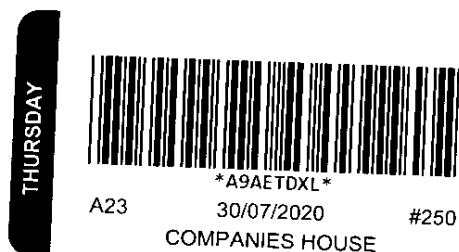


AVELLEMY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

REGISTERED NUMBER
(England and Wales)
08197347



Avellemy Limited

Company number	08197347
Registered office	Ground Floor Reading Bridge House George Street Reading Berkshire RG1 8LS
Directors	S Lloyd N Stockton
Independent Auditors	PricewaterhouseCoopers LLP 3 Forbury Place 23 Forbury Road Reading RG1 3JH
Bankers	HSBC Midsummer Blvd Milton Keynes MK9 3GB

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Strategic Report

For the year ended 31 December 2019

The directors of Avellemy Limited (the "Company"), present their strategic report and the audited financial statements for the year ended 31 December 2019.

Principal Activities

The Company's principal activity is the provision of discretionary investment management services to clients of Capital Professional Limited, a related entity.

Review of the Business

The Company continues to provide discretionary investment management services to Capital Professional Limited. Capital Professional Limited has seen significant growth in 2019 with the Company achieving the £1bn funds under management milestone. The significant growth is sourced from a number of acquisitions by the Ascot Lloyd group which has in turn led to an increased number of clients. Where a discretionary investment approach meets the clients' needs, this has led to significant growth in turnover and profitability of Avellemy Limited. The cost base of the Company continues to be well managed.

Key Financial Highlights

For the year ended 31 December 2019 the Company generated turnover of £2,061,116 (2018: £1,471,925) and a profit before tax for the financial year of £1,527,084 (2018: £1,148,770). The Company has continued to experience significant growth during 2019 and by the year end reported assets under management of £1.156bn (2018: £547m). The results for the financial year are set out in the Statement of Comprehensive Income.

Key Performance Indicators

The board uses a number of performance indicators to assess the performance of the business against its strategy:

	2019	2018
Net operating profit margin	74%	78%
Total funds under management	£1.156bn	£547m

Strategic Report (continued)

For the year ended 31 December 2019

Governance, Principal Risks and Uncertainties

The Company is a subsidiary of CPL Topco Limited, and the group is exposed to a number of potential risks in the course of its operations. The key risks, which are managed on a group wide basis, are as follows:

Risks	Impacts of risks	How the risk is managed
Market risk	Market risk relates to the risk of lower asset values in client portfolios, because of falls in markets. Lower market returns may reduce investors' appetite for investment products and reduce the income derived from fund-based products. Currently coronavirus is having a severe and marked impact on markets which have been trading at the lowest levels for 30 years and continue to be extremely volatile.	The Group adopts a risk approach that is in line with client demands and advisers do not subject clients, or the Group, to unnecessary risks. Our income streams are well spread in gilts, bonds and fixed income so that our income downturn is around half of any market downturn because of the current coronavirus pandemic.
Credit risk	Loss of income, or slow or deferred receipt of fees due from providers or clients; generally, or challenge of fee agreements.	Credit risk is managed on a group basis by regular monitoring of debtors and ensuring current fee agreements are effective.
Liquidity risk	Liquidity risk is the risk of failing to plan for or not being able to meet financial obligations as they fall due or financial obligation required by regulators.	The Group manages its treasury function on a centralised basis. The Group monitors both its regulatory requirements and cash flow forecasts on a regular basis and works with its investors to ensure that appropriate funding is in place.
Information security risk	The Group has robust access controls to its systems. The failure or compromise of an IT system, whether internal or outsourced, could lead to disruption of services to clients, reputational damage and negative impact on profitability. The risk of client data (personal data) becoming insecure leading to the destruction, loss, alteration, unauthorised disclosure of, or access to, personal data. This may cause customer detriment and regulatory and reputational risk and breach of GDPR regulations.	The Group has a close working relationship with its outsourced supplier of IT services. The Group continues to monitor and enhance its existing cyber security capability to help mitigate threats.
Operational risk	The inefficiencies of staff, systems or processes can lead to losses for the group. Failure to hire and retain sufficient and appropriate staff to support the Group's business plan can also lead to losses, together with insufficient ongoing training for advisors leading to poor advice and poor operational practices. The Group maintains a robust control environment over systems and processes.	The Group ensures all regulated advisors are qualified and trained appropriately. They are required to complete and pass the Group's induction course and the group maintains a high ratio of compliance staff to regulated advisors.

Strategic Report (continued)
For the year ended 31 December 2019

Governance, Principal Risks and Uncertainties (continued)

Risks	Impacts of risks	How the risk is managed
Regulatory risk	The risk that inappropriate advice is given to clients or ongoing regulatory changes are not properly interpreted and/or implemented.	The Group ensures all regulated advisors are qualified and appropriately trained and are fully up to date with ongoing regulatory changes, to mitigate the risks of inappropriate advice being given to clients.
Regulatory capital risk	The risk that any company in the Group does not hold sufficient capital to meet its regulatory requirements.	Regulatory capital levels are monitored on a regular basis and sufficient funding is put in place to ensure that all regulatory capital requirements are met.
Consumer detriment risk	The failure of the business to ensure that the conduct of people and processes does not lead to poor customer outcomes.	The Group looks to allocate clients and advisors that are closely matched based on relevant expertise to ensure good working relationships.

Impact of Brexit

Subsequent to the United Kingdom electorate's vote to leave the European Union ("EU") on 23 June 2016, the UK exited the EU on 31 January 2020.

The impact on the Group is expected to be limited to the impact on the wider economic environment, as the Group's client base and operations are located solely in the UK.

Impact of COVID-19

The global pandemic triggered by the spread of the COVID-19 infection poses a risk to the business given the impact on the market in which the Company operates and the broader economic impacts. The Company has categorised the impact of the risks as follows:

Market

There is a risk that an adverse impact to the world economy with the ongoing volatility and drops in value in the stock market will impact the Company's ability to earn revenue. The Company considers that this will be a temporary drop which will correct in the short to medium term, and that it has the capability to flex its cost base in line with short term fluctuations in markets. Whilst trading conditions will ultimately be impacted, the high level of recurring revenue arising from the Company's customers affords the Company some protection in this area, and overall the Company expects the impact of the market drop to be recovered in the medium term.

Operational

The Company makes significant use of technology to enable it to continue to provide services to its customers throughout any periods of uncertainty, including where limitations are imposed on the ability to travel and meet customers face to face. The Company has sufficient flexibility built into its operational framework to be able to operate its sales and back office functions remotely through the use of emails, video conferencing and telephone advice and expects only a small degree of business disruption in this area.

Strategic Report (continued)

For the year ended 31 December 2019

Impact of COVID-19 (continued)

Liquidity

A loan of £5,000,000 from CPL Midco Jersey Limited has been agreed post year end. CPL Midco Jersey Limited is the parent company of the Group subsequent to the restructure as described in note 12. This loan was provided to CPL Midco Jersey Limited by the group's ultimate parent Oaktree Capital Management, LP.

As a consequence of the new investor cash injection the Company is to benefit from increased funding from our debt provider to be able to pursue further inorganic growth.

Future developments related to COVID-19

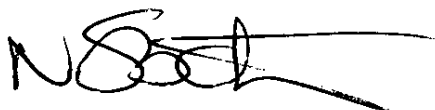
The Company's current overall strategic plan remains unchanged despite the impact of COVID-19. The Group continues to pursue acquisition opportunities as they arise which will have a benefit to the Company. Although some may be delayed in the short term the Group still has a good pipeline of opportunities which it continues to explore. The Company continues to forecast to be profitable at the EBITDA level for 2020 and future periods.

The impact on the Company's operating model in future periods is expected to be limited, as the Company is able to perform most of its functions and provide services to customers despite the restricted working conditions that have been imposed as a result of COVID-19.

Future Strategy

The Company's strategy is to continue to provide discretionary investment management services to its clients and grow its client base through acquisitions within the group.

Approved by the Board of Directors on 28 July 2020 and signed on behalf of the Board:



N Stockton
Director

Directors' Report

For the year ended 31 December 2019

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2019.

Results and dividends

The profit for the year, after taxation, amounted to £1,527,084 (2018: £1,226,809).

The directors do not recommend the payment of a final ordinary dividend (2018: Nil).

Charitable Donations

The Company made £1,500 (2018: £nil) in charitable donations during the year.

Going Concern

The Company meets its day-to-day working capital requirements through its cash reserves and borrowings. The Company's forecasts and projections, taking account of reasonable possible changes in trading performance, show that the Company should be able to operate within the level of its current cash reserves and borrowings. *The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, at least one year from the signing of these financial statements.* The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

S Lloyd
M Moore (Resigned 25 October 2019)
N Stockton

Directors' indemnities

The Company maintains directors' and officers' liability insurance which gives appropriate cover for any legal action brought against its directors. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the year and remain in force, in relation to certain losses and liabilities which the directors may incur to third parties in the course of acting as directors or employees of the Company.

Statement of Post Financial Position Events

In May 2020 as part of a group restructuring, the company's immediate holding company, CPL Bidco Limited, has transferred its ownership of the company to be held by another group company, CPL Bidco Jersey Limited. This has also resulted in the removal of certain regulatory capital requirements that the Company was previously required to comply with.

Directors' Report (continued)

For the year ended 31 December 2019

Statement of Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors 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.

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.

Statement of disclosure of information to auditors

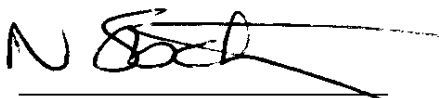
In the case of each director in office at the date the Directors' Report is approved:

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

Independent Auditors

Reappointment of PricewaterhouseCoopers LLP as auditors to the Company will be considered at the board meeting formally approving the statutory financial statements.

Approved by the Board of Directors on 28 July 2020 and signed on behalf of the Board.



N Stockton
Director

Independent Auditors' Report to the Members of Avellemy Limited

For the year ended 31 December 2019

Report on the audit of the financial statements

Opinion

In our opinion, Avellemy Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2019; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

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

Independent Auditors' Report to the Members of Avellemy Limited (continued) For the year ended 31 December 2019

Reporting on other information

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

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

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

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

Strategic Report and Directors' Report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

**Independent Auditors' Report to the Members of Avellemy Limited
(continued)** For the year ended 31 December 2019

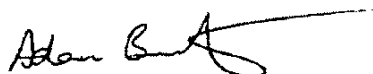
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Adam Beasant (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
29 July 2020

Statement of Comprehensive Income

For the year ended 31 December 2019

		2019	2018
	Note	£	£
Revenue	3	2,061,116	1,471,925
Administrative expenses		(534,017)	(323,155)
Operating profit	4	1,527,099	1,148,770
Finance costs		(15)	-
Profit before tax		1,527,084	1,148,770
Tax on profit	6	-	78,039
Profit for the financial year		1,527,084	1,226,809
Total comprehensive income for the year		1,527,084	1,226,809

There were no other recognised gains and losses for 2019 or 2018 other than those included in the Statement of Comprehensive Income.

The notes on the attached pages are an integral part of these financial statements.

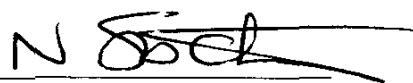
Statement of Financial Position

As at 31 December 2019

	Note	2019 £	2018 £
Current assets			
Trade and other receivables	7	2,845,860	1,931,184
Cash and cash equivalents		1,028,967	384,845
		<u>3,874,827</u>	<u>2,316,029</u>
Creditors: amounts falling due within one year	8	(156,521)	(124,807)
		<u>(156,521)</u>	<u>(124,807)</u>
Net current assets		<u>3,718,306</u>	<u>2,191,222</u>
Total assets less current liabilities		<u>3,718,306</u>	<u>2,191,122</u>
Net assets		<u>3,718,306</u>	<u>2,191,122</u>
Equity			
Called up share capital	9	125,000	125,000
Profit and loss account		3,593,306	2,066,222
Total shareholders' funds		<u>3,718,306</u>	<u>2,191,222</u>

The financial statements were authorised for issue by the board of Directors on 28 July 2020 and were signed on its behalf:

The notes on the attached pages are an integral part of these financial statements.


 N Stockton
 Director
 Company number 08197347

Statement of Changes in Equity

For the year ended 31 December 2019

	Called-up share capital £	Profit and loss account £	Total £
At 1 January 2018	125,000	839,413	964,413
Profit and total comprehensive income for the year	-	1,226,809	1,226,809
At 31 December 2018	125,000	2,066,222	2,191,222
Profit and total comprehensive income for the year	-	1,527,084	1,527,084
At 31 December 2019	125,000	3,593,306	3,718,306

Notes to the financial statements

For the year ended 31 December 2019

1. General information

The Company is a private limited liability company incorporated and domiciled in the UK. The registered office is Ground Floor, Reading Bridge House, George Street, Reading RG1 8LS. The Company provides a discretionary investment management service to another company within its group.

2. Significant accounting policies

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework ("FRS 101") and in accordance with the Companies Act 2006 as applicable to companies using FRS 101. The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006.

The financial statements are measured and presented in Pound Sterling (£), as this is the currency of the primary economic environment in which the company operates.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates. There are no areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

Financial reporting standard 101 – reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- The requirements of IFRS 7, 'Financial instruments: Disclosures'
- The requirements of paragraphs 91 to 99 of IFRS 13, 'Fair value measurement'
 - The requirement of paragraph 38 of IAS 1, 'Presentation of financial statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements, including cash flow statements);
 - 38B–D (additional comparative information);
 - 111 (cash flow statement information); and
 - 134–136 (capital management disclosures).
- The requirements of IAS 7, 'Statement of cash flows'.
- The requirements of paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors'
- The requirements of paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

Notes to the financial statements (continued)

For the year ended 31 December 2019

Changes to accounting policy and disclosures

(a) *New standards, amendments and interpretations*

The company has applied IFRS 16 'Leases' during the financial year.

IFRS 16 'Leases' addresses the definition of a lease, recognition and measurement of leases and it establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS 17 'Leases', and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019.

The Company did not have any leases in the period beginning on 1 January 2019 to 31 December 2019.

(b) *New standards, amendments and interpretations not yet adopted*

There are no new standards and amendments to standards and interpretations that have been issued but were not yet effective.

2.1 Going concern

The Company meets its day-to-day working capital requirements through its cash reserves and borrowings. The Company's forecasts and projections, taking account of reasonable possible changes in trading performance, show that the Company should be able to operate within the level of its current cash reserves and borrowings. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being at least one year from the signing of these financial statements. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

2.2 Revenue recognition

Revenue consists of fees which are recognised on the following basis:

The Company receives the majority of its revenue from discretionary investment management services that are charged on an ongoing basis. The level of revenue varies depending on asset values held in portfolios.

Revenue is recognised in the accounting period when the services are rendered at the consideration the company is entitled to receive for fulfilling its performance obligations to customers in terms of its contracts.

2.3 Administrative Expenses

Administrative expenses are accounted for on an accruals basis.

2.4 Current and Deferred Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Statement of Financial Position date in the countries where the Company operates and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Notes to the financial statements (continued)

For the year ended 31 December 2019

2.4 Current and Deferred Taxation (continued)

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Statement of Financial Position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for any deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities and there is an intention to settle the balances on a net basis.

2.5 Trade and other receivables

Trade receivables are amounts due from product providers performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.6 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held with banks.

2.8 Share capital

Ordinary shares are classified as equity.

2.9 Capital Management

The Company's objectives when managing capital are:

- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for the shareholders and benefits for other stakeholders;
- to maintain a strong capital base to support the development of the business; and
- to comply with the capital requirements set by the Company's regulator, the FCA.

Capital adequacy is monitored on a monthly basis as required by the FCA and the company has met the requirements throughout the year.

Notes to the financial statements (continued)

For the year ended 31 December 2019

3. Revenue

Analysis of revenue which is all generated in the UK.

	2019 £	2018 £
Fees	<u>2,061,116</u>	<u>1,471,925</u>

4. Operating profit

	2019 £	2018 £
Operating profit is stated after charging:		
Auditors' remuneration for audit services	<u>13,000</u>	<u>10,800</u>

5. Information regarding directors and employees

As at 31 December 2019 and 31 December 2018 the company did not have any employees. All staff costs are recharged from Capital Professional Limited, a related entity.

The three directors (2018: three) who served during the year receive no remuneration from the Company for their duties and their emoluments are disclosed in financial statements for other entities. Recharges for the services of the directors from other group companies totalled £65,445 (2018: £nil).

6. Taxation**a) Income tax credit**

	2019 £	2018 £
Tax included in profit and loss:		
Current tax		
United Kingdom corporation tax at 19% (2018: 19%)	-	-
Adjustments in respect of prior periods	<u>-</u>	<u>(78,039)</u>
Tax on profit	<u>-</u>	<u>(78,039)</u>

Notes to the financial statements (continued)

For the year ended 31 December 2019

6. Taxation (continued)***b) Factors affecting the tax credit in the year***

The charge for the year can be reconciled to the profit for the financial year per the Statement of Comprehensive Income as follows:

	2019 £	2018 £
Profit before taxation	1,527,084	1,148,770
Tax on profit at UK standard rate of 19% (2018: 19%)	290,146	218,266
<i>Effect of:</i>		
Utilisation of group relief	(290,146)	(218,266)
Adjustments in respect of prior periods	-	(78,039)
Tax on profit	-	(78,039)

c) Factors affecting future tax charges

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

7. Trade and other receivables

	2019 £	2018 £
Trade receivables	194,627	13,488
Prepayments and accrued income	78,145	93,696
Corporation tax	-	78,039
Amounts owed by group undertakings	2,573,088	1,745,961
	2,845,860	1,931,184

The trade receivables stated above for both years do not include any provisions for impairment. The amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Notes to the financial statements (continued)

For the year ended 31 December 2019

8. Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade payables	1,365	15,490
Other taxation and social security	98,293	84,874
Accruals	56,863	24,443
	<u>156,521</u>	<u>124,807</u>

9. Called up share capital

	2019	2018
	£	£
<i>Authorised Share capital:</i>		
Ordinary shares of £1 each	<u>125,000</u>	<u>125,000</u>
	<u>125,000</u>	<u>125,000</u>
<i>Allotted, called up and fully paid:</i>		
Ordinary shares of £1 each	<u>125,000</u>	<u>125,000</u>
	<u>125,000</u>	<u>125,000</u>

Each share is entitled to one vote in any circumstances and each share is entitled pari passu to dividend payments or any other distribution. Each share is entitled pari passu to participate in a distribution arising from a winding up of the Company. The shares are not redeemable or liable to be redeemed at the option of the Company or the shareholders.

10. Commitments and contingent liabilities

The Company has no annual commitments due under operating leases or capital commitments as at 31 December 2019 (2018: £Nil). The Company has no contingent liabilities as at 31 December 2019 (2018: £Nil).

11. Controlling parties

The immediate holding company at 31 December 2019 is CPL Bidco Limited. The parent company of the smallest group for which consolidated financial statements are prepared of which the Company is a member is CPL Topco Limited, a company incorporated in England and Wales. Copies of CPL Topco Limited's financial statements have been filed with Companies House, where they are available to the public. This is the smallest group for consolidation. CPL Bidco Limited prepares financial statements which are available from Reading Bridge House, George Street, Reading RG1 8LS.

The ultimate holding and controlling company is Oaktree Capital Management, LP. Copies of Oaktree Capital Management LP's consolidated financial statements can be obtained from: 333 South Grand Ave., 28th Floor, Los Angeles, CA 90071.

Notes to the financial statements (continued)

For the year ended 31 December 2019

12. Statement of Post Financial Position Events

In May 2020 as part of a group restructuring, the company's immediate holding company, CPL Bidco Limited, has transferred its ownership of the company to be held by another group company, CPL Bidco Jersey Limited.