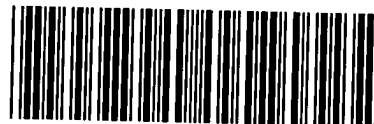


# GuardCap Asset Management Limited

Registered Number: 4667528

Annual Report and Financial Statements  
for the year ended 31 December 2017

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## Corporate information

### Registered Number

4667528

### Directors

G Mavroudis (Chairman)

S A R Bates

### Secretary

A Koshutova

### Auditors

KPMG LLP

15 Canada Square

London E14 5GL

### Bankers

C Hoare & Co.

37 Fleet Street

London EC4P 4DQ

### Solicitors

Dickson Minto WS

16 Charlotte Square

Edinburgh EH2 4DF

### Registered Office

11 Charles II Street

London SW1Y 4NS

## Directors' report

The directors present their report on the affairs of GuardCap Asset Management Limited (the "Company") for the year ended 31 December 2017.

### Directors

The directors who served during the year and up to the date of this report are shown on page 2.

### Going concern

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

### Future developments

The directors' expectations around future developments in the business are discussed in the Strategic Report on pages 4 and 5.

### Audit information

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 he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

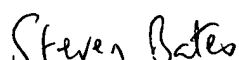
### Auditors

KPMG LLP will continue as auditor in accordance with section 487(2) of the Companies Act 2006.

### Events after the balance sheet date

There have been no significant events after the balance sheet date.

For and on behalf of the board



S A R Bates  
Director  
23 February 2018

## **Strategic report**

### **Activities and future developments**

The principal activity of the Company is the provision of fund management and advisory services. The Company intends to continue with these activities.

The development of the Company's business is reflected in the profit and loss account and other comprehensive income. The directors consider the result for the year to be satisfactory for a business in a phase of rapid expansion. The directors do not envisage any material changes to the key activities of the business in the foreseeable future.

The directors use various performance metrics as management tools. The key performance indicators used in the business are: Gross Revenue per capita, the Variable Cost Ratio, and the Fixed Cost / Gross Revenue Ratio.

### **Review of the business**

The business has grown quickly over the last year with three new hires and a number of client gains. Turnover and administrative expenses excluding exchange gains and losses have both increased during the year but the largest contribution to this year's operating profit of £8,590,918 (2016 – £1,496,307) has been the strong performance of the Company's investment in the UCITS funds which it manages. The Directors are optimistic that investment in products and personnel combined with the continuing commitment of its parent Company, Guardian Capital LP, will bear fruit in future years.

### **Capital**

The directors believe the Company has a strong capital position and that there is an adequate capital buffer over and above the regulatory capital requirement.

### **Principal risks and uncertainties**

The Company is exposed, through its operations, to the following financial and non-financial risks:

#### ***Funds under management***

The funds under management are subject to redemption by investors. While the Company continues to market its funds there is no guarantee that subscriptions will exceed redemptions.

#### ***Key personnel***

The Company has a small staff making it important to reward and retain key employees and this is supported by the Company's longer-term remuneration policies and benefits package.

#### ***Regulation***

The Company is authorised and regulated by the Financial Conduct Authority. The Company would have to cease trading as an investment manager if its authority to conduct investment business were to be revoked. This risk is mitigated by the firm's limited activities and the quality and experience of its staff.

## Strategic report (continued)

### **Market risk**

The Company's principal exposure to market risk is through its holdings of Collective Investments in Transferable Securities. In addition, there is an indirect exposure to financial markets because the Company's investment management fee income is calculated based on the value of funds under management.

### **Credit risk**

The Company's main exposure to credit risk is in respect of cash balances held by the Company's bankers.

### **Interest rate risk**

The Company has little interest rate risk other than on short-term cash deposits, which are maintained on a floating rate basis, and on the rent deposit.

### **Liquidity risk**

Liquidity risk is minimal as the Company maintains large cash balances.

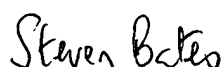
### **Currency exchange rate risk**

Although only small cash balances are maintained in foreign currencies the Company has some exposure to currency exchange rate risk because its fund management fee income is denominated in US Dollars.

### **Operational risk**

The Company is exposed to operational risks which may arise from loss of revenue or unexpected increases in operating expenditure.

For and on behalf of the board



S A R Bates  
Director  
23 February 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 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

# **Independent auditor's report to the members of GuardCap Asset Management Limited**

## **Opinion**

We have audited the financial statements of GuardCap Asset Management Limited ("the company") for the year ended 31 December 2017 which comprise the profit or loss account and other comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and related notes, including the accounting policies in notes 1 to 16.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit 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 company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## **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 twelve months 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made.



## **Independent auditor's report to the members of GuardCap Asset Management Limited (continued)**

- 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

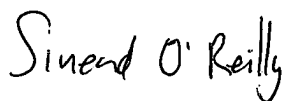
### **Auditor's responsibilities**

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

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



**Sinead O'Reilly (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London  
E14 5GL  
23 February 2018

**Profit and loss account and other comprehensive income  
for the year ended 31 December 2017**

	<i>Notes</i>	<b>2017</b> £	<b>2016</b> £
Turnover	2	1,630,661	891,478
Gains on investments held at fair value through profit and loss	7	8,408,475	5,155,091
Administrative expenses		(1,448,218)	(4,550,262)
<b>Operating profit</b>	3	<b>8,590,918</b>	<b>1,496,307</b>
Interest receivable		8	719
Interest payable		(293,117)	(129,278)
<b>Profit before tax</b>		<b>8,297,809</b>	<b>1,367,748</b>
Tax on profit	5	(1,450,089)	–
<b>Profit and total comprehensive income for the year</b>		<b>6,847,720</b>	<b>1,367,748</b>

The notes on pages 13 to 22 form part of the financial statements.

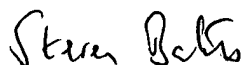
## Balance sheet

at 31 December 2017

	Notes	2017 £	2016 £
<b>Fixed assets</b>			
Tangible fixed assets	6	95,994	128,047
Investments held at fair value through profit and loss	7	<u>50,915,941</u>	<u>39,015,708</u>
		<b>51,011,935</b>	<b>39,143,755</b>
<b>Current assets</b>			
Debtors	8	1,400,637	177,311
Cash and cash equivalents	9	<u>577,557</u>	<u>259,158</u>
		<b>1,978,194</b>	<b>436,469</b>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	10	<u>(34,494,584)</u>	<u>(27,932,399)</u>
<b>Net current liabilities</b>		<b><u>(32,516,390)</u></b>	<b><u>(27,495,930)</u></b>
<b>Total net assets</b>		<b><u>18,495,545</u></b>	<b><u>11,647,825</u></b>
<b>Capital and reserves</b>			
Share capital	11	12,191,145	12,191,145
Profit and loss account	12	<u>6,304,400</u>	<u>(543,320)</u>
		<b>18,495,545</b>	<b>11,647,825</b>

The notes on pages 13 to 22 form part of the financial statements.

The financial statements on pages 9 to 22 were approved and authorised for issue by the Directors on 23 February 2018.



S A R Bates  
Director

Registered Number  
4667528

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

	<i>Called up share capital</i> £	<i>Profit &amp; loss account</i> £	<i>Total equity</i> £
At 1 January 2016	12,191,145	(1,911,068)	10,280,077
Transactions with owners, recognised directly in equity: new shares issued	–	–	–
Total comprehensive income for the year	–	1,367,748	1,367,748
<b>At 31 December 2016</b>	<b>12,191,145</b>	<b>(543,320)</b>	<b>11,647,825</b>
Transactions with owners, recognised directly in equity: new shares issued	–	–	–
Total comprehensive income for the year	–	6,847,720	6,847,720
<b>At 31 December 2017</b>	<b>12,191,145</b>	<b>6,304,400</b>	<b>18,495,545</b>

The notes on pages 13 to 22 form part of the financial statements.

## Statement of cash flows

### for the year ended 31 December 2017

	2017	2016
	£	£
<b><i>Cash flows from operating activities</i></b>		
Operating profit	8,590,918	1,496,307
Depreciation of tangible fixed assets	40,281	38,230
(Increase)/decrease in operating debtors and prepayments	(100,961)	57,328
Increase in operating creditors and accruals	3,989,731	27,247,442
Decrease in property deposits	–	151,648
Gains on investments held at fair value through profit and loss	(8,408,475)	(5,155,091)
Net cash flow from operating activities	<u>4,111,494</u>	<u>23,835,864</u>
<b><i>Cash flows from investing activities</i></b>		
Interest received	8	719
Interest paid	(293,117)	(129,278)
Payments to acquire tangible fixed assets	(8,228)	(12,657)
Payments to acquire investments	(3,491,758)	(23,895,977)
Net cash flow used by investing activities	<u>(3,793,095)</u>	<u>(24,037,193)</u>
<b><i>Cash and cash equivalents and movements therein</i></b>		
Increase/(decrease) in cash and cash equivalents	318,399	(201,329)
Cash and cash equivalents at beginning of year	259,158	460,487
Cash and cash equivalents at end of year	<u>577,557</u>	<u>259,158</u>
 Cash and cash equivalents at end of year comprise the following:		
Cash at bank	227,557	174,158
Short term deposits	350,000	85,000
	<u>577,557</u>	<u>259,158</u>

The notes on pages 13 to 22 form part of the financial statements.

## Notes to the financial statements for the year ended 31 December 2017

### 1. Accounting policies

#### **Statement of compliance**

GuardCap Asset Management Limited is a limited liability company incorporated in England. The Registered Office is 11 Charles II Street, London SW1Y 4NS.

The Company's financial statements have been prepared in compliance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland for the year ended 31 December 2017.

#### **Basis of preparation**

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are denominated in Sterling which is the functional currency of the company and rounded to the nearest pound.

#### **Foreign currency**

Transactions in foreign currencies are recorded at the 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 arising from translation are recognised in the profit and loss account.

#### **Revenue recognition**

Fee income net of expenses cap rebates is recognised on an accruals basis when it becomes receivable. Property and services income which represents sublease and licence income plus associated occupancy charges are credited to the profit and loss account as they become receivable. Interest income is recognised on an accruals basis when it becomes receivable.

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are:

- Leasehold property – the term of the lease
- Office equipment - 3 to 5 years
- Furniture and fittings - from purchase until the end of the lease

## Notes to the financial statements for the year ended 31 December 2017

### 1. Accounting policies (continued)

#### ***Basic financial instruments***

##### *Trade and other debtors and creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. Any losses arising from impairment are recognised in the profit and loss account and other comprehensive income.

##### *Cash and cash equivalents*

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

#### ***Other financial instruments***

##### *Investments*

Investments comprise investments in undertakings for collective investments in transferable securities which are measured at fair value. Changes in fair value are recognised in profit or loss. Fair value is determined by market value.

#### ***Expenses***

##### *Operating leases*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

##### *Pensions*

Defined contributions made by the Company to the personal pension schemes of employees are charged to the profit and loss account as they accrue.

#### ***Taxation***

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

## Notes to the financial statements

### for the year ended 31 December 2017

#### 1. Accounting policies (continued)

##### *Taxation (continued)*

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, associates, branch, joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

##### *Related party transactions*

Related party transactions are disclosed in the notes to the financial statements.

#### 2. Turnover

Turnover represents fund management and advisory services provided during the year and arising from continuing activities. The geographical analysis of turnover is:

	2017	2016
	£	£
Cayman Islands	431,462	478,975
United States of America	–	53,410
Canada	215,461	81,443
Republic of Ireland	983,738	277,650
	<u>1,630,661</u>	<u>891,478</u>



## Notes to the financial statements for the year ended 31 December 2017

### 3. Expenses and auditor's remuneration

Included in profit/(loss) are the following:

	2017 £	2016 £
Auditor's remuneration		
Audit services	13,200	12,015
CASS	11,000	10,000
Depreciation	40,281	38,230
Operating lease rentals - land and buildings	177,056	176,530

### 4. Information regarding directors and employees

	2017 £	2016 £
Directors' emoluments	<u>160,000</u>	<u>160,000</u>
The highest paid director	<u>160,000</u>	<u>160,000</u>

#### Employee costs

Wages and salaries	1,561,562	1,277,304
Social security costs	198,999	163,818
Other pension costs	<u>141,173</u>	<u>97,671</u>
	<u>1,901,734</u>	<u>1,538,793</u>

	2017 Number	2016 Number
The average number of employees was		
Fund management	10	8
Marketing	2	1
Administration	<u>3</u>	<u>2</u>
	<u>15</u>	<u>11</u>

## Notes to the financial statements

### for the year ended 31 December 2017

#### 5. Tax on profit

	2017 £	2016 £
<b>Total tax expense/(income) recognised in the profit and loss account and other comprehensive income and equity</b>		
Current tax:		
- current year	(15,099)	(373,482)
- adjustments in respect of prior years	<u>-</u>	<u>-</u>
	(15,099)	(373,482)
Deferred tax		
- origination and reversal of timing differences	1,616,017	373,482
- adjustments in respect of prior years	(137,746)	-
- change in tax rate	<u>(13,083)</u>	<u>-</u>
	1,465,188	373,482
<b>Total charge for the year</b>	<u><b>1,450,089</b></u>	<u><b>-</b></u>

#### Reconciliation of the current tax charge for the year

The difference between the tax assessed for the period and the standard rate of corporation tax is explained as follows:

Profit on ordinary activities before taxation	8,297,809	1,367,748
Standard rate of corporation tax in the UK	19.24%	20.00%
Profit on ordinary activities multiplied by the standard rate of corporation tax	1,596,498	273,550
Expenses not deductible for tax purposes	4,420	4,804
Deferred tax balances not recognised in previous years	-	(278,354)
Prior year deferred tax balances not previously recognised	(122,045)	-
Prior year adjustments	(15,701)	-
Effect of changes in tax rate	<u>(13,083)</u>	<u>-</u>
	<u><b>1,450,089</b></u>	<u><b>-</b></u>

## Notes to the financial statements for the year ended 31 December 2017

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

#### Deferred tax in the balance sheet

	2017 £	2016 £
Included in debtors:		
Timing differences related to accruals and provisions	1,217	–
Tax losses	<u>1,121,148</u>	<u>–</u>
	<u>1,122,365</u>	<u>–</u>
Included in creditors		
Timing differences related to fixed assets depreciation	12,861	–
Unrealised gains taxed when realised	<u>2,559,593</u>	<u>–</u>
	<u>2,572,454</u>	<u>–</u>

The deferred tax balances arising from short term timing differences were not recognised in the 2016 balance sheet because their realisation was uncertain.

#### Balance sheet movements during the year

Deferred tax previously unrecognised	122,045
Adjustments in respect of prior years	15,701
Origination and reversal of timing differences	(1,616,017)
Utilisation of losses	15,098
Effect of changes in tax rate	<u>13,083</u>
Deferred tax net liability at 31 December	<u>(1,450,089)</u>

In the summer 2015 Budget, the government announced a reduction in the Corporation Tax rate from 20% to 19% for the Financial Years beginning 1 April 2017, 1 April 2018 and 1 April 2019, with a further reduction from 19% to 18% for the Financial Year beginning 1 April 2020. During 2016 the rate applicable from 1 April 2020 was further reduced to 17%. This will reduce the company's future current tax charge accordingly. The total timing differences multiplied these standard rates of UK Corporation Tax are:

Corporation Tax rate	Deferred tax Net (liability)/asset	
	2017 £	2016 £
20%	–	122,045
19%	(1,450,089)	115,943
17%	(1,297,448)	103,738

## Notes to the financial statements for the year ended 31 December 2017

### 6. Tangible fixed assets

	£
<i>Office equipment, fixtures and fittings</i>	
Cost at beginning of year	192,852
Additions at cost	8,228
Cost at end of year	<u>201,080</u>
Depreciation at beginning of year	(64,805)
Depreciation charge for the year	(40,281)
Depreciation at end of year	<u>(105,086)</u>
Net book value at beginning of year	<u>128,047</u>
Net book value at end of year	<u>95,994</u>

### 7. Investments held at fair value through profit and loss

	2017 £	2016 £
<i>Investment in GuardCap UCITS Funds plc</i>		
At beginning of year	39,015,708	9,964,640
Additions at cost	3,491,758	23,895,977
Gain from fair value adjustment	8,408,475	5,155,091
At end of year	<u>50,915,941</u>	<u>39,015,708</u>

The Company is the investment manager and promoter of GuardCap UCITS Funds plc which is an Undertaking for Collective Investment in Transferable Securities registered in the Republic of Ireland.

The fair value adjustment has been calculated using an unadjusted quoted price for identical assets and liabilities in an active market.

### 8. Debtors

	2017 £	2016 £
Trade debtors	3,775	–
Group companies	130,221	18,830
Other debtors	(8,214)	(54)
Prepayments and accrued income	152,490	158,535
Deferred tax	1,122,365	–
	<u>1,400,637</u>	<u>177,311</u>

## Notes to the financial statements for the year ended 31 December 2017

### 9. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	227,557	174,158
Short term deposits	350,000	85,000
	<u>577,557</u>	<u>259,158</u>

### 10. Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	6,482	28,610
Group companies	31,212,214	27,303,044
Other creditors	104,989	74,836
Accruals and deferred income	598,445	525,909
Deferred tax	2,572,454	–
	<u>34,494,584</u>	<u>27,932,399</u>

Indebtedness to group companies includes amounts due to Guardian Capital Group Limited (the company's parent company) under the terms of a grid promissory note issued on 9 March 2016. Interest is payable at a rate prescribed by the Canada Revenue Agency for loans to non-residents,

The loan balance outstanding at the balance sheet date was:	<u>31,170,612</u>	<u>27,266,320</u>
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### 11. Share capital

	2017 £	2016 £
Allotted, called up and fully paid Ordinary Shares of £1 each		
At beginning of year	12,191,145	12,191,145
At end of year	<u>12,191,145</u>	<u>12,191,145</u>

## Notes to the financial statements for the year ended 31 December 2017

### 12. Reserves

#### *Profit & loss account*

This reserve records the Company's accumulated profit or loss after tax and is used to provide working capital for the business and fund dividend payments to shareholders.

### 13. Other financial commitments and contingencies

	2017 £	2016 £
Land and buildings: operating leases which expire		
- within one year	–	–
- during years 2 to 5	486,903	691,198
- thereafter	–	–

### 14. Related party transactions

	2017 £	2016 £
<b>Guardian Capital LP (parent company)</b>		
Receipts: Subscription for shares	–	–
Income: Fees earned	215,460	81,443
Debtor at reporting date	–	–
<b>Guardian Capital Group Limited</b>		
Receipts: Loans	5,714,759	27,266,320
Expenses: Loan interest	293,117	129,278
Expenses: Recharged expenses	95,021	57,892
Creditor at reporting date	31,212,214	27,303,044
<b>GuardCap UCITS Funds plc</b>		
Income: Fees earned	983,738	277,650
Payments: purchase of shares less redemptions	3,491,758	23,895,977
Investment balance at reporting date	50,915,941	39,015,708
Debtor at reporting date	130,221	18,830

## **Notes to the financial statements**

### **for the year ended 31 December 2017**

#### **15. Parent undertaking and controlling party**

The Company's immediate parent undertaking is Guardian Capital LP, a limited partnership with its registered office in Canada. Guardian Capital LP is a wholly owned subsidiary of Guardian Capital Group Limited, a limited company with its registered office in Canada. The consolidated financial statements of Guardian Capital Group Limited are available to the public and may be obtained from [www.guardiancapital.com](http://www.guardiancapital.com).

#### **16. Events after the balance sheet date**

There have been no significant events after the balance sheet date.

## Supplementary unaudited information

### **Capital adequacy**

The application of the Capital Requirements Directive requires the company to make disclosures about its capital resources and requirements. The disclosure requirements (Pillar 3) are to compliment the minimum capital requirements (Pillar 1) and the assessed requirement (Pillar 2) and are intended to encourage market discipline by allowing the market participants to assess key pieces of information on risk exposures and risk assessment processes of the company.

The company will continue to make these disclosures annually as Supplementary Information in the financial statements. The following disclosures are in accordance with BIPRU 11 and are based on the position as at the balance sheet date.

### **Capital resources**

The company's capital, comprising share capital and reserves, totals £18,496,000 (2016 - £11,648,000) and is all Tier one.

### **Capital requirement**

The company's capital requirement is greater than its base capital requirement of €50,000 and has been analysed as follows:

	2017 Pillar 1 £000s	2017 Pillar 2 £000s	2016 Pillar 1 £000s	2016 Pillar 2 £000s
Credit Risk	4,105	4,105	3,149	3,149
Market Risk	4,097	4,097	951	951
Operational Risk	–	–	–	–
Fixed overhead requirement	692	692	610	610
Capital requirement	8,202	8,202	4,100	4,100

The above information does not form part of the audited statutory financial statements.