £000's</i>	<i>Group Investments Unlisted £000's</i>	<i>Group Investments Total £000's</i>
At 1 January 2017	7	13,674	13,681
Additions	-	364	364
Disposals	(7)	(581)	(588)
Fair value adjustments	-	730	730
At 31 March 2018	-	14,187	14,187

Company

	<i>Company Investments Listed £000's</i>	<i>Company Investments Unlisted £000's</i>	<i>Company Investments Total £000's</i>
At 1 January 2017	7	13,668	13,675
Additions	-	364	364
Disposals	(7)	(575)	(582)
Fair value adjustments	-	730	730
At 31 March 2018	-	14,187	14,187

Group and Company

During the period, unlisted investments totalling £364,000 (2016: £2,829,000) were acquired and £575,000 (2016: £5,767,000) were disposed of, and listed investments totalling £7,000 (2016: £1,133,000) were disposed of, in relation to an Employee Savings Plan. The total investments in relation to the Employee Savings Plan at 31 March 2018 were £1,135,000 (2016: £1,154,000).

Notes to the financial statements**for the period ended 31 March 2018****7. Investments (cont'd)***(a) Fixed asset investments (cont'd)**Group and Company (cont'd)*

The remaining fixed asset investments held by the Company in the current and prior period represent an investment in BCM LP and BCM(UK)LLP of £5,545,000 and £7,507,000 respectively.

Fair value gains on fixed asset investments of £730,000 have been recognised in the statement of comprehensive income (2016: loss of £243,000).

*(b) Employee Benefit Trust**Group and Company*

	<i>£000's</i>
At 1 January 2017	10,091
Fair value adjustments	(724)
At 31 March 2018	9,367

Amounts contributed to the Employee Benefit Trust ("EBT") are invested by the trustees and the assets are included on the balance sheet in accordance with UITF abstract 32 "Employee benefit trusts and other intermediate payment arrangements". No assets were distributed by the Trustees during the period (2016: nil).

*(c) Subsidiary undertakings:**Company*

Details of subsidiary undertakings are as follows:

<i>Name of company</i>	<i>Proportion of voting rights</i>	<i>Country of registration and operation</i>
BlueCrest Capital Management (Singapore) Pte. Ltd.*	100%	Singapore
BlueCrest Capital Management (Hong Kong) Limited (in members' voluntary liquidation)*	100%	Hong Kong

* Direct holdings

The activities of the entities listed above are investment management and related activities.

On 23 January 2017, the Company sold 100% of the ordinary share capital of GWN Capital Management Ltd (formerly BlueCrest Capital Management (Canada) Limited) ("GWN") to 10008087 Canada Inc.

As a result of the US Sale, the Company no longer holds interests in the following subsidiaries: BlueCrest Capital Management Global Holdings Limited; BlueCrest USA Holdings Limited; BlueCrest USA LP; BlueCrest Capital Management (New York) LP; BlueCrest Capital Management (Boston) LP; and BC USA GP, LLC.

BlueCrest GP LLC, BlueCrest GP II LLC and BlueCrest Newport LLC are no longer subsidiaries of the Company.

A loss on disposal of subsidiaries of £25,211,000 has been recognised in the statement of comprehensive income (2016: nil).

Notes to the financial statements

for the period ended 31 March 2018

8. Debtors

	<i>Group</i>		<i>Company</i>	
	<i>2018</i>	<i>2016</i>	<i>2018</i>	<i>2016</i>
	<i>£000's</i>	<i>£000's</i>	<i>£000's</i>	<i>£000's</i>
Corporation tax receivable	10	1,086	-	295
Other debtors and prepayments	2,249	12,484	1,562	1,706
Amounts due from BCM(UK)LLP	13,517	6,067	14,171	6,338
Amounts due from BCM LP	461	80,125	-	1,786
Amounts due from subsidiary entities	-	-	416	112
VAT receivable	335	28	304	-
Deferred tax (note 11)	2,215	8,355	732	721
Loan note receivable	-	-	-	85,227
	<u>18,787</u>	<u>108,145</u>	<u>17,185</u>	<u>96,185</u>

There is no provision against debtors included in other debtors and prepayments (2016: £1,881,000).

Amounts falling due after one year included above are:

	<i>Group</i>		<i>Company</i>	
	<i>2018</i>	<i>2016</i>	<i>2018</i>	<i>2016</i>
	<i>£000's</i>	<i>£000's</i>	<i>£000's</i>	<i>£000's</i>
Other debtors and prepayments	167	3,290	-	321
Loan note receivable	-	-	-	85,227
	<u>167</u>	<u>3,290</u>	<u>-</u>	<u>85,548</u>

Company

The loan note receivable represented US\$105,000,000 of unsecured loan notes issued by BCMGHL to the Company. This loan note was cancelled on 20 July 2017, with a loss of £80,658,000 recognised in the Parent statement of comprehensive income.

Other debtors and prepayments falling due after one year represents rental deposits of nil (2016: £321,000).

Group

Other debtors and prepayments falling due after one year represents rental deposits of £113,000 (2016: £3,234,000) and other deposits of £54,000 (2016: £56,000).

Notes to the financial statements

for the period ended 31 March 2018

9. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>2018</i>	<i>2016</i>	<i>2018</i>	<i>2016</i>
	<i>£000's</i>	<i>£000's</i>	<i>£000's</i>	<i>£000's</i>
Accruals	1,202	83,096	1,036	6,239
Subordinated loan (note 15)	250	250	250	250
Other creditors	476	10,064	11,356	253
VAT payable	-	402	-	402
Corporation tax payable	31	1,309	31	-
Other taxes and social security costs	657	789	657	789
Pension payable	90	118	90	105
	<u>2,706</u>	<u>96,028</u>	<u>13,420</u>	<u>8,038</u>

10. Provisions for liabilities

	<i>Group</i>	<i>Company</i>
	<i>£000's</i>	<i>£000's</i>
At 1 January 2017	14,281	14,281
Movements on Employee Savings Plan	(231)	(231)
Fair value adjustments	<u>(538)</u>	<u>(538)</u>
At 31 March 2018	<u>13,512</u>	<u>13,512</u>

Company

The Company contributed to an Employee Benefit Trust during the year ended 30 November 2002. The amounts contributed are invested by the trustees and the assets are included on the balance sheet in accordance with UITF abstract 32 "Employee benefit trusts and other intermediate payment arrangements". The provision held was £9,367,000 for the period ending 31 March 2018 (2016: £10,091,000).

The Company also holds a provision for liabilities relating to an Employee Savings Plan. The movement on the Employee Savings Plan represents the net of awards made to employees and employee withdrawals. As at 31 March 2018, £4,145,000 was provided for in relation to the Employee Savings Plan (2016: £4,190,000). The Company has purchased assets to discharge its obligations under the plan, which are included on the balance sheet (note 7(a)).

Notes to the financial statements

for the period ended 31 March 2018

11. Deferred tax*Group*

	<i>2018</i> <i>£000's</i>
At 1 January 2017	8,355
Foreign exchange adjustments	(369)
Origination and reversal of timing differences (note 5)	(3,184)
Adjustments in respect of prior period (note 5)	(2,576)
Disposal of subsidiary	(11)
At 31 March 2018 (note 8)	2,215

Company

	<i>2018</i> <i>£000's</i>
At 1 January 2017	721
Adjustments in respect of prior period (note 5)	11
At 31 March 2018 (note 8)	732

A deferred tax asset of £325,000 (2016: £325,000) relating to payments made to the Employee Benefit Trust has not been recognised in the Company or the Group as the timing difference is not expected to reverse in the next twelve months. The Directors expect this to be available for relief in future years.

Company

The deferred tax asset represents the expected tax relief due on timing differences expected to reverse in the future in respect of UK profits at 17% (2016: 17%).

Group

The deferred tax asset represents the expected tax relief due on timing differences expected to reverse in the next twelve months at the various tax rates applicable to the Group entities.

12. Called up share capital*Company and Group*

	<i>Authorised</i> <i>2018</i> <i>£000's</i>	<i>Issued and</i> <i>fully paid</i> <i>2018</i> <i>£000's</i>	<i>Authorised</i> <i>2016</i> <i>£000's</i>	<i>Issued and</i> <i>fully paid</i> <i>2016</i> <i>£000's</i>
Ordinary shares of £1 each	3,500	1,750	3,500	1,750

Notes to the financial statements

for the period ended 31 March 2018

13. Parent and ultimate controlling party

The Company's immediate parent is BCM Holdings Limited, a company incorporated in Guernsey.

The Company's ultimate controlling party is BC Cayman Charitable Trust, a trust created in the Cayman Islands.

14. Related party transactions

Group

BCM(UK)LLP is a related party to the group as the Company and certain subsidiaries of the Company are subject to common control with BCM(UK)LLP. During the period, an amount of £10,101,000 was paid by BCM(UK)LLP to the Company and these subsidiaries in relation to services provided (2016: £8,881,000).

As at 31 March 2018, the Company and these subsidiaries held a receivable balance of £13,517,000 (2016: £6,076,000).

Company

The Company has taken advantage of the exemption from disclosure of transactions with Group entities provided by FRS 102 Section 33 "Related Party Disclosures".

During the period, the Directors of the Company, P A Cox and P J Dehadray, were also members of the board of BCM(UK)LLP. The Company provided office, infrastructure and employment services to BCM(UK)LLP amounting to £10,101,000 (2016: £8,881,000) with respect to which, after funding provided by BCM(UK)LLP during the period, an amount of £14,171,000 was receivable as at 31 March 2018 (2016: £6,338,000).

Special Capital Limited ("SCL") is a related party to the Company as it is subject to common control. There were no transactions with SCL during the year (2016: None). The amount receivable at 31 March 2018 was £23,000 (2016: £23,000).

Framewater Limited ("FWL") is a related party to the Company as it is subject to common control. There were no transactions with FWL during the year (2016: None). The amount receivable at 31 March 2018 was £50,000 (2016: £50,000).

15. Subordinated loan

On 31 December 2003, the Company received two £250,000 unsecured subordinated loans from two former Directors of the Company. The loans are non-interest bearing and repayable on one month's notice. As a result of the acquisition of the Company by BCM Holdings Limited on 22 March 2011, one of the former Directors relinquished all claims against the Company and therefore one of the loans was released.

Notes to the financial statements

for the period ended 31 March 2018

16. Notes to the statement of cash flows

Reconciliation of (loss)/profit to net cash outflow from operating activities

	2018 £000's	2016 £000's
(Loss)/profit	(22,253)	20,096
<i>Adjustments to reconcile (loss)/profit for the period to net cash flow from operating activities</i>		
Depreciation of tangible fixed assets (note 6)	2,757	2,496
Impairment of tangible fixed assets (note 6)	-	178
Provision for debtors	-	1,881
Decrease/(Increase) in debtors	65,793	(18,934)
Decrease in creditors	(69,088)	(6,692)
Decrease in provision for liabilities (note 10)	-	(902)
ESP fair value adjustments	-	22
Other non-cash movements	(1,991)	(15,453)
Income from investments	(45,104)	(26,468)
Interest payable and similar charges	34	318
Interest receivable and similar income	(575)	(248)
Tax expense/(credit) for the period	7,741	(323)
Tax paid	(3,933)	(2,471)
Loss on sale of subsidiaries (note 7(c))	25,211	-
Net cash outflow from operating activities	(41,408)	(46,500)

17. Financial commitments, contingencies and charges**Financial commitments**

Financial commitments under non-cancellable operating leases are as follows:

	Land and building 2018 £000's	Land and building 2016 £000's
Group:		
Amounts payable:		
Within one year	402	5,217
In two to five years	7,160	13,967
In over five years	13,069	8,012
	20,631	27,196
Company:		
Amounts payable:		
Within one year	-	2,131
In two to five years	6,323	3,013
In over five years	13,068	834
	19,392	5,978

The operating lease in place in the Company on 31 March 2018 ended in June 2018, whereafter the operations of the Company have moved to a new building. At period end, an operating lease had been entered into for the new building, which was undergoing a fit-out. Occupation took place on 1 June 2018 and lease payments are due to commence, after a rent-free period, in October 2020.

Notes to the financial statements**for the period ended 31 March 2018****18. Financial instrument risks***Group*

	<i>2018</i>	<i>2016</i>
	<i>£000's</i>	<i>£000's</i>
<i>Financial assets at fair value through profit or loss</i>		
Fixed asset investments	14,187	13,681
Employee benefit trust	9,367	10,091
	<u>23,554</u>	<u>23,772</u>
<i>Financial assets that are debt instruments measured at amortised cost</i>		
Other debtors	923	10,344
Amounts due from BCM LP	461	80,125
	<u>1,384</u>	<u>90,469</u>
<i>Financial liabilities measured at amortised cost</i>		
Subordinated loan (note 15)	250	250
Other creditors	476	10,064
	<u>726</u>	<u>10,314</u>

Financial instruments are defined in FRS 102 as cash, demand and fixed term deposits, accounts receivable and payable, loans and investments (excluding those in subsidiaries and associates). The discussion of risks below is in relation to these instruments.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's risk management policies are determined by the Executive Committee and seek to minimise the Group's exposure to market, credit and liquidity risks; more details on these policies can be found in the Group strategic report on page 4. The risks to which the Group is exposed are summarised below.

Market risk

Market risk consists of foreign exchange risk, interest rate risk and price risk.

Foreign exchange risk

Foreign exchange risk is the risk that the value of financial instruments will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign exchange risk to the extent that its financial assets and liabilities are denominated in non-GBP currencies.

The Group's largest foreign exchange exposure is to United States Dollars ("USD"). At 31 March 2018, if USD had weakened or strengthened against the GBP by a percentage variance of 20%, the profit for the financial period would have been approximately £1.5m lower or £1.8m higher respectively.

Interest rate risk

Interest rate risk is the risk that the value of a financial instruments will fluctuate because of changes in market interest rates. The Group's amounts receivable and payable are typically non-interest bearing and have no fixed maturity and therefore there is little direct exposure to interest rate risk. As at the balance sheet date, the Group's interest rate risk exposure is insignificant.

Price risk

Price risk is the risk that the Group incurs a loss as a result of adverse movements in the fair value of an asset. The Group is exposed to price risk through the movements in the value of its investments in BCM LP and BCM(UK)LLP. At 31 March 2018, if the value of the investments moved by a percentage variance of 20%, the profit for the financial period would have been either approximately £2.18m lower or £2.61 m higher.

Notes to the financial statements

for the period ended 31 March 2018

18. Financial instrument risks (cont'd)**Credit risk**

Credit risk is the risk that a counterparty will fail to discharge an obligation in respect of a financial instrument, causing the Group to suffer a financial loss.

Exposure to credit risk arising from amounts receivable is minimal as the counterparties are considered to be of high credit quality. The credit worthiness of banks in which cash and cash equivalents are held is monitored on an ongoing basis.

The carrying amounts of the debtors outlined in note 8 together with cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. The Group's policy is to hold working capital requirements in cash and daily liquidity funds and monitor cash balances on a daily basis. The Group maintains sufficient cash and liquid investments such that liquidity and cash flow risk are negligible.

The table below shows a maturity analysis of the Group's financial liabilities:

Financial liabilities maturity analysis	2018 £000's
<i>Amounts falling due within one year</i>	
0 – 3 months	726
3 – 6 months	-
6 – 12 months	-
At 31 March 2018	726

Fair value information

The table below indicates the categorisation of financial assets measured at fair value at 31 March 2018 in respect of the fair value hierarchy.

In this table each financial asset held at fair value through profit or loss has been categorised as:

- a Level 1 instrument where the fair value of the asset or liability is derived from quoted prices in active markets for identical investments;
- a Level 2 instrument where the fair value of the asset or liability is derived from other significant observable inputs (including quoted prices for similar investments, interest rates and similar items); or
- a Level 3 instrument where the fair value of the asset or liability is derived from significant unobservable inputs (to the extent that the observable inputs are not available).

	Level 1	Level 2	Level 3	Total
	£'000's	£'000's	£'000's	£'000's
Financial assets at fair value				
Fixed asset investments	-	1,135	13,052	14,187
Employee benefit trust	-	9,367	-	9,367
Total financial assets at fair value	-	10,502	13,052	23,554