BlueCrest Capital Management Global Holdings Limited

Registered number: 8189739

Report and Audited Consolidated Financial Statements

For the year ended 31 December 2018

Registered number: 8189739

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Administrative information

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P A Cox
P J Dehadray

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Directors' report

The Directors present their annual report of BlueCrest Capital Management Global Holdings Limited (the "Company") and its subsidiary (collectively the "Group") together with the Group and Company financial statements for the year ended 31 December 2018.

Principal activity and review of the business

The Company was incorporated on 23 August 2012.

The Company's principal activity is to hold an investment in BlueCrest USA Holdings Limited ("BCUSAHL" or the "Subsidiary"), a Company incorporated in England. BCUSAHL holds an indirect interest in BlueCrest Capital Management (New York) LP ("BCM New York") and BlueCrest Capital Management (Boston) LP ("BCM Boston") (collectively, the "Partnerships") through its direct partnership interest in BlueCrest USA LP ("BC USA LP"). The Partnerships provided investment management services under sub-investment management agreements with BlueCrest Capital Management Limited ("BCML"), in its capacity as general partner of BlueCrest Capital Management LP ("BCM LP").

On 31 October 2017, the sub-investment management agreement with BlueCrest Capital Management (Boston) LP was terminated. Subsequent to this date, any references to the "Partnerships" refer only to BCM New York.

As of the end of the previous financial year, the Company was a subsidiary of BC Capital Management Services Limited ("BCMSL"), a UK limited liability company and the Company took advantage of the exemption from preparing consolidated financial statements under the terms of paragraph 9.3c of FRS 102. On 2 January 2018, BCMSL sold its interest in the Company to BS Investment Fund Limited ("BSIF"), an affiliated fund managed by BlueCrest Capital Management Limited ("BCML"). BSIF later transferred its interest in the Company to its master fund BSMA Limited ("BSMA"), a Cayman Islands registered fund also managed by BCML.

Following the US sale, the Company is no longer exempt from preparing consolidated financial statements and therefore consolidated financial statements have been prepared for the year end 31 December 2018 with comparative information presented accordingly. The comparative information for the Group is unaudited.

On 2 January 2018, as a result of the US Sale, the sub-investment management agreement with BCM New York was terminated and BSMA directly appointed BCM New York to provide investment management services.

On 4 January 2018, BS Strategic Investments Limited became the managing member of BC USA GP, LLC ("BC USA GP"), a direct subsidiary of the Company. On this date, the Company ceased to control BC USA GP and its indirect subsidiaries BC USA LP, BCM New York and BCM Boston (together, the "US Group). A loss on disposal of $267,000 has been recognised in the Group Statement of Comprehensive Income.

Disclosure of information to the auditors

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors, each Director has taken all the steps that they are obliged to take as a Director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Directors

The Directors of the Company during the year and up to the date of this report are disclosed on page 1.

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Directors' report

Auditors

KPMG LLP has been appointed as auditor of the Company. There is no requirement for the annual reappointment of an auditor.

On behalf of the board

P A Cox
Director
4 September 2019

Group strategic report

Results and dividends

The Group loss for the year after tax is $294,000 (unaudited 2017: $26,343,000).

The Directors do not recommend the payment of a dividend and no dividend was paid in the prior year.

Principal risks and uncertainties

The risks and uncertainties the Group faces relate to the performance of the Partnerships. Risk is an inherent component of the Partnerships' business and their ability to earn a return on capital in respect of the funds they manage under the sub-investment management agreements derives from taking risks. Their ability to identify and manage these risks effectively is critical to their continued success. The principal risks facing the Partnerships include:

- Business risk: the risk that the market position of the funds managed under the sub-investment management agreements may be adversely impacted resulting in a reduction to the future profitability of the business.
- Foreign exchange ("FX") risk: the Partnerships are exposed to FX risk as a result of the foreign currency denominated assets held.
- Credit risk: the Partnerships are exposed to credit risk in respect of fees receivable from BCM LP (BSMA, subsequent to the US sale, through a sub-investment management and services agreement) which, in turn, is exposed to credit risks in respect of a counterparty or fund failing to meet their contractual obligations.
- Operational risk: the Partnerships are exposed to most of the operational risks normally found within asset management businesses, examples of significant risks include: fraud, mis-selling of products or errors in fund prospectuses, breach of investment mandate, technology failures and fund valuation errors.
- Liquidity risk: the risk of not having sufficient liquid resources to meet obligations as they fall due.

The Partnerships address these risks through:

- Utilisation of capital to optimise the risk and return profile. High levels of unencumbered cash balances are generally held by the funds.
- Active management which reviews and assesses exposures within the portfolio, enforcing a reduction in exposures where appropriate.

The Partnerships and BlueCrest group entities that perform any outsourced activities mitigate operational risks through:

- Effective risk management, strong internal controls, sound governance and a clear understanding of operational risk management processes.
- The recruitment, retention and motivation of high calibre professionals across portfolio management, infrastructure and operations functions.
- The design, implementation and effective operation of the firm-wide risk management framework which outlines responsibilities and escalation procedures for the identification and management of operational risks and operational risk losses.
- Regular review of the integrity and robustness of information technology systems including significant resources committed to protecting the resilience of these systems, formal business continuity plans, appropriate remote data back-up and disaster recovery facilities.

Future developments

The Directors aim to continue the activities of the Group which is to hold investments in the US Group.

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Group strategic report

Going concern

The Directors believe that the Group is well placed to manage its business risks successfully and pay all of its liabilities as and when they fall due. After making enquires, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors adopt the going concern basis in preparing the report and financial statements.

Disclosure of information to the auditors

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors, each Director has taken all the steps that they are obliged to take as a Director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Directors

The Directors of the Company during the year and up to the date of this report are disclosed on page 1.

Auditors

KPMG LLP has been appointed as auditor of the Company. There is no requirement for the annual reappointment of an auditor.

On behalf of the board

P A Cox
Director
4 September 2019

Registered number: 8189739

Statement of Directors' responsibilities

in respect of the Strategic report, the Directors' report and the financial statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditors' report
to the Shareholder of BlueCrest Capital Management Global Holdings Limited

Opinion

We have audited the financial statements of BlueCrest Capital Management Global Holdings Limited ("the company") for the year ended 31 December 2018 which comprise the Group statement of comprehensive income, the Parent Company statement of comprehensive income, the Group statement of financial position, the Parent Company statement of financial position, the Group statement of changes in equity, the Parent Company statement of changes in equity, the Group statement of cash flows and related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Other matter - prior period financial statements

We note that the prior period financial statements were not audited. Consequently ISAs (UK) require the auditor to state that the corresponding figures contained within these financial statements are unaudited. Our opinion is not modified in respect of this matter.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

Independent auditors' report

to the Shareholder of BlueCrest Capital Management Global Holdings Limited

The purpose of our audit work and to whom we owe our responsibilities

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

Jatin Patel

Jatin Patel (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London, E14 5GL
4 September 2019

Group statement of comprehensive income
for the year ended 31 December 2018

	Notes	*2018 $000's*	*Unaudited 2017 $000's*
Turnover			
Sub-investment management fees		-	64,675
Service fees receivable		-	18,568
		-	83,243
Administrative expenses		(25)	(132,977)
Operating loss	2	(25)	(49,734)
Interest payable and similar charges		-	(3,301)
Interest receivable and similar income		-	13
Income from investments		-	57,749
Impairment losses		-	(26,461)
Net foreign exchange loss		(2)	(54)
Loss on disposal of subsidiaries		(267)	-
Loss on ordinary activities before tax		(294)	(21,788)
Tax on loss on ordinary activities	4	-	(4,555)
Loss on ordinary activities after tax		(294)	(26,343)
Total comprehensive loss		(294)	(26,343)

All amounts relate to continuing operations.

The notes on pages 17 to 27 form an integral part of these financial statements

Registered number: 8189739

Parent company statement of comprehensive income

for the year ended 31 December 2018

	Notes	2018 $000's	2017 $000's
Turnover			
Dividend income		-	10,766
Administrative expenses		(14)	(34)
Operating (loss)/profit	2	(14)	10,732
Interest payable and similar charges		-	(3,291)
Impairment of investment		-	(150,000)
Net foreign exchange (loss)/gain		(2)	2
Loss on ordinary activities before tax		(16)	(142,557)
Tax on loss on ordinary activities	4	-	(5,096)
Loss on ordinary activities after tax		(16)	(147,653)
Total comprehensive loss		(16)	(147,653)

All amounts relate to continuing operations.

The notes on pages 17 to 27 form an integral part of these financial statements.

Registered number: 8189739

Group statement of financial position
at 31 December 2018

	Notes	2018 $000's	Unaudited 2017 $000's
Fixed assets			
Tangible fixed assets	6	-	2,949
Other nvestments	5	-	8
		-	2,957
Current assets			
Debtors	7	2,320	23,621
Cash and cash equivalents		1,520	5,912
		3,840	29,533
Creditors: amounts falling due within one year	8	(368)	(28,724)
Net current assets		3,472	809
Total assets less current liabilities		3,472	3,766
Net assets		3,472	3,766
Capital and reserves			
Called up share capital	11	45,000	45,000
Contribution to capital		105,000	105,000
Profit and loss account		(146,528)	(146,234)
Total capital and reserves		3,472	3,766

Signed on behalf of the Board

P A Cox
Director
4 September 2019

The notes on pages 17 to 27 form an integral part of these financial statements.

Registered number: 8189739

Parent company statement of financial position
at 31 December 2018

	Notes	*2018* *$000's*	*2017* *$000's*
Fixed assets			
Investments in subsidiaries	5	-	-
Current assets			
Debtors	7	2,365	2,570
Cash and cash equivalents		1,484	946
		3,849	3,516
Creditors: amounts falling due within one year	8	(358)	(9)
Net current assets		3,491	3,507
Total assets less current liabilities		3,491	3,507
Net assets		3,491	3,507
Capital and reserves			
Called up share capital	11	45,000	45,000
Contribution to capital		105,000	105,000
Profit and loss account		(146,509)	(146,493)
Total capital and reserves		3,491	3,507

Signed on behalf of the Board

P A Cox
Director
4 September 2019

The notes on pages 17 to 27 form an integral part of these financial statements.

Group statement of changes in equity
at 31 December 2018

	Called-up share capital $000's	*Profit and loss account $000's*	*Contribution to Capital $000's*	*Total equity $000's*
Balance at 1 January 2017 (unaudited)	45,000	(119,891)	-	(74,891)
Total comprehensive loss (unaudited)	-	(26,343)	-	(26,343)
Formal waiver of loan note (unaudited)	-	-	105,000	105,000
Balance at 31 December 2017 (unaudited)	45,000	(146,234)	105,000	3,766
Total comprehensive loss	-	(294)	-	(294)
Balance at 31 December 2018	45,000	(146,528)	105,000	3,472

The notes on pages 17 to 27 form an integral part of these financial statements

Parent company statement of changes in equity

at 31 December 2018

	Called-up share capital $000's	*Profit and loss account $000's*	*Contribution to Capital $000's*	*Total equity $000's*
Balance at 1 January 2017	45,000	1,160	-	46,160
Total comprehensive loss	-	(147,653)	-	(147,653)
Formal waiver of loan note	-	-	105,000	105,000
Balance at 31 December 2017	45,000	(146,493)	105,000	3,507
Total comprehensive loss	-	(16)	-	(16)
Balance at 31 December 2018	45,000	(146,509)	105,000	3,491

The notes on pages 17 to 27 form an integral part of these financial statements.

Group statement of cash flows
at 31 December 2018

	Notes	*2018 $000's*	*Unaudited 2017 $000's*
Net cash outflow from operating activities	14	305	(53,077)
Investing activities			
Profit allocation received		-	57,749
Payments to acquire tangible fixed assets		-	(383)
Net cash flow from investing activities		-	57,366
Increase in cash and cash equivalents		**305**	**4,289**
Cash and cash equivalents at 1 January		5,912	1,623
Derecognition of cash within US Group		(4,697)	-
Cash and cash equivalents at 31 December		**1,520**	**5,912**

The notes on pages 17 to 27 form an integral part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2018

1. Accounting policies

Statement of compliance

BlueCrest Capital Management Global Holdings Limited (the "Company") is a limited liability company incorporated in England. The registered office address is Nova North, 11 Bressenden Place, London, SW1E 5BY.

The financial statements of the Group, including prior year comparatives which are unaudited, have been prepared in compliance with Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102") and in accordance with the requirements of the Companies Act 2006.

Basis of preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets measured at fair value through profit and loss and in accordance with applicable accounting standards.

The financial statements are presented in United States Dollars ("USD") and are rounded to the nearest thousand dollars ($000).

Basis of consolidation

The group financial statements consolidate the financial statements of BlueCrest Capital Management Global Holdings Limited and its subsidiaries (collectively the "Group").

As of the end of the previous financial year, the Company was a subsidiary of BC Capital Management Services Limited ("BCMSL"), a UK limited liability company and the Company took advantage of the exemption from preparing consolidated financial statements under the terms of paragraph 9.3c of FRS102. On 2 January 2018, BCMSL sold its interest in the Company to BS Investment Fund Limited ("BSIF"), an affiliated fund managed by BlueCrest Capital Management Limited ("BCML"). BSIF later transferred its interest in the Company to its master fund BSMA Limited ("BSMA"), a Cayman Islands registered fund also managed by BCML.

Following the US sale, the Company is no longer exempt from preparing consolidated financial statements and therefore consolidated financial statements have been prepared for the year end 31 December 2018 with unaudited comparative information presented accordingly.

On 4 January 2018, BS Strategic Investments Limited ("BSSIL") became the managing member of BC USA GP, LLC ("BC USA GP"), a direct subsidiary of the Company. On this date, the Company ceased to control BC USA GP and its indirect subsidiaries BlueCrest USA Limited Partnership, BlueCrest Capital Management (New York) LP and BlueCrest Capital Management (Boston) LP (together, the "US Group).

All intercompany transactions and balances have been eliminated in the Group accounts.

Judgements, assumptions 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 balance sheet 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.

Management is of the opinion that there were no key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Notes to the financial statements

For the year ended 31 December 2018

1. Accounting policies (cont'd)

Turnover

Company

The Company's turnover comprises dividend income received from BCUSAHL. Dividends received are recognised by the Company at the time of declaration of the dividend.

Group

For the prior year, sub-investment management fees were recognised in the period in which services were provided, whilst sub-investment performance fees were recognised at the point at which they crystallised. Service fees were recognised in the period in which the services were provided. Other income was recognised when the amount of revenue could be reliably measured and it was probable economic benefits will be received.

Expenses

Expenses are recognised on an accruals basis.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses.

Goodwill

Positive goodwill arising on acquisitions has been capitalised, classified as an asset on the statement of financial position and amortised on a straight line basis over its useful economic life of 5 years. It is reviewed for impairment at the end of each full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable. When a previously acquired subsidiary is sold, the profit or loss arising is calculated by including the attributable amount of goodwill not previously charged in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and cash in hand and short term deposits with an original maturity date of three months or less.

Financial Instruments

Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Notes to the financial statements

For the year ended 31 December 2018

1. Accounting policies (cont'd)

Financial Instruments (cont'd)

Financial liabilities

Basic financial liabilities, including trade and other payables and loans from fellow group companies are initially recognised at transaction price.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Loans which are basic financial instruments are initially recorded at the present value of future payments discounted at a market rate of interest for a similar loan. Subsequently they are measured at amortised cost using the effective interest method. Loans receivable within one year are not discounted.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements 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.

Current and deferred taxation

The current tax charge is calculated on the basis of UK and US tax law enacted or substantively enacted at the balance sheet date. The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation is provided using the liability method on all timing differences, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

Disposals of subsidiaries

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. The difference between the proceeds from the event that resulted in the loss of control and the proportion of the carrying amount of the subsidiary's net assets, including any related goodwill, as at the date control is lost is recognised as a gain or loss in the consolidated statement of comprehensive income.

Operating leases

Rent payable under operating leases is charged in the statement of comprehensive income on a straight line basis over the lease term. Lease incentives are recognised on a straight line basis over the lease term.

Pensions

Contributions to defined contribution schemes are recognised in the statement of comprehensive income in the period in which they become payable.

Notes to the financial statements

For the year ended 31 December 2018

1. Accounting policies (cont'd)

Tangible fixed assets

All fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, based on prices prevailing at the date of acquisition or revaluation, of each asset on a systematic basis over its expected useful life as follows:

Computers and technology equipment	-	3 years
Office equipment	-	5 years
Fixtures and fittings	-	5 years
Leasehold costs	-	5 years

Foreign currencies

The Company's functional and presentational currency is United States dollars (USD). Transactions in foreign currencies are initially recorded in the Company's functional currency by applying the spot exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the statement of comprehensive income.

2. Group operating loss

Operating loss is stated after charging:

	2018 *$000's*	*Unaudited 2017* *$000's*
Auditors' remuneration	25	114
Depreciation	-	2,480
Operating lease rentals – land and buildings	-	3,423
Loss on disposal of tangible fixed assets	-	7
Auditors' remuneration comprises:		
Fees payable to the Company's auditors for the audit of the Group and Company financial statements	25	23
Fees payable to the Company's auditors for the audit of the Group's 401k pension plan	-	91

3. Group staff costs

	2018 *$000's*	*Unaudited 2017* *$000's*
Wages and salaries	-	107,559
Social security costs	-	2,728
Pension contributions	-	494
	-	110,781
	No.	*No.*
The average number of employees during the period	-	77

There were no pension contributions in respect of defined contribution schemes during the year (2017: $494,000).

Notes to the financial statements

For the year ended 31 December 2018

4. Tax on loss on ordinary activities

Group

a) Analysis of tax charge for the year

	2018	*Unaudited 2017*
	$000's	*$000's*
Current tax:		
Overseas tax	-	23
Adjustment in respect of prior year	-	(2,710)
		(2,687)
Deferred tax:		
Origination of timing differences	-	3,872
Adjustment in respect of prior year	-	3,370
	-	7,242
Total tax charge for the year	-	4,555

b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained below:

	2018	*Unaudited 2017*
	$000's	*$000's*
Loss on ordinary activities before tax	(294)	(26,343)
Loss on ordinary activities multiplied by the UK corporate tax rate of 19% (2017: 19.25%)	(56)	(5,071)
Effects of:		
Tax losses not recognised	56	4,526
Overseas tax	-	3,899
Adjustments in respect of prior years	-	1,201
Total tax charge for the year	-	4,555

Notes to the financial statements

For the year ended 31 December 2018

4. Tax on loss on ordinary activities (cont'd)

Company

a) Analysis of tax charge for the year

	2018	*2017*
	$000's	*$000's*
Current tax:		
Overseas tax	-	23
Adjustment in respect of prior year	-	(2,169)
	-	(2,146)
Deferred tax:		
Origination of timing differences	-	3,872
Adjustment in respect of prior year	-	3,370
	-	7,242
Total tax charge for the year	-	5,096

b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained below:

	2018	*2017*
	$000's	*$000's*
Loss on ordinary activities before tax	(16)	(142,557)
Loss on ordinary activities multiplied by the UK corporate tax rate of 19% (2017: 19.25%)	(3)	(27,442)
Effects of:		
Tax losses not recognised	3	27,442
Overseas tax	-	3,895
Adjustments in respect of prior years	-	1,201
Total tax charge for the year	-	5,096

5. Investments

a) Investments in subsidiaries

Company

Details of subsidiary undertakings are as follows:

Name of company	*Proportion of voting rights*	*Country of registration and operation*
BlueCrest USA Holdings Limited.*	100%	England

* Direct holdings

Notes to the financial statements

For the year ended 31 December 2018

5. Investments (cont'd)

a) Investments in subsidiaries (cont'd)

	2018	*2017*
	$000's	*$000's*
Balance at 1 January	-	150,000
Impairment of BCUSAHL	-	(150,000)
Balance at 31 December	-	-

During the year ended 31 December 2017, before the US Sale, the Company impaired its investment in BCUSAHL to $1 and the loss on impairment has been reflected in the statement of comprehensive income.

b) Other investments

Group

	2018	*Unaudited 2017*
	$000's	*$000's*
Balance at 1 January	8	8
Disposal	(8)	-
Balance at 31 December	-	8

The Group has derecognised other investments with a carrying value of $8,000 following the loss of control of the US Group.

6. Tangible fixed assets

Group

	Leasehold costs $000's	*Computers and technology $000's*	*Office equipment $000's*	*Fixtures and fittings $000's*	*Total $000's*
Cost:					
At 1 January 2018	9,959	2,557	166	1,600	14,282
Disposals	(9,959)	(2,557)	(166)	(1,600)	(14,282)
At 31 December 2018	-	-	-	-	-
Depreciation:					
At 1 January 2018	7,570	2,449	100	1,214	11,333
Disposals	(7,570)	(2,449)	(100)	(1,214)	(11,333)
At 31 December 2018	-	-	-	-	-
Net book value:					
At 1 January 2018	2,389	108	66	386	2,949
At 31 December 2018	-	-	-	-	-

The Group has derecognised tangible fixed assets with a net book value of $2,949,000 following the loss of control of the US Group.

Notes to the financial statements

For the year ended 31 December 2018

7. Debtors

	Group		*Company*	
	2018	*Unaudited 2017*	*2018*	*2017*
	$000's	*$000's*	*$000's*	*$000's*
Other debtors and prepayments	-	12,567	-	-
Amounts due from BCM LP	-	8,754	-	-
Amounts due from related parties (note 13)	343	-	347	-
Amounts due from group entities	-	-	41	395
Corporate tax receivable	1,977	2,300	1,977	2,175
Balance at 31 December	2,320	23,621	2,365	2,570

Amounts falling due after one year included above are:

	Group		*Company*	
	2018	*Unaudited 2017*	*2018*	*2017*
	$000's	*$000's*	*$000's*	*$000's*
Other debtors and prepayments	-	3,622	-	-

Other debtors and prepayments falling due after one year as at 31 December 2017 of $3,622,000 represent rental deposits.

8. Creditors: amounts falling due within one year

	Group		*Company*	
	2018	*Unaudited 2017*	*2018*	*2017*
	$000's	*$000's*	*$000's*	*$000's*
Accruals	21	25,092	11	9
Amounts due to related parties (note 13)	347	-	347	-
Pensions payable	-	53	-	-
Other creditors	-	3,579	-	-
Balance at 31 December	368	28,724	358	9

As at 31 December 2018, there were no creditor amounts falling due after more than one year (2017: $nil).

Notes to the financial statements

For the year ended 31 December 2018

9. Deferred tax asset

Company and Group	*2018* *$000's*	*2017* *$000's*
At 1 January	-	7,242
Origination of timing differences (note 4 (a))	-	(3,872)
Prior year adjustment (note 4(a))	-	(3,370)
Balance at 31 December	-	-

10. Financial instruments

Group	*2018* *$000's*	*Unaudited 2017* *$000's*
Financial assets that are debt instruments measured at amortised cost		
Amounts due from BCM LP	-	8,754
Amounts due from related parties	343	-
	343	8,754
Financial liabilities at amortised cost		
Amounts due to related parties	347	-
Pensions payable	-	53
Other creditors	-	3,579
	347	3,632

Company	*2018* *$000's*	*2017* *$000's*
Financial assets that are debt instruments measured at amortised cost		
Amounts due from related parties	347	-
Amounts due from Group entities	41	395
	388	395
Financial liabilities at amortised cost		
Amounts due to related parties	347	-

Notes to the financial statements

For the year ended 31 December 2018

11. Share capital

Company and Group	*Authorised 2018 $000's*	*Issued and fully paid 2018 $000's*	*Authorised 2017 $000's*	*Issued and fully paid 2017 $000's*
28,358,801 ordinary shares of £1 each	45,000	45,000	45,000	45,000

12. Parent and ultimate controlling party

At the end of the previous financial year, the Company's immediate parent was BCMSL, a company incorporated in England, and the Company's ultimate controlling party was BlueCrest Holdings LLP, a limited liability partnership domiciled in Guernsey.

On 2 January 2018, BCMSL sold its interest in the Company to BSIF, an affiliated Cayman Islands registered fund managed by BCML, for $1. On the same day, BSIF transferred its interest in BCMGHL to its master fund, BSMA, a Cayman Islands registered fund also managed by BCML. Thereby, BSMA has become the immediate parent and BC Cayman Charitable Trust is the ultimate controlling party.

13. Related parties

Company and Group

The Company has taken advantage of the exemption from disclosure of transactions with group entities provided by FRS 102 Section 33 "Related Party Disclosures".

BCM New York is a related party to the Company and the Group as it is subject to common control. As at 31 December 2018, an amount of $343,000 (2017: $360,000) was receivable by the Group and an amount of $347,000 was receivable by the Company from BCM New York.

BC USA GP is a related party to the Company and the Group as it is subject to common control. As at 31 December 2018, an amount of $347,000 (2017: $nil) was payable to BC USA GP by the Company and the Group.

14. Notes to the statement of cash flows

Reconciliation of loss to net cash outflow from operating activities

Group	*2018 $000's*	*Unaudited 2017 $000's*
Operating loss	(25)	(49,734)
Adjustments to reconcile loss for the year to net cash flow from operating activities		
Depreciation of tangible fixed assets (note 6)	-	2,480
Decrease in debtors	51	49,314
Increase/ (decrease) in creditors	83	(49,986)
Decrease in provision for liabilities	-	(2,528)
Impairment of investment	-	(59)
Other non-cash movements	(2)	(51)
Interest payable and similar charges	-	(3,301)
Interest receivable and similar income	-	13
Tax paid	198	775
Net cash outflow from operating activities	305	(53,077)

Notes to the financial statements

For the year ended 31 December 2018

15. Financial commitments, contingencies and charges

Financial commitments

Financial commitments under non-cancellable operating leases are as follows:

	Land and building 2018 $000's	*Land and building 2017 $000's*
Group:		
Amounts payable:		
Within one year	-	3,429
In two to five years	-	14,757
In over five years	-	5,912
	-	24,098