

Company Registration No. 07085565 (England and Wales)

CENTRICUS ASSET MANAGEMENT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2019

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CENTRICUS ASSET MANAGEMENT LIMITED

COMPANY INFORMATION

Directors	Mr I A Pellow Mr B Cuthbertson Mr N Al-Bassam Mr J C D Purvis
Company number	07085565
Registered office	Byron House 7-9 St James' Street London SW1A 1EE
Auditor	Moore Stephens Northern Home Counties Limited Nicholas House River Front Enfield Middlesex EN1 3FG

CENTRICUS ASSET MANAGEMENT LIMITED

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CENTRICUS ASSET MANAGEMENT LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 MARCH 2019

The directors present the strategic report for the period ended 31 March 2019.

Results and dividends

The loss after tax for the fifteen month period ended 31 March 2019 amounted to £693,649 (Year ended 31 December 2017: loss £628,045). The directors do not recommend the payment of a dividend. The company balance sheet as at 31 March 2019 as detailed on page 11 shows a satisfactory position with shareholder's funds amounting to £1,138,906 (31 December 2017: £1,832,555).

Business review

During 2018 there was a change in senior management. On 30 January 2018, Ian Pellow, resigned as CEO. Josh Purvis replaced Ian Pellow as CEO. Ian Pellow remains on the board as a Non-Executive Director.

Centricus Asset Management Limited ("CAM") is an FCA-regulated and SEC-registered investment grade platform, supporting portfolio managers, from early stage launches through to award winning strategies. CAM is the asset management arm of the Centricus group ("Centricus"). Centricus is a leading global alternative investment platform backed by a broad range of sophisticated, long-term global investors and works in partnership with management teams and a network of advisers to generate superior absolute returns across all asset classes, geographies and economic cycles.

Centricus is focused across three main business segments: Advisory & Structuring, Private Equity and Asset Management. It is organised into four verticals: Financial Services, Technology, FEMS (Fashion, Entertainment, Media & Sports) and Infrastructure.

The shareholdings in CAM remain the same following its acquisition by Centricus in 2017. Centricus Financial Investments 2 LP holds £1,500,000 in A1 £0.50 shares with voting rights of 75%. Ian Hannam holds £706,613 in B1 shares of £1.00 with voting rights of 25%. He also holds £250,000 in B2 shares. Cum Marte Minerva, a trust company controlled by Ian Hannam holds £1,319,890 in B2 shares of £0.781. The B2 shares do not carry any voting rights.

Centricus Services UK Limited ("CSUK") is the London-based services company and a 100% subsidiary of Centricus. It employs analysts and corporate financiers who are not partners in Centricus. CSUK occupies the same office space and through a Transfer Pricing Agreement shares the running costs of the London office.

In the 15-month period to 31 March 2019 administrative costs were £1,288,972 (year to 2017: £1,149,554). On a pro-rata basis for the year to 31 December 2018 administrative costs would have been £1,031,178. This reduction in costs was due to recharging a portion of the London office costs to CSUK.

For the 15 months to 31 March 2019 turnover was £949,961 compared to £782,138 for the year to 31 December 2017. On a pro-rata basis for the year to 31 December 2018 revenue would have been £759,969. This reduction in revenue is due to the absence of any performance fees from the Centricus Wittenberg European Small and Mid-Cap fund ("Wittenberg fund") and the decline in AUM of this fund.

The Wittenberg fund performed poorly in 2018. The year was a particularly difficult time for Hedge funds and the asset space in general and though the fund return was disappointing, strict adherence to risk principles meant that the downside was limited to investors in extremely volatile periods. It is important to note that the Wittenberg fund has outperformed benchmark indices since inception and has still returned over 44% net to investors in just over 5 years.

The Wittenberg fund started the year with £60.3m of AUM and finished the period on 31 March 2019 with £39.3m. The poor performance resulted in several investors redeeming all or part of their investments. The reduced AUM also results in redemptions driven by the investors being subject to concentration limits within their portfolios.

Centricus is committed to increasing the profitability of CAM both through raising AUM for the Wittenberg fund and introducing new strategies.

CENTRICUS ASSET MANAGEMENT LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2019

In September 2018, Centricus Asset Management Limited completed the full offboarding of the Strongeagle Mozambique strategy from its investment platform. This was a strategic decision as CAM's owners no longer wanted exposure to Mozambique.

During 2018 the Head of Investor Relations decided, after 5 years, to move to another firm. The company is actively recruiting a replacement. The Portfolio Managers have been active in meeting with current investors and future investors to promote the Wittenberg fund. CAM's Operations team has been preparing monthly investor newsletters on the fund. The absence of Investor Relations has not been detrimental to the Wittenberg fund during a period when the fund has been under-performing.

Principal risks and uncertainties

Management continue to monitor the cost base, capital position and liquidity of the company in line with the regulatory requirements. Management also monitor the following principle risks:

- Market risk represented by a fall in assets under management following a market downturn leading to lower management fees.
- Foreign exchange risk as a result of some of the company's assets and liabilities being denominated in currencies other than sterling (its reporting currency).
- Interest rate risk which is minimal as the company does not rely on borrowings to meet operating expenditure and does not make loans to clients.
- Credit risk from a defaulting debtor. One key credit exposure is the cash balances maintained with regulated UK banking institutions and to mitigate this we deposit monies with Barclays bank. The other is the management fees receivable from its clients/funds.
- Operational risk which is mitigated through key policies and procedures and a risk-based compliance monitoring programme.

Going concern

As at 31 March 2019, the company held cash balances of £490,132 (31 December 2017: £160,388). The Centricus Group proposes to inject £0.5m of Share Capital in August 2019.

The directors have prepared cash flow forecasts for the period ending 31 October 2020. The forecasts include the unavoidable running costs of the company and assume a growth in AUM both from new investments into current funds and the introduction of new strategies.

The company has sufficient cash resources available to allow it to continue as a going concern and meet its liabilities as they fall due for a period of at least fifteen months from the date of approval of these financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

Key performance indicators

The company considers assets under management, investment performance, income from investment management fees and operating profit as the key performance indicators of the business.

Financial risk management

The company's operations expose it to certain financial risks. The directors consider financial risks regularly and seek to manage the effects on the financial performance of the company.

Financial key performance indicators

For the 15 months to 31 March 2019 turnover was £949,961 compared to £782,138 for the year to 31 December 2017. On a pro-rata basis for the year to 31 December 2018 revenue would have been £759,969. This reduction in revenue is due to the absence of performance fees from the Wittenberg fund and the decline in AUM of this fund leading to a reduction in management fees.

CENTRICUS ASSET MANAGEMENT LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2019

The decrease in revenues coupled with a slight increase in administrative expenses to £1,288,972 meant the company produced a net loss of £693,649 for the 15-month period to 31 March 2019 (year to 31 December 2017: £628,045). On a pro-rata basis this would be equivalent to £554,919 for a 12-month period and in line with the prior year.

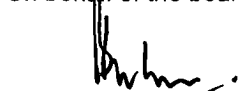
Shareholder Equity as of 31 March 2019 was £1,138,906 a decrease of £693,649 or 38% compared to £1,832,555 in 2017.

Other key performance indicators

The successful implementation of the business model of CAM is dependent upon the sourcing and nurturing of investment manager talent, as well as the support of a skilled team who provide the administrative, compliance, risk and trade processing, and also a branded and effective investor relations portal. The strength and depth of this team is expected to continue to grow over the next twelve months as the business develops.

This report was approved by the board on 18 July 2019 and signed on its behalf.

On behalf of the board



.....
Mr B Cuthbertson
Director
.....

CENTRICUS ASSET MANAGEMENT LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 MARCH 2019

The directors present their annual report and financial statements for the period ended 31 March 2019.

Principal activities

The principal activity of the company continued to be that of asset management.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

Mr I A Pellow
Mr B Cuthbertson
Mr N Al-Bassam
Mr J C D Purvis

(Appointed 30 January 2018)

Results and dividends

The results for the period are set out on page 9.

Auditor

The auditors, Moore Stephens Northern Home Counties Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement of disclosure to auditor

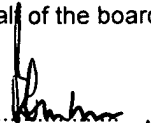
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

CENTRICUS ASSET MANAGEMENT LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2019

On behalf of the board



.....
Mr B Cuthbertson
Director

Date: 19 July 2019.....

CENTRICUS ASSET MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CENTRICUS ASSET MANAGEMENT LIMITED

Opinion

We have audited the financial statements of Centricus Asset Management Limited (the 'company') for the period ended 31 March 2019 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its loss for the period 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the 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 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

CENTRICUS ASSET MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CENTRICUS ASSET MANAGEMENT LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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 Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

CENTRICUS ASSET MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CENTRICUS ASSET MANAGEMENT LIMITED

Use of our report

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.



Francis Corbishley (Senior Statutory Auditor)

for and on behalf of Moore Stephens Northern Home Counties Limited

Chartered Accountants

Statutory Auditor

Nicholas House

River Front

Enfield

Middlesex

EN1 3FG

23/1/2019

CENTRICUS ASSET MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 31 MARCH 2019

		Period ended 31 March 2019 £	Year ended 31 December 2017 £
	Notes		
Turnover	3	949,961	782,138
Cost of sales		(574,254)	(460,419)
Gross profit		375,707	321,719
Administrative expenses		(1,288,972)	(1,149,554)
Other operating income		58,452	122,333
Operating loss	4	(854,813)	(705,502)
Interest receivable and similar income	7	-	324
Amounts written off investments	8	(211)	-
Loss before taxation		(855,024)	(705,178)
Tax on loss	9	161,375	77,133
Loss for the financial period		(693,649)	(628,045)

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

CENTRICUS ASSET MANAGEMENT LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 MARCH 2019

	Period ended 31 March 2019 £	Year ended 31 December 2017 £
Loss for the period	(693,649)	(628,045)
Other comprehensive income	-	-
Total comprehensive income for the period	(693,649)	(628,045)

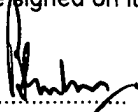
CENTRICUS ASSET MANAGEMENT LIMITED

BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019 £	£	2017 £	£
Fixed assets					
Tangible assets	10		136,740		152,280
Investments	11		756		3,740
			<u>137,496</u>		<u>156,020</u>
Current assets					
Debtors	13	1,143,542		2,091,582	
Cash at bank and in hand		490,132		160,388	
		<u>1,633,674</u>		<u>2,251,970</u>	
Creditors: amounts falling due within one year	14	(609,018)		(546,380)	
Net current assets			<u>1,024,656</u>		<u>1,705,590</u>
Total assets less current liabilities			<u>1,162,152</u>		<u>1,861,610</u>
Provisions for liabilities	15		(23,246)		(29,055)
Net assets			<u><u>1,138,906</u></u>		<u><u>1,832,555</u></u>
Capital and reserves					
Called up share capital	18	3,336,423		3,336,423	
Share premium account		673,469		673,469	
Profit and loss reserves		(2,870,986)		(2,177,337)	
Total equity			<u><u>1,138,906</u></u>		<u><u>1,832,555</u></u>

The financial statements were approved by the board of directors and authorised for issue on 18 July 2019 and are signed on its behalf by:



 Mr B Cuthbertson
 Director



 Mr J C D Purvis
 Director

Company Registration No. 07085565

CENTRICUS ASSET MANAGEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH 2019

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2017		2,070,396	233,388	(1,549,292)	754,492
Year ended 31 December 2017:					
Loss and total comprehensive income for the year		-	-	(628,045)	(628,045)
Issue of share capital	18	1,059,920	440,081	-	1,500,001
Other movements		206,107	-	-	206,107
Balance at 31 December 2017		3,336,423	673,469	(2,177,337)	1,832,555
Period ended 31 March 2019:					
Loss and total comprehensive income for the period		-	-	(693,649)	(693,649)
Balance at 31 March 2019		3,336,423	673,469	(2,870,986)	1,138,906

CENTRICUS ASSET MANAGEMENT LIMITED

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 MARCH 2019

	Notes	2019 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	21		379,706		(1,521,342)
Investing activities					
Purchase of tangible fixed assets		(53,767)		(166,083)	
Proceeds on disposal of tangible fixed assets		1,032		-	
Purchase of fixed asset investments		(756)		-	
Proceeds on disposal of fixed asset investments		3,529		-	
Interest received		-		324	
Net cash used in investing activities			(49,962)		(165,759)
Financing activities					
Proceeds from issue of shares		-		1,706,108	
Net cash (used in)/generated from financing activities			-		1,706,108
Net increase in cash and cash equivalents			329,744		19,007
Cash and cash equivalents at beginning of period			160,388		141,381
Cash and cash equivalents at end of period			490,132		160,388

CENTRICUS ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2019

1 Accounting policies

Company information

Centricus Asset Management Limited is a private company limited by shares incorporated in England and Wales. The registered office is Byron House, 7-9 St James' Street, London, SW1A 1EE.

1.1 Accounting convention

These financial statements have been prepared under the historical cost convention and in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of 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 management to exercise judgment in applying the Company's accounting policies.

1.2 Going concern

The directors have prepared cash flow forecasts for the period ending 31 October 2020. The forecasts include the unavoidable running costs of the company and assume a growth in AUM both from new investments into current funds and the introduction of new strategies.

The company has sufficient cash resources available to allow it to continue as a going concern and meet its liabilities as they fall due for a period of at least fifteen months from the date of approval of these financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

1.3 Reporting period

The accounting period has been extended from 31 December 2018 to 31 March 2019 on 12 October 2018. The comparative year covered a period of 12 months, and this year's reporting period covers 15 months.

1.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover comprises revenue recognised by the company in respect of the invoiced value of fund management, performance and portfolio management income supplied during the year.

The funds are domiciled in Luxembourg.

Other income represents rents receivable during the period net of value added tax in accordance with applicable accounting standards, as well as income earned in relation to acting as an appointed representative

1.5 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. The estimated useful lives range as follows:

Leasehold land and buildings	25% straight line
Plant and equipment	25% straight line
Fixtures and fittings	25% straight line

CENTRICUS ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Finance costs

Finance costs are charged to the Income Statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.7 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.

1.8 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non puttable ordinary shares.

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 Income Statement.

1.9 Taxation

The tax expense for the year comprises of current and deferred tax. Tax is recognised in the Income Statement, except that a change 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.

Current tax

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 operates and generates income.

Deferred tax

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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 liabilities 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.

CENTRICUS ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.10 Retirement benefits

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment 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 company in independently administered funds.

1.11 Leases

Rentals payable under operating leases are charged to profit or loss on a straight line basis over the term of the relevant lease.

1.12 Foreign exchange

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 the Income Statement 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 the Income Statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Income Statement within 'other operating income'.

1.13 Interest income

Interest income is recognised in the Income Statement using the effective interest method.

1.14 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.

1.15 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.

CENTRICUS ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2019

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2019 £	2017 £
Turnover analysed by class of business		
Fund management income	949,961	782,138

	2019 £	2017 £
Other significant revenue		
Interest income	-	324
Rental income (other operating income)	27,500	122,333

	2019 £	2017 £
Turnover analysed by geographical market		
United Kingdom	949,961	782,138

4 Operating loss

	2019 £	2017 £
Operating loss for the period is stated after charging/(crediting):		
Exchange losses/(gains)	5,116	(10,434)
Trade subscriptions	117,099	121,292
Fees payable to the company's auditor for the audit of the company's financial statements	8,772	10,000
Depreciation of owned tangible fixed assets	64,670	25,975
Loss on disposal of tangible fixed assets	3,605	-
Operating lease charges	56,844	103,970

Exchange differences recognised in profit or loss during the period, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £5,116 (2017: (£10,434)).

CENTRICUS ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2019

5 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

	2019 Number	2017 Number
Employees	7	8

Their aggregate remuneration comprised:

	2019 £	2017 £
Wages and salaries	554,694	395,032
Social security costs	73,887	47,909
Pension costs	15,628	17,188
	<u>685,440</u>	<u>460,129</u>

6 Directors' remuneration

	2019 £	2017 £
Remuneration for qualifying services	215,479	167,353
Company pension contributions to defined contribution schemes	4,490	4,878
	<u>219,969</u>	<u>172,231</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2019 £	2017 £
Remuneration for qualifying services	180,758	98,867
Company pension contributions to defined contribution schemes	3,450	2,882

7 Interest receivable and similar income

	2019 £	2017 £
Interest income		
Interest on bank deposits	-	324

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	-	324
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CENTRICUS ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2019

8 Amounts written off investments fixed asset investments

	2019 £	2017 £
Loss on disposal of fixed asset investments	(211)	-

9 Taxation

	2019 £	2017 £
Deferred tax		
Origination and reversal of timing differences	(5,809)	26,621
Other adjustments	(155,566)	(103,754)
Total deferred tax	(161,375)	(77,133)

The actual credit for the period can be reconciled to the expected credit for the period based on the profit or loss and the standard rate of tax as follows:

	2019 £	2017 £
Loss before taxation	(855,024)	(705,178)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	(162,455)	(135,747)
Tax effect of expenses that are not deductible in determining taxable profit	3,112	2,599
Unutilised tax losses carried forward	159,343	186,740
Accelerated capital allowances	(5,809)	(26,971)
Timing difference on unutilised tax losses	(155,566)	(103,754)
Taxation credit for the period	(161,375)	(77,133)

CENTRICUS ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2019

10 Tangible fixed assets

	Leasehold land and buildings	Plant and equipment	Fixtures and fittings	Total
	£	£	£	£
Cost				
At 1 January 2018	123,478	96,032	70,249	289,759
Additions	-	33,477	20,290	53,767
Disposals	(3,559)	(950)	(6,451)	(10,960)
At 31 March 2019	119,919	128,559	84,088	332,566
Depreciation and impairment				
At 1 January 2018	70,603	29,038	37,838	137,479
Depreciation charged in the period	19,102	29,257	16,311	64,670
Eliminated in respect of disposals	(3,559)	(356)	(2,408)	(6,323)
At 31 March 2019	86,146	57,939	51,741	195,826
Carrying amount				
At 31 March 2019	33,773	70,620	32,347	136,740
At 31 December 2017	52,875	66,994	32,411	152,280

11 Fixed asset investments

	2019 £	2017 £
Unlisted investments	756	3,740

Movements in fixed asset investments

	Investments other than loans £
Cost or valuation	
At 1 January 2018	3,740
Additions	756
Disposals	(3,740)
At 31 March 2019	756
Carrying amount	
At 31 March 2019	756
At 31 December 2017	3,740

CENTRICUS ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2019

12 Financial instruments

	2019 £	2017 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	278,979	1,368,496
Equity instruments measured at cost less impairment	756	3,740
	<u> </u>	<u> </u>
Carrying amount of financial liabilities		
Measured at amortised cost	499,235	520,717
	<u> </u>	<u> </u>

13 Debtors

	2019 £	2017 £
Amounts falling due within one year:		
Trade debtors	261	4,998
Amounts owed by group undertakings	-	1,043,076
Other debtors	127,930	187,656
Prepayments and accrued income	319,904	315,971
	<u> </u>	<u> </u>
	448,095	1,551,701
	<u> </u>	<u> </u>

	2019 £	2017 £
Amounts falling due after more than one year:		
Other debtors	201,918	201,918
Deferred tax asset (note 16)	493,529	337,963
	<u> </u>	<u> </u>
	695,447	539,881
	<u> </u>	<u> </u>

Total debtors	<u>1,143,542</u>	<u>2,091,582</u>
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14 Creditors: amounts falling due within one year

	2019 £	2017 £
Trade creditors	98,872	197,062
Amounts owed to group undertakings	222,423	-
Taxation and social security	109,783	25,663
Other creditors	128,026	178,619
Accruals and deferred income	49,914	145,036
	<u> </u>	<u> </u>
	609,018	546,380
	<u> </u>	<u> </u>

CENTRICUS ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2019

15 Provisions for liabilities

	Notes	2019 £	2017 £
Deferred tax liabilities	16	23,246	29,055

16 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2019 £	Liabilities 2017 £	Assets 2019 £	Assets 2017 £
Balances:				
Accelerated capital allowances	23,246	29,055	-	-
Tax losses	-	-	493,529	337,963
	<u>23,246</u>	<u>29,055</u>	<u>493,529</u>	<u>337,963</u>

	2019 £
Movements in the period:	
Liability/(Asset) at 1 January 2018	(308,908)
Credit to profit or loss	(171,569)
Effect of change in tax rate - profit or loss	10,194
Liability/(Asset) at 31 March 2019	<u>(470,283)</u>

The deferred tax asset set out above relates to the utilisation of tax losses against future expected profits of the same period. The deferred tax liability set out above relates to accelerated capital allowances.

17 Retirement benefit schemes

	2019 £	2017 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	15,628	17,188

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

CENTRICUS ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2019

18 Share capital

	2019 £	2017 £
Ordinary share capital		
Issued and fully paid		
2,119,839 Ordinary A1 shares of 50p each	1,059,920	1,059,920
1,690,000 Ordinary B2 shares of 78.1p each	1,319,890	1,319,890
250,000 Ordinary B2 shares of £1 each	250,000	250,000
706,613 Ordinary B1 shares of £1 each	706,613	706,613
	<u>3,336,423</u>	<u>3,336,423</u>

Reconciliation of movements during the period:

	Ordinary A shares Number	Ordinary B shares Number
At 1 January 2018	2,119,839	2,646,613
At 31 March 2019	<u>2,119,839</u>	<u>2,646,613</u>

CENTRICUS ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2019

19 Operating lease commitments

Lessee

Rentals paid under operating leases are charged to the profit and loss on a straight line basis over the period of the lease.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

Land and buildings	2019 £	2017 £
Within one year	336,530	303,799
Between two and five years	430,574	850,084
In over five years	-	-
	<u>767,104</u>	<u>1,153,883</u>
 Plant and machinery	 2019 £	 2017 £
Within one year	2,500	13,944
Between two and five years	712	7,934
In over five years	-	-
	<u>3,212</u>	<u>21,878</u>

20 Related party transactions

During the period to 31 March 2019 Centricus Asset Management Limited provided services to the group's ultimate holding company Centricus Financial Investments 2 LP of £nil (31 December 2017: £63,000). The amount due at 31 March 2019 was £nil (2017: £63,000).

During the period Hannam & Partners LLP, an entity controlled by Ian Hannam, provided services to the company of £809 (2017: £3,954). The amount due at 31 March 2019 was £104 (31 December 2017: £nil).

AP Capital Partners, a company controlled by Ian Pellow, provided services to the company of £2,300 (2017: £1,019). The amount due at 31 March 2019 was £nil (31 December 2017: £nil).

During the period to 31 March 2019 Centricus Services UK Limited, a sister company within the Centricus Group, jointly occupied the 2nd Floor of Byron House and agreed under a transfer pricing agreement to contribute to the cost of occupying the floor. These costs amounted to £1,568,089 (31 December 2017: £980,075). The amount payable to Centricus Services UK Limited at 31 March 2019 was £222,423 (31 December 2017: due from £980,075).

Nizar Al-Bassam, the Chairman and a Director, was in receipt of £nil of items purchased on his behalf. The amount outstanding at 31 March 2019 was £nil (31 December 2017: £1,150).

CENTRICUS ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2019

21 Cash generated from operations

	2019 £	2017 £
Loss for the period after tax	(693,649)	(628,045)
Adjustments for:		
Taxation credited	(161,375)	(77,133)
Investment income	-	(324)
Loss on disposal of tangible fixed assets	3,605	-
Depreciation and impairment of tangible fixed assets	64,670	25,975
Loss on sale of investments	211	-
Movements in working capital:		
Decrease/(increase) in debtors	1,103,606	(414,910)
Increase/(decrease) in creditors	62,638	(426,905)
Cash generated from/(absorbed by) operations	<u>379,706</u>	<u>(1,521,342)</u>

CENTRICUS ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2019

22 Pillar 3 Disclosures (unaudited)

These disclosures are prepared in accordance with the Capital Requirements Directive (CRD), which is the framework for implementing Basel II in the European Union. Basel II sets out certain capital adequacy standards and disclosure requirements to be implemented by regulated companies and consists of three pillars:

- Pillar 1 sets out the minimum capital requirements that the company is required to meet for credit and market risk;
- Pillar 2 requires the company and the FCA, to take a view on whether additional capital should be held against capital risks not covered by Pillar 1; and
- Pillar 3 requires the company to publish certain details of its risks, capital and risk management process.

These disclosures have been prepared by the company in accordance with Chapter 11 of the FCA's Prudential Sourcebook for Banks, Building Societies and Investment Companies (BIPRU) to provide information on the company's capital position, its approach to assessing the adequacy of its capital, its risk management objectives and policies, and its exposure to market, liquidity and operational risk. They do not constitute financial statements of the company and should not be relied on in making investment decisions in relation to the company.

The disclosures are prepared on an individual basis i.e. the company is not part of a UK consolidation group and are based on information as at 31 March 2019.

These disclosures are published annually in the company's annual financial statements.

Materiality

Centricus Asset Management Limited ("CAM") regards information as material in disclosures if its omission or misstatement could change or influence the assessment or decision of a user relying on that information for the purposes of making economic decisions. If the company deems a certain disclosure to be immaterial, it may be omitted from this disclosure.

Risk Management

The company's board of directors believe that active and effective risk management is a business imperative and it is regarded as a core competence by clients, consultants, regulators, counterparties and other interested parties. The company is committed to developing and applying best market practice in all of its risk activities. The highest standards of risk identification, risk management and risk monitoring are important components to the success, reputation and continuing strength of the company. Underpinning the company's philosophy is the principle of individual responsibility and accountability across the company, supported by guidance and training as required and subject to independent review and oversight.

a. Risk assessment and identification

Change in every aspect of the business and the external environment the company operates within, are key drivers of risk. Change may impact the potential occurrence or potential magnitude of events relating to existing risks or may result in new or emerging risks. Different approaches may be used for the assessment of risk depending on the type of risk faced and the evidence available to assess the risk. These approaches may be used in combination or isolation.

b. Risk mitigation

Like any successful business, the company is exposed to a range of risks. Some risks are inherent in taking active investment decisions on behalf of clients. The company's focus is on managing this risk rather than eliminating it. Others, like regulatory and compliance risk, are risks that the company seeks actively to minimise. There are a variety of techniques that can be used to mitigate risks, which may be used in isolation or in combination depending on the nature of the risk. These techniques include use of controls, contingency planning, insurance and capital allocation.

CENTRICUS ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2019

22 Pillar 3 disclosures (unaudited)

(Continued)

c. Risk monitoring and reporting

Risks are managed in a variety of different ways, depending on the nature of the risk and the areas potentially affected, to ensure that wherever appropriate their impacts are mitigated. Monitoring and communication is key to an effective risk management framework. Senior management takes an active role in the risk management process and is responsible for the maintenance, and ultimately compliance, with the risk management strategy. The company recognises that in a complex financial services environment, risk management processes are evolutionary and should be subject to ongoing review and modification.

Given the nature and activities of the company, its risk appetite is low. The key risks that it faces are as follows:

i. Market risk

The main market risks the company faces are due to adverse movements in both global securities markets and foreign exchange rates. Market risk is mainly derived from a fall in assets under management following a market downturn that leads to lower management fees.

Foreign exchange risk arises as a result of some of the company's assets and liabilities being denominated in currencies other than sterling (its reporting currency).

ii. Interest rate risk

At the date of these disclosures, the company is not exposed to interest rate risk as it (a) does not rely on borrowings to meet operating expenditure and (b) does not make loans to clients.

iii. Credit risk

The main credit risk of the company is a defaulting debtor. The key credit exposures that the company has are cash balances maintained with regulated UK banking institutions and management fees receivable from its clients. Under Pillar 1, cash balances are risk weighted at 1.6% and management fees receivable at 8%. The directors believe that the Pillar 1 risk weight is adequate and that a Pillar 2 adjustment is not required.

iv. Liquidity risk

The liquidity risk that the company faces is the inability to settle its liabilities as they fall due. Part of the risk management structure noted above monitors the liquidity position of the company at all times. Cash flows projections are prepared on a regular basis to ensure that all liabilities are understood and able to be settled as they fall due.

Cash resources of the company are maintained in accounts with instant access as noted above.

v. Operational risk

The company is not subject to operational risk under Pillar 1. However the company is aware of the reputational damage that could result from a failure in operating procedures. The company's key policy and procedures are documented in its compliance manual and monitored via the compliance monitoring programme on a risk based approach.

Capital Resources

The value of share capital and audited reserves is £1,138,906 (31 December 2017: £1,832,555) and capital resources comprise of core Tier 1 capital only.

As a **Collective Portfolio Management Investment Company (CPMI)**, CAM is subject to a minimum capital requirement of €125,000 plus 0.02% of the value of Alternative Investment Funds (AIFs) managed by CAM in excess of €250 million, subject to a cap of €10 million.

CENTRICUS ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2019

22 Pillar 3 disclosures (unaudited)

(Continued)

The company should also satisfy the Variable Capital Requirement under the Capital Adequacy Directive, which is the higher of:

- a. A fixed overheads requirement (FOR) of 25% of relevant audited annual fixed expenditure excluding certain expenses; and
- b. A credit risk requirement (CR) plus a market risk requirement (MR) in relation to designated investment business (i.e. excluding managing AIFs).

CAM holds Professional Indemnity Insurance under which the excess for each and every claim is £25,000. Additional own funds are not therefore held.

The company's Pillar 1 capital requirement has been determined as being the fixed overhead requirement and not the sum of the credit risk requirement and the market risk requirement. The Pillar 1 fixed overheads requirement, based on the company's 2018 audited expenses, has been calculated as being £240,100 (31 December 2017: £240,279).

AIFMD Remuneration Code: Disclosure

In line with the AIFM Remuneration Proportionality Rules, taking into account the AIFMD assets under management threshold and the company's size, internal organisation and the nature, scope and complexity of its activities, the Pay-out-process Rules have been dis-applied in full. Furthermore, the company's remuneration policies are set and reviewed solely by the board of directors, as a remuneration committee is not deemed appropriate given the current size and activities of the company.

The AIFMD Remuneration Code defines Code Staff as employees in the following categories whose professional activities have a material impact on the company's risk profile and of the AIFs it manages:

- senior management
- risk takers
- staff engaged in control functions
- any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and who have a material impact on the company's risk profile

Total Code Staff during the 15 Month period to 31 March 2019 performance year: 5

Total Code Staff at the end of the 31 March 2019 performance period: 3

Remuneration for Code Staff is made up of fixed pay (salary and benefits) and performance-related discretionary bonuses. Discretionary bonuses are allocated taking into account individual performance (as measured during the performance appraisal process), length of service and the overall performance of the company. All bonus payments are made in cash (no units / shares in any of the funds are offered) and no portion of bonus payments is deferred.

The company currently does not operate any long-term incentive schemes.

The aggregate quantitative information on remuneration of Code Staff is £510,631 (31 December 2017: £527,963).