

**CAMBRIDGE ASSOCIATES LIMITED**

**Registered number: 06135829**

**Group Financial Statements**

**For the year ended 31 December 2019**

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# **CAMBRIDGE ASSOCIATES LIMITED**

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**CAMBRIDGE ASSOCIATES LIMITED**  
**Registered number 06135829**  
**Strategic report for the year ended 31 December 2019**

The directors present their strategic report on the affairs of Cambridge Associates Limited (the “Company” or the “Parent Company”) and its wholly owned subsidiaries, Brook Street Limited and Cambridge Associates (Germany) GmbH, (collectively referred to as the “Group”) for the year ended 31 December 2019.

**Principal activities**

The principal activity of the Group is to provide investment services and research to professional clients and other Group entities. The services are primarily discretionary investment management, investment advisory, investment consultancy, research and information services. 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 2019 was £46.0 million, an increase of 8.2% over the 2018 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 2019.

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 residual profit sharing methodology with terms consistent with an arm’s length transaction. 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.

The coronavirus (“COVID-19” or “the virus”) has caused uncertainty and volatility in the financial markets which could have an impact on the Group’s revenue, profitability and employees. At the present time, this impact cannot be predicted or measured, although it is not expected to be material. A long-term adverse impact to the Group is not expected.

**Key Performance Indicators (“KPI’s”)**

Throughout the year, the directors monitor KPI’s for the Group, which include ratios illustrating the growth of revenue, 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.

**Key Performance Indicators (“KPI’s”) (continued)**

Group profit for the financial year ended 31 December 2019 is £7.7 million, which is up 48% compared to the 2018 profit for the financial year. As set out in the business review and future developments section, Group turnover for the year ended 31 December 2019 is £46.0 million, an increase of 8.2% over the 2018 turnover. Group administrative expenses for the year ended 31 December 2018 were £36.5 million, an increase of 1.2% from the 2018 administrative expenses primarily driven by increases in staff costs.

**Financial risk management**

The Group is subject to operational and financial risks. Financial risks include operational risk, 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.

*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 coverage.

*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.

## **CAMBRIDGE ASSOCIATES LIMITED**

Registered number 06135829

Strategic report for the year ended 31 December 2019 (continued)

### **Financial risk management (continued)**

#### *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.

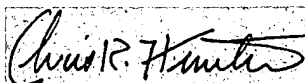
The Group is required to maintain liquidity resources which are adequate, both as to amount and quality, to ensure that there is no significant risk that its liabilities cannot be met as they fall due. As the Group holds a substantial amount of its assets in cash and short term investments, there should 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 2019 were £18.3 million (£17.3 million for 2018). 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 12. 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



Christopher Hunter  
Director  
24 April 2020

Registered office  
80 Victoria Street  
Cardinal Place  
London SW1E 5JL

**CAMBRIDGE ASSOCIATES LIMITED**  
**Registered number 06135829**  
**Directors' report for the year ended 31 December 2019**

The directors present their report and the audited consolidated financial statements of the Group and Parent Company for the year ended 31 December 2019. 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 Group and Parent Company are discussed in the strategic report on page 2.

**Dividends**

The directors have recommended and paid the following dividends: £5,947,000 for the year ended 31 December 2019 (£3,167,000 for 2018).

**Directors**

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

David Druley  
Christopher Hunter  
Christopher Ivey  
Christine Farquhar (term began 30 July 2019)

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 2019 and 2018.

## **CAMBRIDGE ASSOCIATES LIMITED**

**Registered number 06135829**

**Directors' report for the year ended 31 December 2019 (continued)**

### **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 year end was 3 and 10 for the years ended 31 December 2019 and 2018, respectively.

### **Going concern assumption**

The directors have evaluated the Group and Parent Company's expected financial performance in light of the recent COVID-19 developments, and believe that the Group and Parent Company will have sufficient profitability and cash flows to allow it to continue as a going concern for at least one year after the date that the financial statements are expected to be issued, and will have sufficient capital to meet all its regulatory capital requirements.

### **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 Parent 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 Parent Company and of the profit or loss of the Group and Parent 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 Parent Company will continue in business.

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

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

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

**Directors' statement of compliance with section 172(1)**

Section 172(1) requires each director to act in a way he or she considers, in good faith, would be most likely to promote the success of the Group for the benefit of its members, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term
- the interests of the Group's employees
- the need to foster the Group's business relationships with suppliers, customers, and others
- the impact of the Group's operations on the community and the environment
- the desirability of the Group maintaining a reputation for high standards of business conduct; and
- the need to act fairly between members of the Group.

*The Board's Approach to Section 172*

Cambridge Associates' Firm Values, which guide how the firm operates, provide the starting point for the directors' adherence to Section 172(1). These, together with the Group's strategic goals and Corporate Social Responsibility statement, underpin all key decisions of the directors, as well as business-as-usual operational matters, on the belief that its culture is the most critical variable underpinning the organisation.

The board approaches key decisions through the lens of achieving Cambridge Associates' mission to help its clients build portfolios that meet their investment objectives. To that end, operational priorities are agreed periodically within the Group and progress against those priorities is tracked on an ongoing basis. The factors that feed into that assessment typically include, as appropriate:

- the financial impact on the Group;
- any impact on the Group's employees, third parties and the community more generally; and
- any potential reputational impact.

The Board is aware of and understands its obligations under Section 172.

*Long Term Decision Making*

The Group's governance structures are designed to enable the directors to exercise comprehensive oversight over the Group's entire business, including monitoring the Group's financial position, business activities (including interactions with clients and regulatory compliance), employee issues and contribution to the Cambridge Associates group's mission and purpose.



**Directors' statement of compliance with section 172(1) (continued)**

During 2019, the directors adopted new or updated versions of the following documents:

- UK Executive Committee (the "UK ExCom") Terms of Reference;
- UK Risk Committee (the "RiskCom") Terms of Reference;
- Modern Slavery Act Disclosure;
- Anti-Bribery and Corruption Policy;
- Stewardship Code Disclosure;
- Senior Managers and Certification Regime Policy;
- Shareholder Rights Disclosure; and
- UK Remuneration Policy Statement.

These governance documents contribute to the directors' approach to key business and governance matters and help to ensure that the directors exercise adequate oversight and take decisions in a manner consistent with Cambridge Associates' Firm Values and wider approach to conduct of business.

*Employees, Community, and the Environment*

The Group utilises a range of tools to ensure appropriate engagement with various stakeholders. For example, in conjunction with the Group's ultimate parent Cambridge Associates LLC ("CA LLC"), the Group undertakes a bi-annual engagement survey with all staff to better understand areas of staff dissatisfaction and where any areas of increased focus by the Group may be required.

In 2019, as part of the CA LLC's global focus on diversity and inclusivity, the directors reviewed the diversity and inclusion strategy for the Group. The directors are tasked with oversight of these measures and the UK ExCom has seen an increased emphasis on talent management.

Also, during 2019, the Group continued to encourage a culture of civic engagement with its employees and to maximise its impact, as a business, on local communities. In addition, the Group has begun to assess its carbon impact with a view to reduction in 2020.

*Business Relationships and Standards of Business Conduct*

The Group follows CA LLC's global guidance for engaging with third parties for initial onboarding or renewing of relationships, engagements and/or purchases, together with ongoing monitoring. In this way, the directors strive to properly manage these third-party relationships and ensure that the Group seeks only to engage with suitable counterparties. The Group considers effective management of third-party risks to be an important part of servicing its clients and preserving its reputation.

Cambridge Associates operates a Global Risk Committee (the "GRC") to coordinate and monitor risk and assurance measures for the Cambridge Associates Group. The Group has also constituted the UK RiskCom as a committee of its board of directors which reports into the GRC and the Group's directors. The directors have due regard for the information and recommendations flowing from both the GRC and UK RiskCom to ensure that the Group appropriately considers and responds to risks as necessary.

**Directors' statement of compliance with section 172(1) (continued)**

The directors believe it is important to apply robust governance practices which encourage behaviour consistent with Cambridge Associates' Firm Values; facilitate appropriate transparency as regards relevant stakeholders; ensure appropriate regulatory compliance; and bolster confidence in the organisation's underlying approach to business matters. This governance structure enables the directors to focus on applying standards consistently across the Group, which helps to ensure that matters implicating clients, employees, third parties and the wider community are purposefully addressed in a consistent manner, with due regard to Cambridge Associates' global approach to business practices and corporate stewardship.

The UK Senior Managers and Certification Regime ("SMCR") became effective on, and applicable to, the Group from 9 December 2019. In implementing SMCR, the directors took advice from internal and external subject matter experts. As required, a director was designated to hold the 'Prescribed Responsibilities' of ensuring the Group's compliance with SMCR.

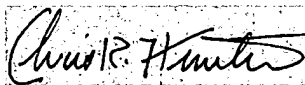
In ensuring adequate preparedness for, and ongoing compliance with, SMCR, the directors have participated in extensive training. The directors have endeavoured to ensure substantive compliance in a manner that contributes to the governance goals intended by the UK FCA to enhance the behaviour of market participants in a way that benefits the UK community and customers.

*Interests of Members*

In approving the Group's annual financial statements, the directors carefully review the financial statements and duly consider several factors, including (but not limited to) any recommendations or observations from the Group's Accounting and Finance team and/or the Group's auditors. To the extent that any operational or control recommendations are raised to the directors, they are duly considered and discussed with the Group's Accounting and Finance team and a course of action agreed, thereby facilitating a long-term approach by ensuring good practice and having regard for the interests of the Group's sole shareholder in respect of the Group's financial efficacy.

Based on the information provided above, the directors believe they have complied with the requirements of Section 172 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



**Christopher Hunter**  
**Director**  
24 April 2020

Registered office  
80 Victoria Street  
Cardinal Place  
London SW1E 5J

## ***Independent auditors' report to the members of Cambridge Associates Limited***

### **Report on the audit of the financial statements**

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#### **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 parent company's affairs as at 31 December 2019 and of the group's and the parent 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 (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Group Financial Statements (the "Annual Report"), which comprise: the Group and Parent Company Profit and Loss accounts for the year ended 31 December 2019; the Group and Parent Company Balance Sheets as at 31 December 2019; the Group Cash Flow Statement, and the Group Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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#### **Conclusions relating to going concern**

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

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and parent company's ability to continue as a going concern.

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#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

## CAMBRIDGE ASSOCIATES LIMITED

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

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## **Responsibilities for the financial statements and the audit**

### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

### *Auditors' responsibilities for the audit of the financial statements*

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### *Use of this report*

This report, including the opinions, has been prepared for and only for the parent 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.

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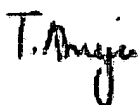
## **Other required reporting**

### **Companies Act 2006 exception reporting**

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

We have no exceptions to report arising from this responsibility.



Tina Ahuja (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
24 April 2020

**CAMBRIDGE ASSOCIATES LIMITED**  
**Group and Parent Company Profit and Loss Accounts**  
**For the year ended 31 December 2019**

		<b>Group</b>		<b>Company</b>	
	Note	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Turnover</b>	4	46,037	42,530	46,033	42,531
Administrative expenses		(36,547)	(36,113)	(36,545)	(36,114)
<b>Operating profit</b>		<b>9,490</b>	<b>6,417</b>	<b>9,488</b>	<b>6,417</b>
Interest receivable and similar income		159	84	160	85
Interest payable and similar expenses		(20)	(13)	(19)	(12)
Net interest income	5	139	71	141	73
<b>Profit before taxation</b>	6	<b>9,629</b>	<b>6,488</b>	<b>9,629</b>	<b>6,490</b>
Tax on profit	9	(1,899)	(1,267)	(1,899)	(1,267)
<b>Profit for the financial year</b>		<b>7,730</b>	<b>5,221</b>	<b>7,730</b>	<b>5,223</b>

There is no material difference between the profit 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.

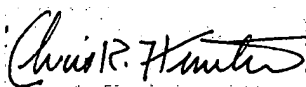
The accompanying notes from page 16 to 29 form an integral part of these financial statements.

**CAMBRIDGE ASSOCIATES LIMITED**  
**Group and Parent Company Balance Sheets**  
**As at 31 December 2019**

	Note	Group		Company	
		2019 £000	2018 £000	2019 £000	2018 £000
<b>Fixed assets</b>					
Tangible assets	11	827	1,058	827	1,058
<b>Current assets</b>					
Debtors	12	12,634	10,886	12,639	10,893
Investments	13	5,477	9,640	5,477	9,640
Cash at bank and in hand		12,838	7,644	12,833	7,634
		<u>30,949</u>	<u>28,170</u>	<u>30,949</u>	<u>28,167</u>
Creditors: amounts falling due within one year	14	(22,912)	(21,974)	(22,912)	(21,971)
<b>Net current assets</b>		<u>8,037</u>	<u>6,196</u>	<u>8,037</u>	<u>6,196</u>
<b>Total assets less current liabilities</b>		<u>8,864</u>	<u>7,254</u>	<u>8,864</u>	<u>7,254</u>
Creditors: amounts falling due after more than one year	15	(238)	(411)	(238)	(411)
<b>Net assets</b>		<u><u>8,626</u></u>	<u><u>6,843</u></u>	<u><u>8,626</u></u>	<u><u>6,843</u></u>
<b>Capital and reserves</b>					
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	6,050	4,267	6,050	4,267
<b>Total shareholder's funds</b>		<u><u>8,626</u></u>	<u><u>6,843</u></u>	<u><u>8,626</u></u>	<u><u>6,843</u></u>

The accompanying notes from page 16 to 29 form an integral part of these financial statements.

The financial statements on pages 12 to 29 were approved by the board of directors on 24 April 2020 and were signed on its behalf by:



Christopher Hunter  
**Director**

**CAMBRIDGE ASSOCIATES LIMITED**  
**Group Cash Flow Statement**  
**For the year ended 31 December 2019**

	<b>2019</b> <b>£000</b>	<b>2018</b> <b>£000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	9,629	6,488
Adjustments for:		
Bad debt expense	104	-
Depreciation of tangible assets	349	318
Interest received	(35)	(84)
Amortization of lease incentives	(121)	(121)
Increase in debtors	(1,848)	(2,791)
(Increase)/decrease in creditors	(194)	3,229
<b>Cash from operations</b>	<b>7,884</b>	<b>7,039</b>
Income taxes paid	(773)	(1,753)
<b>Net cash generated from operating activities</b>	<b>7,111</b>	<b>5,286</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(118)	(164)
Interest received	35	84
Disposal/(purchase) of other investments	4,163	(3,314)
<b>Net cash generated from/(used in) investing activities</b>	<b>4,080</b>	<b>(3,394)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(5,947)	(3,167)
Finance lease payments	(50)	(33)
<b>Net cash used in financing activities</b>	<b>(5,997)</b>	<b>(3,200)</b>
 Net increase/(decrease) in cash and cash equivalents	 5,194	 (1,308)
 Cash and cash equivalents at the beginning of the year	 7,644	 8,952
<b>Cash and cash equivalents at the end of the year</b>	<b>12,838</b>	<b>7,644</b>

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 16 to 29 form an integral part of these financial statements.

**CAMBRIDGE ASSOCIATES LIMITED**  
**Group Statement of Changes in Equity**  
**For the year ended 31 December 2019**

	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
<b>At 1 January 2018</b>		50	2,526	-	2,213	4,789
Profit for the financial year		-	-	-	5,221	5,221
Dividends paid to equity holders	10	-	-	-	(3,167)	(3,167)
Equity settled option cost	20	-	-	283	-	283
Capital contribution	20	-	-	(283)	-	(283)
<b>At 31 December 2018</b>		50	2,526	-	4,267	6,843
Profit for the financial year		-	-	-	7,730	7,730
Dividends paid to equity holders	10	-	-	-	(5,947)	(5,947)
Equity settled option cost	20	-	-	590	-	590
Capital contribution	20	-	-	(590)	-	(590)
<b>At 31 December 2019</b>		<b>50</b>	<b>2,526</b>	<b>-</b>	<b>6,050</b>	<b>8,626</b>

The accompanying notes from page 16 to 29 form an integral part of these financial statements.



## **CAMBRIDGE ASSOCIATES LIMITED**

**Notes to the financial statements for the year ended 31 December 2019**

**Amounts are shown in £000s**

### **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”) and registered in England. The Company is a private company limited by shares. The Company is a wholly owned subsidiary of Cambridge Associates Limited, LLC (“CA LTD LLC”). Wholly owned subsidiaries of the Company are Brook Street Limited and Cambridge Associates (Germany) GmbH (collectively referred to as the “Group”). The registered office of the Company is 80 Victoria Street, Cardinal Place, London SW1E 5JL.

Cambridge Associates (Germany) GmbH (“CA Germany”) was formed on November 28, 2019 as a corporation with limited liability under the laws of Germany. CA Germany was formed with the intent to meet legal and regulatory purposes in support of the Company’s investment advisory business. CA Germany was non-operational as of 31 December 2019, and received its business license to commence operations in Germany on 18 February 2020.

CA LTD LLC is a wholly owned subsidiary of Cambridge Associates LLC (“CA LLC”).

### **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.

The Directors have evaluated the Company’s expected financial performance and believe that the Group and Parent Company will have sufficient profitability and cash flows to allow it to continue as a going concern for at year one year after the date that the financial statements are expected to be issued, and will have sufficient capital to meet all its regulatory capital requirements.

### **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 years ended 31 December 2019 and 2018 comply with FRS 102.

#### *(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 advantage of the exemption from preparing a statement of cash flows in its individual financial statements, on the basis that it is a qualifying entity.

## CAMBRIDGE ASSOCIATES LIMITED

Notes to the financial statements for the year ended 31 December 2019 *(continued)*

Amounts are shown in £000s

### 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 2019. 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:

Leasehold improvements	Remaining life of the lease
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.

## **CAMBRIDGE ASSOCIATES LIMITED**

Notes to the financial statements for the year ended 31 December 2019 *(continued)*

Amounts are shown in £000s

### **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 using publicly traded prices.

#### *(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.

## **CAMBRIDGE ASSOCIATES LIMITED**

Notes to the financial statements for the year ended 31 December 2019 *(continued)*

Amounts are shown in £000s

### **3 Summary of significant accounting policies (continued)**

#### *(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.

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 (2018: 50,000) ordinary shares authorized and outstanding with a par value of £1 per share as of 31 December 2019 and 2018. 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 Limited group's professional indemnity insurance coverage.

*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.

## CAMBRIDGE ASSOCIATES LIMITED

Notes to the financial statements for the year ended 31 December 2019 (continued)

Amounts are shown in £000s

### 3 Summary of significant accounting policies (continued)

#### (r) Financial risk management (continued)

*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.

*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.

*COVID-19 risk:* In March 2020, the World Health Organization declared the coronavirus ("COVID-19" or "the virus") a pandemic. COVID-19 is having a significant impact on the global economy, including the UK economy, both through the effects of the virus itself and the measures taken by governments to restrict its spread. While it is too early to tell whether COVID-19 will have a material effect on the Group and Parent Company's business over time, there have been no immediate significant changes to profits as a result of the virus. The extent to which COVID-19 impacts the Group and Parent Company's results will depend on many factors and future developments, including new information about COVID-19 and any new government regulations which may emerge to contain the virus. The Group and Parent Company continue to assess the risks associated with COVID-19 and to mitigate them where possible.

#### (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 £18,315 at 31 December 2019 (£17,284 at 31 December 2018). 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.

**CAMBRIDGE ASSOCIATES LIMITED**Notes to the financial statements for the year ended 31 December 2019 *(continued)*

Amounts are shown in £000s

**3 Summary of significant accounting policies (continued)***(u) Investments – Subsidiary Company*

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

**4 Turnover**

	Group	
	2019 £000	2018 £000
<i>Turnover</i>	<b>46,037</b>	<b>42,530</b>
<i>By geographical market</i>		
Europe	38,266	29,531
Middle East & Africa	4,029	4,064
Caribbean	3,024	8,920
North America	718	-
South America	-	15
	<b>46,037</b>	<b>42,530</b>

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	
	2019 £000	2018 £000	2019 £000	2018 £000
Interest income	159	84	159	84
Bank service charges	(20)	(13)	(19)	(12)
Net result / profit derived from wholly owned subsidiary	-	-	1	1
	<b>139</b>	<b>71</b>	<b>141</b>	<b>73</b>

**CAMBRIDGE ASSOCIATES LIMITED****Notes to the financial statements for the year ended 31 December 2019 (continued)****Amounts are shown in £000s****6 Profit before taxation**

	<b>2019</b> <b>£000</b>	<b>2018</b> <b>£000</b>
Profit before taxation is stated after charging:		
Staff costs	22,793	19,184
Depreciation - Owned assets	349	318
Hiring of Building - operating lease	1,719	1,719
Auditors remuneration:		
Fees payable to the company auditors for the audit of Parent Company and consolidated financial statements	146	135
Fees payable to the Group's auditors and its associates for other services:		
Tax services	135	74
Other services pursuant to legislation	3	3

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 £49 for the year ended 31 December 2019 (2018: £47).

**7 Staff costs**

The monthly average number of persons employed by the Group (including directors) during 2019 and 2018, analysed by category, was as follows:

	<b>2019</b>	<b>2018</b>
Global Investment Services	77	74
Global Research	27	19
Investment Services	17	13
Systems	2	2
Shared Services	23	22
	<u>146</u>	<u>130</u>

The aggregate payroll costs of these persons were as follows:

	<b>2019</b> <b>£000</b>	<b>2018</b> <b>£000</b>
Wages and salaries	18,431	15,891
Unit option expense	590	283
Social security costs	2,514	1,947
Other pension costs	1,258	1,063
	<u>22,793</u>	<u>19,184</u>

**CAMBRIDGE ASSOCIATES LIMITED****Notes to the financial statements for the year ended 31 December 2019 (continued)****Amounts are shown in £000s****7 Staff costs (continued)**

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:

	2019 £000	2018 £000
Salaries and other short-term benefits	4,466	3,634
Post-employment benefits	353	321
	<u>4,819</u>	<u>3,955</u>

The highest paid director's compensation is shown below:

	2019 £000	2018 £000
Salaries and other short-term benefits	784	811
Post-employment benefits	73	64
	<u>857</u>	<u>875</u>

**8 Directors emoluments**

David Druley, Christopher Hunter, and Christopher Ivey did not receive any incremental emoluments for their services as directors of the Company in 2019 or 2018.

**9 Tax on profit**

*Group and Company:*

	2019 £000	2018 £000
<b>Tax on profit:</b>		
UK corporation tax on profits for the year	1,856	1,098
Adjustment in respect of prior years	-	6
Foreign tax on profits for the year	42	147
<b>Total tax on profit</b>	<u>1,898</u>	<u>1,251</u>
<b>Deferred tax</b>		
Origination of timing differences	-	(17)
Adjustment in respect of prior years - deferred tax	1	33
<b>Total deferred tax</b>	<u>1</u>	<u>16</u>
<b>Total tax on profit</b>	<u>1,899</u>	<u>1,267</u>



**CAMBRIDGE ASSOCIATES LIMITED**Notes to the financial statements for the year ended 31 December 2019 *(continued)*

Amounts are shown in £000s

**9 Tax on profit (continued)**

The tax for the year is higher (2018: higher) than the standard effective tax rate of corporate tax for the year ended 31 December 2019. The factors affecting the tax charge for the current year are as follows:

	2019 £000	2018 £000
<b>Total tax reconciliation:</b>		
Profit before taxation	9,629	6,490
<b>Profit on before taxation multiplied by UK standard rate of corporation tax at 19.00% (2018: 19.00%)</b>	<b>1,830</b>	<b>1,233</b>
Effects of:		
Expenses not deductible for tax purposes	96	105
Other timing differences	(27)	(71)
<b>Total tax charge</b>	<b>1,899</b>	<b>1,267</b>

	2019 £000	2018 £000
<b>Deferred tax</b>		
At 1 January	(62)	(45)
Adjustment in respect of prior years - deferred tax	(1)	(33)
Deferred credit tax in profit and loss account for the year	1	16
At 31 December	<b>(62)</b>	<b>(62)</b>

	2019 £000	2018 £000
<b>Components of deferred tax</b>		
Accelerated capital allowances	(97)	(97)
Bad debt provision	2	2
Performance reporting reserve	18	18
Unpaid pension contributions	15	15
	<b>(62)</b>	<b>(62)</b>

As presented on the profit and loss account, as of 31 December 2019, 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 19.00% (2018: 19.00%) for the year ended 31 December 2019.

**10 Dividends paid to equity holders***Group and Company:*

	2019	2018
Dividends paid in the financial year (£000)	5,947	3,167
Dividends paid per share (per £1 Share)	£118.94	£63.34

# CAMBRIDGE ASSOCIATES LIMITED

Notes to the financial statements for the year ended 31 December 2019 (continued)

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
<b>Cost</b>					
At 1 January 2019	2,651	1,128	335	179	4,293
Additions	-	100	18	-	118
Disposals	-	-	-	-	-
At 31 December 2019	2,651	1,228	353	179	4,411
<b>Accumulated depreciation</b>					
At 1 January 2019	(1,969)	(920)	(318)	(28)	(3,235)
Change in the financial year	(226)	(60)	(17)	(46)	(349)
Disposals	-	-	-	-	-
At 31 December 2019	(2,195)	(980)	(335)	(74)	(3,584)
<b>Net book amount</b>					
At 1 January 2019	682	208	17	151	1,058
At 31 December 2019	456	248	18	105	827

## 12 Debtors

Amounts falling due within one year:

	Group		Company	
	2019 £000	2018 £000	2019 £000	2018 £000
Trade debtors	7,972	4,424	7,254	4,422
Amounts owed by group undertakings	5	1	1,311	588
Other debtors and accrued income	3,592	5,458	2,994	4,866
Prepayments	1,065	1,003	1,080	1,017
	<b>12,634</b>	<b>10,886</b>	<b>12,639</b>	<b>10,893</b>

At 31 December 2019, trade debtors are stated after provisions for impairment of £34 (2018: £12) for the Group and £35 (2018: £13) for the Company. Amounts owed by group undertakings are interest-free, unsecured, and repayable in US dollars.

## 13 Other investments

At 31 December 2019, other investments consist of UK Government Treasury Bills, which mature in six month increments. The investments held at the balance sheet date matured in January 2020 for £5,479. At 31 December 2018, other investments consisted of UK Government Treasury Bills and US Government Treasury Bills. The investments held at the balance sheet date matured in May 2019 and June 2019, respectively.

# CAMBRIDGE ASSOCIATES LIMITED

Notes to the financial statements for the year ended 31 December 2019 (continued)

Amounts are shown in £000s

## 14 Creditors: amounts falling due within one year

	Group		Company	
	2019 £000	2018 £000	2019 £000	2018 £000
Trade creditors	64	204	64	203
Amounts owed to group undertakings	13,924	14,363	13,924	14,363
Other creditors	5,947	4,855	5,947	4,855
Taxation and social security	1,439	558	1,439	558
Accruals and deferred income	1,538	1,994	1,538	1,992
	<b>22,912</b>	<b>21,974</b>	<b>22,912</b>	<b>21,971</b>

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:

	2019 £000	2018 £000
Other creditors	238	411

## 16 Called up share capital

Group and Company:

	2019 £000	2018 £000
Authorised, allotted and fully paid		
50,000 (2018: 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 2019	2,526	-	4,267	2,526	-	4,267
Profit for the financial year	-	-	7,730	-	-	7,730
Dividends	-	-	(5,947)	-	-	(5,947)
Equity settled option cost	-	590	-	-	590	-
Capital contribution	-	(590)	-	-	(590)	-
At 31 December 2019	<b>2,526</b>	<b>-</b>	<b>6,050</b>	<b>2,526</b>	<b>-</b>	<b>6,050</b>

## CAMBRIDGE ASSOCIATES LIMITED

Notes to the financial statements for the year ended 31 December 2019 (continued)

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:

	2019 £000	2018 £000
No later than 1 year	1,719	1,719
Later than 1 year and no later than 5 years	1,719	3,438
Total	3,438	5,157

### 19 Pension plan

The Group operates a defined contribution pension plan. The pension cost charge for the year ended 31 December 2019 and 2018 represents contributions payable by the Group to the plan and amounted to £1,258 and £1,063, respectively. At the end of the financial year 2019 and 2018, contributions amounting to £102 and £81 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").

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 £590 and £283 during the years ended 31 December 2019 and 2018, 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.

**CAMBRIDGE ASSOCIATES LIMITED**Notes to the financial statements for the year ended 31 December 2019 *(continued)*

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 2019 and 2018. The related party expense for the years ended 31 December 2019 and 2018 is as follows:

	2019 £000	2018 £000
Related party expense to:		
CA LLC	2,498	3,595
CA Asia	3,609	5,074
CA Beijing	386	529
Total related party expense	<u>6,493</u>	<u>9,198</u>

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/(from) affiliates as of 31 December are as follows:

	2019 £000	2018 £000
CA LLC	128	1,200
CA LTD LLC	(5)	-
CA Beijing	3,244	3,671
CA Asia	10,552	9,491
Total due to/(from) related parties, net	<u>13,919</u>	<u>14,362</u>

**22 Ultimate parent undertaking and controlling party**

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.

## CAMBRIDGE ASSOCIATES LIMITED

Notes to the financial statements for the year ended 31 December 2019 (continued)

Amounts are shown in £000s

### 22 Ultimate parent undertaking and controlling party (continued)

The Company is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 31 December 2019. 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:

<u>Name</u>	<u>Address of the registered office</u>	<u>Nature of Business</u>	<u>Interest</u>
Brook Street Limited	PO Box 309, George Town, Grand Cayman, Y1-1104, Cayman Islands	Investment Advisor	100% ordinary shares
Cambridge Associates (Germany) GmbH	Leopoldstrasse 23 / Suite 419 80802 Munich Germany	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 Subsequent events

The Group and Parent Company evaluated subsequent events and transactions occurring after 31 December 2019 through 24 April 2020, the date these consolidated financial statements were available for issuance. In December 2019, a new strain of coronavirus, was reported to have surfaced in China. COVID-19 has since spread throughout the world, including jurisdictions in which the Group and Parent Company operate. The Group and Parent Company consider the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event. The Group and Parent Company continue to monitor the situation and adhere to government recommendations intended to slow the spread of the virus. The Group and Parent Company have made modifications to operations, including implementation of enhanced health and safety precautions and certain restrictions on travel. While it is too early to tell whether COVID-19 will have a material effect on the Group and Parent Company's business over time, there have been no material adverse impacts to the company through 24 April 2020. The extent to which COVID-19 impacts the Group and Parent Company's results will depend on many factors and future developments, including new information about COVID-19 and any new government regulations which may emerge to contain the virus.