

REGISTRAR OF COMPANIES

Pensato Capital Management Limited

Annual report and financial statements

For the year ended 31 March 2017

Registered number: 06454192

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Pensato Capital Management Limited

Company Information

| | |
|----------------------------|--|
| Director | David Watson |
| Company secretary | Paul McLernon |
| Registered number | 06454192 |
| Registered office | 130 Wood Street London EC2V 6DL |
| Trading Address | Southwest House 11a Regent Street London SW1Y 4LR |
| Independent auditor | Buzzacott LLP 130 Wood Street London EC2V 6DL |
| Solicitors | Dechert LLP 160 Queen Victoria Street London EC4V 4QQ |

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Director's report

For the year ended 31 March 2017

The director presents his report together with the financial statements for the Pensato Capital Management Limited group ('the group') consisting of Pensato Capital Management Limited ('the company') and Pensato Capital LLP ('the subsidiary') for the year ended 31 March 2017.

Director's responsibilities statement

The director is responsible for preparing the Director's report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period.

In preparing these financial statements, the director is required to:

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

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation and non-controlling interests, amounted to £132,219 (2016 - £146,767).

Director

The director who served during the year was:

David Watson

Future developments

The director recognises that assets under management need to be increased and is exploring options to achieve this objective.

Disclosure of information to auditor

The director at the time when this Director's report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

Small companies exemption

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

Director's report (continued)

For the year ended 31 March 2017

This report was approved on 14 June 2017 and signed by the sole director.


David Watson
Director

Independent auditor's report to the members of Pensato Capital Management Limited For the year ended 31 March 2017

We have audited the financial statements of Pensato Capital Management Limited for the year ended 31 March 2017, set out on pages 5 to 21. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditor

As explained more fully in the Director's responsibilities statement on page 1, the director is 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). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent company's affairs as at 31 March 2017 and of the Group's profit 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.

Opinion on other matter 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 Director's report for the financial year for which the financial statements are prepared is consistent with those financial statements and this report has been prepared in accordance with applicable legal requirements.

**Independent auditor's report to the members of Pensato Capital Management Limited
(continued)**

For the year ended 31 March 2017

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Director's report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to take advantage of the small companies' exemption from the requirement to prepare a Group strategic report.



Peter Chapman (Senior statutory auditor)
for and on behalf of
Buzzacott LLP
Statutory auditor
130 Wood Street
London
EC2V 6DL

14 June 2017

Consolidated statement of income and retained earnings

For the year ended 31 March 2017

| | Note | 2017 £ | 2016 £ |
|--|------|------------------|------------------|
| Revenue | 4 | 5,160,464 | 6,747,179 |
| Administrative expenses | | (2,646,622) | (2,894,171) |
| Operating profit | 5 | 2,513,842 | 3,853,008 |
| Interest receivable and similar income | | 1,702 | 2,425 |
| Profit before tax | | 2,515,544 | 3,855,433 |
| Tax on profit | 8 | (51,283) | (54,956) |
| Profit after tax | | 2,464,261 | 3,800,477 |
| Retained earnings at the beginning of the year | | 954,098 | 807,331 |
| | | 954,098 | 807,331 |
| Profit for the year attributable to the owners of the parent | | 132,219 | 146,767 |
| Retained earnings at the end of the year | | 1,086,317 | 954,098 |
| Non-controlling interest at the beginning of the year | | 1,008,713 | 1,003,443 |
| Profit for the year attributable to the non-controlling interest | | 2,357,042 | 3,678,710 |
| Net amounts withdrawn by minority interests | | (2,625,766) | (3,673,440) |
| Non-controlling interest at the end of the year | | 739,989 | 1,008,713 |

There were no recognised gains and losses for 2017 or 2016 other than those included in the consolidated statement of income and retained earnings.

All amounts relate to continuing operations.

The notes on pages 9 to 21 form part of these financial statements.

Consolidated statement of financial position

As at 31 March 2017

| | Note | 2017 £ | 2016 £ |
|--|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Tangible assets | 9 | 62,805 | 137,469 |
| | | <u>62,805</u> | <u>137,469</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 11 | 1,597,212 | 1,475,669 |
| Cash at bank and in hand | 12 | 2,077,035 | 2,125,475 |
| | | <u>3,674,247</u> | <u>3,601,144</u> |
| Creditors: amounts falling due within one year | 13 | (560,745) | (549,551) |
| Net current assets | | <u>3,113,502</u> | <u>3,051,593</u> |
| Total assets less current liabilities | | <u>3,176,307</u> | <u>3,189,062</u> |
| Provisions for liabilities | | | |
| Net assets excluding pension asset | | <u>3,176,307</u> | <u>3,189,062</u> |
| Net assets | | <u><u>3,176,307</u></u> | <u><u>3,189,062</u></u> |
| Capital and reserves | | | |
| Called up share capital | 16 | 2,566 | 2,071 |
| Share premium account | 17 | 1,347,435 | 1,224,180 |
| Profit and loss account | 17 | 1,086,317 | 954,098 |
| Equity attributable to owners of the parent company | | <u>2,436,318</u> | <u>2,180,349</u> |
| Non-controlling interests | | <u>739,989</u> | <u>1,008,713</u> |
| | | <u><u>3,176,307</u></u> | <u><u>3,189,062</u></u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14 June 2017.

David Watson
Director

The notes on pages 9 to 21 form part of these financial statements.

Company statement of financial position

As at 31 March 2017

| | Note | 2017 £ | 2016 £ |
|--|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Tangible assets | 9 | 62,805 | 137,469 |
| Investments | 10 | 1,350,000 | 1,226,250 |
| | | <u>1,412,805</u> | <u>1,363,719</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 11 | 1,300,373 | 1,114,103 |
| Cash at bank and in hand | 12 | 178,459 | 149,654 |
| | | <u>1,478,832</u> | <u>1,263,757</u> |
| Creditors: amounts falling due within one year | 13 | (455,319) | (447,127) |
| Net current assets | | <u>1,023,513</u> | <u>816,630</u> |
| Net assets | | <u><u>2,436,318</u></u> | <u><u>2,180,349</u></u> |
| Capital and reserves | | | |
| Called up share capital | 16 | 2,566 | 2,071 |
| Share premium account | 17 | 1,347,435 | 1,224,180 |
| Profit and loss account | 17 | 1,086,317 | 954,098 |
| | | <u><u>2,436,318</u></u> | <u><u>2,180,349</u></u> |

The financial statements were approved and authorised for issue by the board and were signed on: 14 June 2017.


David Watson
Director

The notes on pages 9 to 21 form part of these financial statements.

Consolidated statement of cash flows

For the year ended 31 March 2017

| | 2017 £ | 2016 £ |
|---|------------------|------------------|
| Cash flows from operating activities | | |
| Profit for the financial year | 2,464,261 | 3,800,477 |
| Adjustments for: | | |
| Depreciation of tangible assets | 80,675 | 88,046 |
| Interest received | (1,702) | (2,425) |
| Corporation tax charge | 51,283 | 54,956 |
| Increase in debtors | (82,163) | 52,919 |
| decrease in creditors | 15,480 | (102,887) |
| Corporation tax paid | (62,169) | (56,099) |
| Net cash generated from operating activities | 2,465,665 | 3,834,987 |
| Cash flows from investing activities | | |
| Purchase of tangible fixed assets | (6,011) | (2,698) |
| Interest received | 1,702 | 2,425 |
| Net cash used in investing activities | (4,309) | (273) |
| Cash flows from financing activities | | |
| Issue of ordinary shares | 123,750 | - |
| Allocations to non-controlling interest | (2,633,546) | (3,648,440) |
| Net (decrease)/increase in cash and cash equivalents | (48,440) | 186,274 |
| Cash and cash equivalents at beginning of year | 2,125,475 | 1,939,201 |
| Cash and cash equivalents at the end of year | 2,077,035 | 2,125,475 |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | 2,077,035 | 2,125,475 |

Notes to the financial statements

For the year ended 31 March 2017

1. Company information

Pensato Capital Management Limited is a company incorporated in England and Wales. Its principal place of business is Southwest House, 11a Regent Street, London, SW1Y 4LR.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102") and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiary ('the group') if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the consolidated statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of income and retained earnings from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The criteria below relating to rendering of services must also be met before revenue is recognised.

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the group will receive consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably

Notes to the financial statements

For the year ended 31 March 2017

2. Accounting policies (continued)

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

| | |
|------------------------|---------------------------------------|
| Leasehold improvements | - over the expected term of the lease |
| Fixtures and fittings | - 20% on cost |
| Computer equipment | - 33% on cost |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of income and retained earnings.

2.5 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period to the break date.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Notes to the financial statements

For the year ended 31 March 2017

2. Accounting policies (continued)

2.9 Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit or loss.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the reporting date.

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

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Notes to the financial statements

For the year ended 31 March 2017

2. Accounting policies (continued)

2.11 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Income statement within 'other operating income'.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.12 Pensions

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payments obligations.

The contributions are recognised as an expense in the Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the group in independently administered funds.

2.13 Interest income

Interest income is recognised in profit or loss using the effective interest method.

Notes to the financial statements

For the year ended 31 March 2017

2. Accounting policies (continued)

2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit or loss, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

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

The directors do not consider there to be any critical judgements or key sources of estimation uncertainty during the year.

4. Revenue

The whole of the revenue is attributable to the company's principal activity.

All revenue is within the United Kingdom.

Notes to the financial statements

For the year ended 31 March 2017

5. Operating profit

The operating profit is stated after charging/(crediting):

| | 2017 £ | 2016 £ |
|---------------------------------------|-------------------|-------------------|
| Depreciation of tangible fixed assets | 80,675 | 88,046 |
| Operating lease rentals | 182,620 | 182,620 |
| Exchange differences | 9,114 | (6,500) |
| | <u> </u> | <u> </u> |

6. Auditor's remuneration

| | 2017 £ | 2016 £ |
|--|-------------------|-------------------|
| Fees payable to the group's auditor for the audit of the group's annual accounts | 4,250 | 4,250 |
| Fees payable to the group's auditor in respect of: | | |
| The auditing of accounts of associates of the group pursuant to legislation | 7,500 | 7,500 |
| Audit-related assurance services | 500 | 750 |
| Other services relating to taxation | 2,000 | 2,000 |
| All other services | 62,770 | 45,520 |
| | <u> </u> | <u> </u> |

7. Staff costs and average number of employees

Staff costs during the year were as follows:

| | 2017 £ | 2016 £ |
|-------------------------------------|-------------------|-------------------|
| Wages and salaries | 1,044,039 | 1,398,765 |
| Social security costs | 126,530 | 177,185 |
| Cost of defined contribution scheme | 29,530 | 40,130 |
| | <u> </u> | <u> </u> |
| | 1,200,099 | 1,616,080 |
| | <u> </u> | <u> </u> |

The average monthly number of employees, excluding the director, during the year was as follows:

| | 2017 No. | 2016 No. |
|-----------------|-------------------|-------------------|
| Investment team | 4 | 5 |
| Other staff | 10 | 10 |
| | <u> </u> | <u> </u> |
| | 14 | 15 |
| | <u> </u> | <u> </u> |

Notes to the financial statements

For the year ended 31 March 2017

8. Taxation

| | 2017 £ | 2016 £ |
|--|----------------|----------------|
| Corporation tax | | |
| Current tax on profits for the year | 57,883 | 62,170 |
| Adjustments in respect of previous periods | - | (11) |
| Total current tax | 57,883 | 62,159 |
| Deferred tax | | |
| Origination and reversal of timing differences | (6,955) | (7,203) |
| Effect of tax rate change on opening balance | 355 | - |
| Total deferred tax | (6,600) | (7,203) |
| Taxation on profit on ordinary activities | 51,283 | 54,956 |

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

| | 2017 £ | 2016 £ |
|---|---------------|---------------|
| Profit on ordinary activities before tax | 2,515,544 | 3,855,433 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 0%) | 503,109 | 771,087 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 12,999 | 13,911 |
| Changes in rate of deferred tax | 1,583 | 700 |
| Adjustments for payments to minority interests | (466,408) | (730,742) |
| Total tax charge for the year | 51,283 | 54,956 |

Factors that may affect future tax charges

During the accounting period, the UK corporation tax rate remained at 20%. The UK government has introduced legislation to reduce the corporation tax rate to 19% from 1 April 2017 and to 17% from 1 April 2020.

Notes to the financial statements

For the year ended 31 March 2017

9. Tangible fixed assets

Group and Company

| | Leasehold Improvements £ | Fixtures and fittings £ | Computer equipment £ | Total £ |
|--------------------------|--------------------------------|-------------------------------|----------------------------|------------|
| Cost or valuation | | | | |
| At 1 April 2016 | 316,213 | 153,691 | 79,782 | 549,686 |
| Additions | - | - | 6,011 | 6,011 |
| At 31 March 2017 | 316,213 | 153,691 | 85,793 | 555,697 |
| Depreciation | | | | |
| At 1 April 2016 | 204,610 | 133,152 | 74,455 | 412,217 |
| Charge for the year | 63,773 | 12,241 | 4,661 | 80,675 |
| At 31 March 2017 | 268,383 | 145,393 | 79,116 | 492,892 |
| Net book value | | | | |
| At 31 March 2017 | 47,830 | 8,298 | 6,677 | 62,805 |
| At 31 March 2016 | 111,603 | 20,539 | 5,327 | 137,469 |

Notes to the financial statements

For the year ended 31 March 2017

10. Fixed asset investments

Subsidiary undertaking

At 31 March 2017, the following was a subsidiary undertaking of the company:

| Name | Class of shares | Holding | Principal activity |
|---------------------|------------------------|----------------|--------------------------------|
| Pensato Capital LLP | Partnership capital | 75 % | Investment management services |

The aggregate of the share capital and reserves as at 31 March 2017 and of the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

| | Aggregate of share capital and reserves £ | Profit/(loss) £ |
|---------------------|--|----------------------------|
| Pensato Capital LLP | 2,843,114 | 2,332,042 |
| | <u>2,843,114</u> | <u>2,332,042</u> |

Company

| | Investment in subsidiary undertaking £ |
|--------------------------|---|
| Cost or valuation | |
| At 1 April 2016 | 1,226,250 |
| Additions | 123,750 |
| At 31 March 2017 | <u>1,350,000</u> |
| Net book value | |
| At 31 March 2017 | <u>1,350,000</u> |
| At 31 March 2016 | <u>1,226,250</u> |

The registered office of the subsidiary undertaking is the same as of the company.

Notes to the financial statements

For the year ended 31 March 2017

11. Debtors

| | Group 2017 £ | Group 2016 £ | Company 2017 £ | Company 2016 £ |
|------------------------------------|--------------------|--------------------|----------------------|----------------------|
| Amounts owed by group undertakings | - | - | 753,125 | 583,164 |
| Other debtors | 1,069,097 | 1,019,894 | 298,108 | 281,685 |
| Prepayments and accrued income | 515,114 | 449,374 | 236,139 | 242,853 |
| Deferred taxation | 13,001 | 6,401 | 13,001 | 6,401 |
| | 1,597,212 | 1,475,669 | 1,300,373 | 1,114,103 |

12. Cash and cash equivalents

| | Group 2017 £ | Group 2016 £ | Company 2017 £ | Company 2016 £ |
|--------------------------|--------------------|--------------------|----------------------|----------------------|
| Cash at bank and in hand | 2,077,035 | 2,125,475 | 178,459 | 149,654 |

13. Creditors: Amounts falling due within one year

| | Group 2017 £ | Group 2016 £ | Company 2017 £ | Company 2016 £ |
|------------------------------|--------------------|--------------------|----------------------|----------------------|
| Trade creditors | 219,221 | 156,108 | 219,221 | 156,108 |
| Corporation tax | 57,883 | 62,170 | 57,883 | 62,170 |
| Taxation and social security | 21,932 | 22,607 | 21,932 | 22,607 |
| Other creditors | 94,819 | 92,766 | - | 570 |
| Accruals and deferred income | 166,890 | 215,900 | 156,283 | 205,672 |
| | 560,745 | 549,551 | 455,319 | 447,127 |

Notes to the financial statements

For the year ended 31 March 2017

14. Financial instruments

| | Group 2017 £ | Group 2016 £ | Company 2017 £ | Company 2016 £ |
|---|--------------------|--------------------|----------------------|----------------------|
| Financial assets | | | | |
| Cash at bank and in hand * | 2,077,035 | 2,125,475 | 178,459 | 149,654 |
| Other debtors, accrued income and amounts owed by group undertakings † | 1,348,072 | 1,226,415 | 1,051,233 | 864,849 |
| | <u>3,425,107</u> | <u>3,351,890</u> | <u>1,229,692</u> | <u>1,014,503</u> |
| Financial liabilities | | | | |
| Trade creditors, other creditors and accruals ‡ | <u>(480,930)</u> | <u>(464,774)</u> | <u>(375,504)</u> | <u>(362,350)</u> |

* Financial assets measured at fair value through profit or loss.

† Financial assets measured at amortised cost.

‡ Financial liabilities measured at amortised cost.

15. Deferred taxation

Group

| | 2017 £ | 2016 £ |
|----------------------------|---------------|--------------|
| At beginning of year | 6,401 | (802) |
| Credited to profit or loss | 6,600 | 7,203 |
| At end of year | <u>13,001</u> | <u>6,401</u> |

Notes to the financial statements

For the year ended 31 March 2017

15. Deferred taxation (continued)

Company

| | 2017 £ | 2016 £ |
|----------------------------|---------------|--------------|
| At beginning of year | 6,401 | (802) |
| Credited to profit or loss | 6,600 | 7,203 |
| At end of year | 13,001 | 6,401 |

The deferred tax asset is made up as follows:

| | Group 2017 £ | Group 2016 £ | Company 2017 £ | Company 2016 £ |
|--------------------------------|--------------------|--------------------|----------------------|----------------------|
| Accelerated capital allowances | 13,001 | 6,401 | 13,001 | 6,401 |
| | 13,001 | 6,401 | 13,001 | 6,401 |

16. Share capital

| | 2017 £ | 2016 £ |
|---|-----------|-----------|
| Shares classified as equity | | |
| Allotted, called up and fully paid | | |
| 2,566 (2016 - 2,071) Ordinary shares of £1 each | 2,566 | 2,071 |

During the year, 495 Ordinary shares were issued with an aggregate nominal value of £495. The total consideration received in respect of the shares issued was £123,750.

17. Reserves

Share premium - 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.

18. Commitments under operating leases

At 31 March 2017 the Group and the company had future minimum lease payments under non-cancellable operating leases as follows:

| | Group 2017 £ | Group 2016 £ | Company 2017 £ | Company 2016 £ |
|--|--------------------|--------------------|----------------------|----------------------|
| Not later than 1 year | 173,243 | 228,280 | 173,243 | 228,280 |
| Later than 1 year and not later than 5 years | - | 173,243 | - | 173,243 |

Notes to the financial statements

For the year ended 31 March 2017

19. Related party transactions

Entities with control over the entity

Included in revenue year is an amount of £973,624 (2016 - £589,466) relating to fees receivable in respect of the provision of investment management services and an amount of £27,941 (2016 - £1,873,655) in respect of performance fees from Pensato Cayman Limited. At 31 March 2017, £114,676 (2016 - £30,000) was due from Pensato Cayman Limited.

Pensato Cayman Limited is an entity established in the Cayman Islands and is a related party by virtue of its majority ownership of the company.

Entities over which the entity has control

During the year, the company recharged administrative expenses amounting to £2,804,373 (2016 - £3,081,351) to its subsidiary, Pensato Capital LLP ('the LLP'). As at the balance sheet date, £753,125 (2016 - £583,164) was payable by the LLP net of advances received from the LLP during the year.

Key management personnel

At 31 March 2017, £18,500 (2016 - £18,500) was due from the director, due to a loss allocation in the subsidiary undertaking in 2009. No interest is payable on this balance. During the year, total compensation to individuals considered to be key management personnel of the group totalled £2,357,042 (2016 - £3,678,710).

20. Controlling party

During the year the company's parent undertaking was Pensato Cayman Limited, an entity established in the Cayman Islands.

The ultimate parent undertaking is Pensato Cayman Limited GP.

The ultimate controlling party by virtue of sole ownership of Pensato Cayman Limited GP is Graham Clapp.