CAMBRIDGE ASSOCIATES LIMITED
Registered number: 06135829

Group Financial Statements
For the year ended 31 December 2016

CAMBRIDGE ASSOCIATES LIMITED
Index
31 December 2016

Page

CONTENTS:

The directors present their strategic report on the affairs of Cambridge Associates Limited (the "Company" or the "Parent Company") and its wholly owned subsidiary, Brook Street Limited, (collectively referred to as the "Group") for the year ended 31 December 2016.

Principal activities

The principal activity of the Group is to provide investment advisory services to professional clients and other Group entities. The directors do not see any material change in the nature of this activity going forward. The directors intend to continue to focus on developing the expertise in the Group in order to give the best possible environment to further that growth. It is the directors' opinion that there are no significant risks or uncertainties facing the Group other than the general risks that are inherent in its business.

The Group is authorized and regulated by the Financial Conduct Authority ("FCA").

Business review and future developments

Group turnover for the year ended 31 December 2016 was £38.3 million, an increase of 1.8% over the 2015 turnover. The growth in turnover was primarily due to strong business trends from new clients and expanded services, offset by a combination of terminations and service drops.

The Group continues to focus on helping clients with their individual needs with particular focus on their longer term goals and investment objectives. As such, in order to best service our clients' needs, staffing levels were increased during 2016 and are expected to remain level in 2017.

Additionally, in order for the Group to access mutual research, talent and resources for providing successful investment advice to its clients and supporting a global operating model, the Group has a service agreement with related parties in the United States, Singapore, Australia, and China. The organizations share and fully utilize resources across its worldwide organizations following a transfer pricing methodology with terms consistent with an arm's length transaction. Effective 1 January 2015, the organizations implemented a new transfer pricing model which is based on a profit sharing methodology. The directors believe that this agreement benefits the Group. As a result, the Group recognizes related party revenue and expense in accordance with the agreement.

Looking ahead, the directors continue to focus on business development, to deepen relationships with existing clients, and to expand the Group's scope and capabilities consistent with the increased depth of research, markets, managers, and best practices.

Key Performance Indicators ("KPI's")

Throughout the year, the directors monitor KPI's for the Group, which include ratios illustrating the growth of investment advisory and management fees (research, consulting and portfolio oversight), expenses and profit for the financial year, which the Group defines as the change in current year balance from prior year divided by prior year balance.

Group profit for the financial year ended 31 December 2016 is £2.9 million, which is 30.0% less than the 2015 profit for the financial year. As set out in the business review and future developments section, Group turnover for the year ended 31 December 2016 is £38.3 million, an increase of 1.8% over the 2015 turnover. Group administrative expenses for the year ended 31 December 2016 were £34.5 million, an increase of 6.6% from the 2015 administrative expenses primarily driven by increases in employee-related expenses and professional services costs.

Financial risk management
The Group is subject to operational and financial risks. Financial risks include market risk, credit risk and liquidity risk, which make up the principal financial risks and uncertainties facing the Group. The Group does not use derivative financial instruments and does not apply hedge accounting. The Group is committed to a business strategy which supports the proactive identification and assessment of risk, and uses risk information to enhance informed decision making and develop appropriate mitigation strategies. The directors monitor risks associated with the Group and work closely with the risk management department to identify potential risks and deal with them. The Group has access to various oversight functions which provide an independent perspective to assist senior management with establishing policies and procedures for effective control and risk management. These functions include a global enterprise risk management department and the Group's compliance department.

Market risk

The Group is exposed to various types of market risk. Price risk exists indirectly as components of revenue are driven by values of advised assets and hence the fair market value of clients' assets. Interest rate risk applies to cash and deposits with the Group's banks, which are subject to daily interest rate variances. Foreign exchange rate risk exists on revenues derived from foreign denominated assets. Interest rate risks are managed actively and pricing risk is managed through regular monitoring of the advised assets and active cost control.

Credit risk

The Group has implemented client acceptance policies that include an assessment of asset values, financial stability and credit worthiness. This policy limits the potential for large overdue accounts and bad debts. Cash balances are held only with banks with which the Group has strong, well-established relationships.

Liquidity risk

The liquidity risk policy requires the Group to maintain a framework for the management of liquidity risk which ensures that the Group has sufficient surplus liquid resources to meet operational, legal and regulatory requirements. Authority is delegated by the Group to the Chief Financial Officer to carry out the day-to-day monitoring, management and reporting of the Group liquidity, ensuring that it complies at all times with Group regulatory and other requirements.

The Group's Chief Compliance Officer has been appointed to review the risk management policy, ensuring that the liquidity risk management policy is coordinated and integrated within the Group.

The Group is required to maintain liquidity resources which are adequate, both as to amount and quality, to ensure that there is no significant risk that its liabilities cannot be met as they fall due. As the Group holds a substantial amount of its assets in cash and short term investments, there should be minimal risk of its ability to meet the overall liquidity adequacy requirement.

The Group's liquid resources including cash and short term investment balances at 31 December 2016 were £13.6 million (£9.9 million for 2015). The directors consider the liquidity sufficient to cover the financial risk.

Results

The Group and Parent Company profit and loss accounts for the year are set out on page 10. The results for the year and the financial position at the year-end were considered to be satisfactory by the directors. The level of business is satisfactory and the directors expect this level of activity to be sustained in the foreseeable future.

On behalf of the board

David Druley

David Druley
Director
25 April 2017

Registered office
80 Victoria Street
Cardinal Place
London SW1E 5JL

The directors present their report and the audited consolidated financial statements of the Company and the Group for the year ended 31 December 2016. This report should be read in conjunction with the Strategic report set out on pages 2-4.

Future Developments

Future developments in the business of the Company and Group are discussed in the strategic report on page 2.

Dividends

The directors have recommended and paid the following dividends: £1,434,103 for the year ended 31 December 2016 (£8,321,587 for 2015).

Directors

The directors of Cambridge Associates Limited during the year and up to the date of signing the financial statements were:

Matthew Cutlan (term began June 15, 2016)
David Druley (term began June 15, 2016)
Chris Ivey (term began June 15, 2016)
James N. Bailey (term ended June 15, 2016)
Sandra A. Urie (term ended June 15, 2016)

The directors benefited from the qualifying third party indemnity provisions in place during the financial year and up to the date of this report.

Capital Requirements Directive — Disclosure Policy

The Financial Conduct Authority ("FCA") (formerly the FSA) rules allow the Company to omit certain disclosures if the Company believes that the information is immaterial or where the Company believes that the information is proprietary or confidential. The Company has made no omissions on the grounds that the disclosures are immaterial, proprietary or confidential.

The Company makes Pillar 3 disclosures annually. The disclosures are as at the Accounting Reference Date ("ARD") and are published on the Company website.

The directors have determined that the Company's Remuneration Structures are consistent with and promote sound and effective risk management and do not pose a risk to the Company. In accordance with the rules of the FCA, it is the intention of the directors to comply with the FCA Remuneration Code disclosures. This information is available at:
http://www.cambridgeassociates.com/locations/london-uk/.

Financial risk management

Information on management of financial risk by the Group is disclosed in Note 3 to the financial statements and the strategic report.

Political and charitable contributions

The Group made no disclosable political or charitable donations or incurred any disclosable political expenditures during 2016 and 2015.

Creditor payment policy

It continues to be the Group's policy to honour all of its contractual commitments and this includes paying suppliers according to agreed terms of payment.

The number of creditor days in relation to trade creditors outstanding at the year end was 10 and 3 for the years ended 31 December 2016 and 31 December 2015, respectively.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors, PricewaterhouseCoopers LLP, will be deemed to be reappointed and will therefore continue in office.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Statement of directors' responsibilities in respect of the financial statements (continued)

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

On behalf of the board

David Druley
Director
25 April 2017

Registered office
80 Victoria Street
Cardinal Place
London SW1E 5JL

Independent auditors' report to the members of Cambridge Associates Limited

Report on the financial statements

Our opinion

In our opinion, Cambridge Associates Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2016 and of the group's and the company's profit and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Group Financial Statements (the "Annual Report"), comprise:

- the Group and Parent Company Balance Sheets as at 31 December 2016;
- the Group and Parent Company Profit and Loss Accounts for the year then ended;
- the Group Cash Flow Statement for the year then ended;
- the Group Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

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

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

In addition, in light of the knowledge and understanding of the group, the company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Thomas Robb

Thomas Robb (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 April 2017

CAMBRIDGE ASSOCIATES LIMITED
Group and Parent Company Profit and Loss Accounts
For the year ended 31 December 2016

		Group		Company	
		2016	**2015**	**2016**	**2015**
	Note	**£000**	**£000**	**£000**	**£000**
Turnover	4	38,312	37,642	38,325	37,642
Administrative expenses		(34,533)	(32,393)	(34,548)	(32,399)
Operating profit		**3,779**	**5,249**	**3,777**	**5,243**
Interest receivable and similar income		17	26	19	31
Interest payable and similar charges		(11)	(11)	(11)	(10)
Net interest income	5	6	15	8	21
Profit on ordinary activities before taxation	6	**3,785**	**5,264**	**3,785**	**5,264**
Tax on profit on ordinary activities	9	(867)	(1,093)	(867)	(1,093)
Profit for the financial year		**2,918**	**4,171**	**2,918**	**4,171**

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the financial years and its historic cost equivalent. All profit and loss items have been derived from continuing operations.

There are no recognized gains or losses other than those included in the results above, and therefore, no separate statement of comprehensive income has been presented.

The accompanying notes from page 14 to 27 form an integral part of these financial statements.

CAMBRIDGE ASSOCIATES LIMITED
Group and Parent Company Balance Sheets
As at 31 December 2016

		Group		Company	
	Note	2016 £000	2015 £000	2016 £000	2015 £000
Fixed assets					
Tangible assets	11	1,352	1,670	1,352	1,670
Current assets					
Debtors	12	9,271	6,856	9,273	6,862
Other investments	13	4,087	4,076	4,087	4,076
Cash at bank and in hand		9,526	5,805	9,522	5,799
		22,884	**16,737**	**22,882**	**16,737**
Creditors: amounts falling due within one year	14	(17,687)	(13,182)	(17,685)	(13,182)
Net current assets		**5,197**	**3,555**	**5,197**	**3,555**
Total assets less current liabilities		**6,549**	**5,225**	**6,549**	**5,225**
Creditors: amounts falling due after more than one year	15	(483)	(643)	(483)	(643)
Net assets		**6,066**	**4,582**	**6,066**	**4,582**
Capital and reserves					
Called up share capital	16	50	50	50	50
Share premium account	17	2,526	2,526	2,526	2,526
Profit and loss account	17	3,490	2,006	3,490	2,006
Total shareholder's funds		**6,066**	**4,582**	**6,066**	**4,582**

The accompanying notes from page 14 to 27 form an integral part of these financial statements.

The financial statements on pages 10 to 27 were approved by the board of directors on 25 April 2017 and were signed on its behalf by:

David Druley
Director

CAMBRIDGE ASSOCIATES LIMITED
Group Cash Flow Statement
For the year ended 31 December 2016

	2016 £000	2015 £000
Cash flows from operating activities		
Profit on ordinary activities before taxation	3,785	5,264
Adjustments for:		
Depreciation of tangible assets	408	405
Interest received	(12)	(16)
Amortization of lease incentives	(128)	(128)
(Increase) / Decrease in debtors	(2,415)	1,157
Increase in creditors	4,545	3,942
Cash from operations	6,183	10,624
Income taxes paid	(901)	(1,244)
Net cash generated from operating activities	5,282	9,380
Cash flows from investing activities		
Purchase of tangible assets	(90)	(41)
Interest received	12	16
Purchase of other investments	(11)	(16)
Net cash used in investing activities	(89)	(41)
Cash flows from financing activities		
Dividends paid	(1,434)	(8,321)
Capital lease payments	(38)	(38)
Net cash used in financing activities	(1,472)	(8,359)
Net increase in cash and cash equivalents	3,721	980
Cash and cash equivalents at the beginning of the year	5,805	4,825
Cash and cash equivalents at the end of the year	9,526	5,805

The net cash at the end of the year balance is the same as the value of cash at bank and in hand.

All cash flows in the above statement have been derived from continuing operations.

The accompanying notes from page 14 to 27 form an integral part of these financial statements.

CAMBRIDGE ASSOCIATES LIMITED
Group Statement of Changes in Equity
For the year ended 31 December 2016

	Note	Called up share capital £000	Share premium account £000	Equity settled option account £000	Profit and loss account £000	Total shareholder's funds £000
At 1 January 2015		50	2,526	-	6,156	8,732
Profit for the financial year		-	-	-	4,171	4,171
Dividends paid to equity holders	10	-	-	-	(8,321)	(8,321)
Equity settled option cost	20	-	-	81	-	81
Capital contribution	20	-	-	(81)	-	(81)
At 31 December 2015		50	2,526	-	2,006	4,582
Profit for the financial year		-	-	-	2,918	2,918
Dividends paid to equity holders	10	-	-	-	(1,434)	(1,434)
Equity settled option cost	20	-	-	193	-	193
Capital contribution	20	-	-	(193)	-	(193)
At 31 December 2016		50	2,526	-	3,490	6,066

The accompanying notes from page 14 to 27 form an integral part of these financial statements.

1 Company Information

Cambridge Associates Limited (the "Company" or the "Parent Company") is an investment adviser that was formed on 5 March 2007 as a corporation under the laws of the United Kingdom ("UK"). The Company is a wholly owned subsidiary of Cambridge Associates Limited, LLC ("CA LTD LLC"). A wholly owned subsidiary of the Company is Brook Street Limited (collectively referred to as the "Group"). The registered office of the Company is 80 Victoria Street, Cardinal Place, London SW1E 5JL.

Effective 30 November 2015, CA LTD LLC became a wholly owned subsidiary of Cambridge Associates LLC ("CA LLC") as the result of a reorganisation.

2 Statement of compliance

The Group and Parent Company financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Summary of significant accounting policies

(a) Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, except as modified for other investments which are measured at fair value.

(b) FRS 102

Financial statements for the year ended 31 December 2015 were the first financial statements to comply with FRS 102. The date of transition was 1 January 2014.

The principal accounting policies, which have been applied consistently throughout the year, are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Details of the transition to FRS 102 are disclosed in Note 24.

(c) Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholder.

The Company has taken advtange of the exemption from preparing a statement of cash flows in its individual financial statements, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, include the Company's cash flows.

3 Summary of significant accounting policies (continued)

(d) Basis of consolidation

The Group profit and loss account, Group balance sheet and Group cash flow statement include the financial statements of the Parent Company and its wholly owned subsidiary undertakings made up to 31 December 2016. A subsidiary is an entity controlled by the Parent Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The principal accounting policies have been applied consistently to the Group and Parent Company. The results are included in the consolidated profit and loss account up to, or from, the date control passed. Intra-group sales and profits are eliminated fully on consolidation.

(e) Turnover

The majority of the Group's turnover is derived from fees for investment advisory services provided to institutional and other clients in the normal course of business, exclusive of Value Added Tax and similar taxes. Any fees billed in advance are deferred and recognized as income over the period earned. In addition, service contracts also exist based on time and materials incurred. The turnover related to these contracts is recognized as services are provided.

(f) Foreign currencies

Transactions of the Group in foreign currencies are recorded using the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account. The consolidated financial statements are presented in pounds sterling, which is the Group's presentational and functional currency.

(g) Tangible fixed assets and depreciation

Tangible fixed assets are shown in the balance sheet at historic cost less depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives on a straight-line basis as follows:

Leashold improvements	Remaining life of the lease (5 years)
Furniture and equipment	10 years
Equipment leased under capital leases	Life of the lease
Computer equipment and software	3 years

(h) Trade debtors

Debtors are recorded at the invoiced amount and do not bear interest. Unbilled receivables represent estimated fees for work in progress. The impairment provision account reflects management's best estimate of probable losses inherent in the debtors balance. Management determines the impairment provision based on known troubled accounts, historical experience, and other currently available evidence.

3 Summary of significant accounting policies (continued)

(i) Other investments

The Group considers all highly liquid debt instruments with original maturities of greater than three months to be other investments and are measured at fair value. Fair value is determined based on estimated future cash flows discounted at the appropriate current market rate.

(j) Cash at bank and in hand

Cash at bank and in hand includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less at the balance sheet date. Cash and cash equivalents is composed solely of cash at bank and in hand.

(k) Trade creditors

Creditors are recorded at the invoiced amount as received from suppliers. The amounts are paid as they come due.

(l) Leases

The Group leases certain office space under a long-term lease agreement. The lease covering the office facility expires in December 2021 and is classified as an operating lease. Amounts currently and previously expensed, for which payment was not yet due, are included within 'Creditors: amounts falling due within one year' on the balance sheet. Operating lease rentals are charged to administrative expenses on a straight line basis over the period of the lease.

(m) Unit option compensation

CA LLC grants options to certain employees of the Group that give the holders the right to purchase units of CA LLC at a price determined on the grant date. The Group recognises an expense in relation to the services received by the employees of the Group. The fair value of the grant options at the date of the grant are expensed on a straight line basis over the vesting period, with a corresponding credit to equity reflecting the equity settled option cost from CA LLC. The amount recognised as an expense is adjusted to reflect the actual number of shares or options that will vest.

The Group is required to make a payment to CA LLC, the entity that is responsible for settling the unit options granted. This reflects a return of capital in the statement of changes in equity.

(n) Post-retirement benefits

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

(o) Taxation

Corporation tax is provided on taxable profits at the current rate. The charge for taxation is based on the profit for the financial year.

3 Summary of significant accounting policies (continued)

(o) Taxation (continued)

Deferred tax is recognized in respect of all material timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognized as recoverable and therefore recognized only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

(p) Share capital

The Group's capital structure consists of 50,000 (2015: 50,000) ordinary shares authorized and outstanding with a par value of £1 per share as of 31 December 2016 and 2015. The Parent Company's investment in Brook Street Limited is one common share with a par value of US$1.

(q) Reserves

Share premium account includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium. Profit and loss account includes all current and prior period retained profits and losses. Equity settled option account consists of CA LLC unit options granted to employees of the Group.

(r) Financial risk management

The Group has assessed the adequacy of capital and liquidity resources based on all risks to which the Group is exposed in the course of its Internal Capital Adequacy Assessment Process (ICAAP). The risk review includes an assessment of risks and the controls in place to mitigate such risks. The directors have determined that the risks are acceptable:

Operational risk: Operational risk is defined as the risk of losses resulting from inadequate or failed internal processes and IT systems, employee errors, or from external events, including legal risk. The Group seeks to minimize operational risk via internal controls and the Cambridge Associates group's professional indemnity insurance cover.

Credit risk: The Group manages credit risk with regards to uncollectible receivables by recording an allowance for doubtful accounts which reflects management's best estimate of probable losses. The Group has no history of bad debts. The allowance for doubtful accounts is based on known troubled accounts, historical experience, and other currently available evidence. The Group is exposed to foreign currency exchange gains/losses since it conducts certain transactions that are denominated in a currency other than its functional currency.

Business risk: Principal risks are the loss of clients or a significant fall in the value of the assets of those clients who pay an asset-based fee. Various scenarios are modelled to assess the impact of adverse economic conditions on the Group's financial position.

3 Summary of significant accounting policies (continued)

(r) Financial risk management (continued)

Market risk: The Group is exposed to various types of market risk. Price risk exists indirectly as components of revenue are driven by values of advised assets and hence the fair market value of clients' assets. Interest rate risk applies to cash and deposits with the Group's banks, which are subject to daily interest rate variances. Foreign exchange rate risk exists on revenues derived from foreign denominated assets. Interest rate risks are managed actively and pricing risk is managed through regular monitoring of the advised assets and active cost control.

(s) Capital management

The Group maintains sufficient capital and liquidity to support its business through different market conditions and business cycles. The amount of required liquidity and adequacy of capital is assessed based on assumptions of stressed business conditions, including loss of clients, a reduced level of assets under advisement and economic downturns as well as the probable cost to wind down the business. The directors have also considered whether there are any contracts which are essential to the continuation of the business and have concluded that there are none. Based on the above, the directors have determined that the Group has adequate capital to withstand unexpected losses arising from these risks and no additional allocation of capital is necessary.

The Group's liquid resources include cash and short term investment balances of £13,613 at 31 December 2016 (£9,882 at 31 December 2015). The directors consider liquidity sufficient to cover the financial risk.

(t) Critical accounting judgements and estimation uncertainty

The Group and Parent Company's financial statements require the use of estimates, judgements and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of profits and losses during the years presented. Management believes that the accounting estimates are appropriate and the resulting balances are reasonable; however, due to the inherent uncertainties in making estimates, actual amounts may differ from these estimates. There are no balances including a higher degree of judgement or estimation uncertainty that are significant to the financial statements.

(u) Investments – Subsidiary Company

Investment in a subsidiary company is held at cost less accumulated impairment losses.

Amounts are shown in £000s

4 Turnover

	Group	
	2016 £000	2015 £000
Turnover	38,312	37,642
By geographical market		
Europe	26,575	25,200
Middle East & Africa	6,193	6,593
Caribbean	5,243	4,988
Asia	242	804
South America	59	57
	38,312	37,642

The Group's turnover is derived from investment advisory and associated services. Brook Street Limited's turnover is derived from its European funds, so the Parent Company's turnover split is materially consistent with that of the Group.

5 Net interest income

	Group		Company	
	2016 £000	2015 £000	2016 £000	2015 £000
Interest income	17	26	17	26
Bank service charges	(11)	(11)	(11)	(10)
Net result / profit derived from wholly owned subsidiary	-	-	2	5
	6	15	8	21

6 Profit on ordinary activities before taxation

	2016 £000	2015 £000
Profit on ordinary activities before taxation is stated after charging:		
Staff costs	16,523	14,796
Depreciation - Owned assets	407	405
Hiring of Building - operating lease	1,605	1,605
Auditors remuneration:		
Fees payable to the company auditors for the audit of Parent Company and consolidated financial statements	100	148
Fees payable to the Group's auditors and its associates for other services:		
Tax services	114	98
Other services pursuant to legislation	3	3

Amounts are shown in £000s

6 Profit on ordinary activities before taxation (continued)

Within fees payable to the company auditors for the audit of the Parent Company and consolidated financial statements are audit fees recharged by the ultimate parent to the Group of £41 for the year ended 31 December 2016 (2015: £40).

7 Staff costs

The monthly average number of persons employed by the Group (including directors) during 2016 and 2015, analysed by category, was as follows:

	2016	2015
Global Investment Services	79	67
Global Research	18	16
Portfolio Services	4	3
Systems	2	1
Shared Services	13	14
	116	101

The aggregate payroll costs of these persons were as follows:

	2016 £000	2015 £000
Wages and salaries	13,763	12,415
Unit option expense	193	81
Social security costs	1,731	1,503
Other pension costs	836	797
	16,523	14,796

Key management includes the directors employed by the Company and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	2016 £000	2015 £000
Salaries and other short-term benefits	2,393	1,015
Post-employment benefits	322	64
	2,715	1,079

8 Directors emoluments

James N. Bailey, Sandra A. Urie, Chris Ivey, Matthew Cutlan, and David Druley did not receive any incremental emoluments for their services as directors of the Company in 2016 or 2015.

Amounts are shown in £000s

9 Tax on profit on ordinary activities

Group and Company:

	2016 £000	2015 £000
Tax on profit on ordinary activities:		
UK corporation tax on profits for the year	737	1,004
Adjustment in respect of prior years	33	(5)
Foreign tax on profits for the year	102	94
Total tax on profit on ordinary activities	**872**	**1,093**
Deferred tax		
Origination of timing differences	(19)	-
Adjustment in respect of prior years - deferred tax	14	-
Total deferred tax	(5)	-
Total tax on profit on ordinary activities	**867**	**1,093**

The tax for the year is higher (2015: higher) than the standard effective tax rate of corporate tax for the year ended 31 December 2016. The factors affecting the tax charge for the current year are as follows:

	2016 £000	2015 £000
Total tax reconciliation:		
Profit on ordinary activities before taxation	3,785	5,264
Profit on ordinary activities multiplied by UK standard rate of corporation tax at 20.00% (2015: 20.25%)	**757**	**1,066**
Effects of:		
Expenses not deductible for tax purposes	87	61
Other short term timing differences	(20)	(29)
Adjustment in respect of prior years	43	(5)
Total tax charge	**867**	**1,093**

Amounts are shown in £000s

9 Tax on profit on ordinary activities (continued)

	2016 £000	2015 £000
Deferred tax		
At 1 January	(21)	(21)
Adjustment in respect of prior years - deferred tax	(10)	-
Deferred charge tax in profit and loss account for the year	15	-
At 31 December	(16)	(21)

Components of deferred tax	2016 £000	2015 £000
Accelerated capital allowances	(70)	(85)
Bad debt provision	24	24
Performance reporting reserve	13	20
Unpaid pension contributions	17	20
	(16)	(21)

As presented on the profit and loss account, as of 31 December 2016, taxation includes current and deferred tax on profit for the year, as outlined above. The Group and Company profits for this accounting year are taxed at an effective rate of 20.00% (2015: 20.25%) for the year ended 31 December 2016.

During the Autumn Statement of 2016 the Chancellor announced further reductions to the main rate of corporate tax to 19% and then 17% from 1 April 2017 and 2020, respectively. These reductions to 19% and 17% with effect from 1 April 2017 and 1 April 2019 respectively were enacted in the Finance Act 2016. As a result of these changes, the relevant deferred tax balances have been re-measured.

10 Dividends paid to equity holders

Group and Company:

	2016	2015
Dividends paid in the financial year (£000)	1,434	8,321
Dividends paid per share (per £1 Share)	£28.68	£166.42

Amounts are shown in £000s

11 Tangible Assets

Group and Company:

	Leasehold Improvements £000	Furniture and Equipment £000	Computer Equipment and Software £000	Equipment leased under Capital Leases £000	Total £000
Cost					
At 1 January 2016	2,488	1,289	364	149	4,290
Additions	-	6	84	-	90
At 31 December 2016	2,488	1,295	448	149	4,380
Accumulated depreciation					
At 1 January 2016	(1,344)	(850)	(344)	(82)	(2,620)
Change in the financial year	(231)	(106)	(34)	(37)	(408)
At 31 December 2016	(1,575)	(956)	(378)	(119)	(3,028)
Net book amount					
At 1 January 2016	1,144	439	20	67	1,670
At 31 December 2016	913	339	70	30	1,352

12 Debtors

Amounts falling due within one year:

	Group		Company	
	2016 £000	2015 £000	2016 £000	2015 £000
Trade debtors	5,830	4,329	5,534	3,969
Amounts owed by group undertakings	-	-	856	472
Other debtors and accrued income	2,578	1,629	2,006	1,512
Prepayments	863	898	877	909
	9,271	6,856	9,273	6,862

At 31 December 2016, trade debtors are stated after provisions for impairment of £120 (2015: £117) for the Group and £121 (2015: £117) for the Company. Debtor write-offs for the Group during 2016 and 2015 were £0 and £6, respectively. Amounts owed by group undertakings are interest-free, unsecured, and repayable in US dollars.

13 Other investments

Other investments consist of UK Government Treasury Bills, which mature in six month increments. The investments held at the balance sheet date will mature in February 2017 (2015: April 2016).

Amounts are shown in £000s

14 Creditors: amounts falling due within one year

	Group		Company	
	2016 £000	2015 £000	2016 £000	2015 £000
Trade creditors	164	41	164	41
Amounts owed to group undertakings	10,616	6,579	10,616	6,579
Other creditors	4,057	4,285	4,057	4,285
Other taxation and social security	1,063	794	1,063	794
Accruals and deferred income	1,787	1,483	1,785	1,483
	17,687	13,182	17,685	13,182

Amounts owed to group undertakings are interest-free, unsecured and repayable in US dollars.

15 Creditors: amounts falling due after more than one year

Group and Company:

	2016 £000	2015 £000
Other creditors	483	643

16 Called up share capital

Group and Company:

Authorised, allotted and fully paid	2016 £000	2015 £000
50,000 (2015: 50,000) ordinary shares of £1 nominal value	50	50

17 Reserves

	Group			Company		
	Share premium account £000	Equity settled option account £000	Profit and loss account £000	Share premium account £000	Equity settled option account £000	Profit and loss account £000
At 1 January 2016	2,526	-	2,006	2,526	-	2,006
Profit for the financial year	-	-	2,918	-	-	2,918
Dividends	-	-	(1,434)	-	-	(1,434)
Equity settled option cost	-	193	-	-	193	-
Capital contribution	-	(193)	-	-	(193)	-
At 31 December 2016	2,526	-	3,490	2,526	-	3,490

Amounts are shown in £000s

18 Commitments

The future aggregate minimum lease payments under a non-cancellable operating lease for the Group and Company's office space are as follows:

	2016 £000	2015 £000
No later than 1 year	1,605	1,605
Later than 1 year and no later than 5 years	6,420	6,420
Later than 5 years	-	1,605
Total	8,025	9,630

19 Pension plan

The Group operates a defined contribution pension plan. The pension cost charge for the year ended 31 December 2016 and 2015 represents contributions payable by the Group to the plan and amounted to £836 and £797, respectively. At the end of the financial period 2016 and 2015, contributions amounting to £87 and £106 were payable to the plan and are included in creditors.

20 Unit option compensation

CA LLC grants options to employees of the Group that give the holders the right to purchase units of CA LLC at a price determined on the grant date (the "Plan"). Effective 30 November 2015, as a result of the reorganisation discussed in Note 1, the Managers of CA LTD LLC cancelled, without payment or issuance of replacement options, all outstanding stock options for CA LTD LLC units granted under the Plan and the Managers of CA LLC increased, based on the increase in value of the CA LLC units that resulted from the reorganisation, the exercise price of all outstanding stock options for CA LLC units granted under the CA LLC Plan.

The Group recognises an expense in relation to the services received by the employees of the Group. The Group is unable to directly measure the fair value of employee services received. Instead, the fair value of the share options granted during the year is determined using the Black-Scholes model.

Compensation expense recognized in the financial statements with respect to the Plan was £193 and £81 during the years ended 31 December 2016 and 2015, respectively.

21 Related party disclosure

Effective 1 January 2015, the Group entered into a Residual Profit Sharing Agreement (the "Agreement") with CA LLC, Cambridge Associates Limited and Subsidiary LLC ("CA LTD LLC"), Cambridge Associates Investment Consultancy (Beijing) Ltd. ("CA Beijing"), Cambridge Associates Asia Pte. Ltd ("CA Asia"), and Cambridge Associates Fiduciary Trust ("CAFT") (collectively, "CA Group Companies"), effectively replacing the previous service agreements with CA Group Companies. Under the terms of the Agreement, CA Group Companies split global operating profit based on value indicators that capture the relative contributions of each entity in performing Non-Routine and Routine Services. Non-Routine Services involve activities that generate value and drive global profit for CA Group as a whole. Routine Services consist of accounting, finance, legal, human resources, and IT support services.

Amounts are shown in £000s

21 Related party disclosure (continued)

The Agreement automatically renews for successive 12-month periods. There was no related party turnover for the years ended 31 December 2016 and 2015. The related party expense for the years ended 31 December 2016 and 2015 is as follows:

	2016 £000	2015 £000
Related party expense to:		
CA LLC	2,845	1,397
CA LTD LLC	-	619
CA Asia	6,183	7,724
CA Beijing	2,285	1,974
Total related party expense	11,313	11,714

Each of the CA Group Companies is charged and reimbursed for services provided as stipulated in the Agreement. Such revenue amounts are included in turnover and such expense amounts are included in general and administrative expense in the accompanying Group and Parent Company profit and loss statement. All transactions are charged or credited through intercompany accounts, interest-free, due on demand and denominated in US dollars. Any outstanding balances are revalued for reporting purposes with any gain or loss from affiliates included in net income.

As discussed in Note 20, CA LLC grants options to employees of the Group. The Group is required to repay CA LLC, the entity responsible for settling the unit options granted, based on the original grant date fair value of the options over the vesting period of the options granted. This repayment is settled through related party accounts and reflected as a return of capital in the statement of changes in equity.

In addition, the Group and CA Group Companies may be reimbursed for payment of costs incurred on an affiliate's behalf for vendors that are used under a global contract. Amounts due to affiliates as of 31 December are as follows:

	2016 £000	2015 £000
CA LLC	157	264
CA Beijing	3,800	1,844
CA Asia	6,659	4,426
CA Australia	-	45
Total due to related parties, net	10,616	6,579

22 *Ultimate parent undertaking and controlling party*

On 10 September 2015, the FCA approved a change in control whereby CA LLC became a controller of the Company. This change in control was the result of a reorganisation under which CA LTD LLC, the parent of the Company, became a wholly owned subsidiary of CA LLC. As discussed in Note 1, the reorganisation became effective on 30 November 2015.

Amounts are shown in £000s

22 Ultimate parent undertaking and controlling party (continued)

The immediate parent undertaking is CA LTD LLC incorporated in the United States. The ultimate parent undertaking and controlling party is CA LLC formed as a limited liability company under the laws of the Commonwealth of Massachusetts in the United States. The largest group in which the results of the Group are consolidated is that headed by CA LLC incorporated in the United States. The consolidated financial statements of this group are not available to the public.

The Company is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 31 December 2016. The consolidated financial statements of the Company are available from 80 Victoria Street, Cardinal Place, London SW1E 5JL.

23 Subsidiary undertaking

The related undertaking whose results or financial performance principally affect the figures shown in the consolidated financial statements is as follows:

Name	Address of the registered office	Nature of Business	Interest
Brook Street Limited	80 Victoria Street, Cardinal Place, London SW1E 5JL, UK	Investment Advisor	100% ordinary shares

The above subsidiary is included in the consolidation. The Parent Company's investment in Brook Street Limited is direct ownership and is carried at nil in the accounting records of the Parent Company.

24 Transition to FRS 102

The financial statements for the year ended 31 December 2015 were the first financial statements to comply with FRS 102 with date of transition being 1 January 2014. The financial statements for the year ended 31 December 2014 were prepared under the previous UK GAAP. There were no adustments to the Group and Company's balance sheet or profit and loss account at 1 January 2014 or 31 December 2014 on transition to FRS 102.

The Group's cash flow statement reflects the presentation requirements of FRS 102, which is different to that prepared under FRS 1. In addition, the cash flow statement reconciles to cash and cash equivalents whereas under previous UK GAAP the cash flow statement reconciled to cash. Cash and cash equivalents are defined in FRS 102 as 'cash on hand and demand deposits and short term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value' whereas cash is defined in FRS 1 as 'cash in hand and deposits repayable on demand with any qualifying institution, less overdrafts from any qualifying institution repayable on demand.'