

JCRA Group Limited

Report and Financial Statements

Year Ended

30 September 2017

Company Number 08255583

FRIDAY



L795CJ2W
L14 29/06/2018 #148
COMPANIES HOUSE

JCRA Group Limited

Report and financial statements for the year ended 30 September 2017

Contents

Page:

1	Strategic report
3	Directors' report
5	Independent auditor's report
8	Consolidated profit and loss account
9	Consolidated statement of comprehensive income
10	Consolidated balance sheet
11	Company balance sheet
12	Consolidated statement of changes in equity
13	Company statement of changes in equity
14	Consolidated cash flow statement
15	Notes forming part of the financial statements

Directors

M T Waterman
J Bowie
I P MacFarlane
I Harkins

Registered office

12 St James's Square, London, SW1Y 4LB

Company number

08255583

Auditors

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0PA

JCRA Group Limited

Strategic report for the year ended 30 September 2017

Review of the business

The trading outcome for the Company's subsidiary undertakings in the year under review was in line with forecast expectations across Europe, but fell short in North America. The former markets remain very robust in terms of transaction volumes within the core client base. In the North American market, the primary factor was the delays on PPP transactions and also the lack of traction from the Real Estate effort in that market. The directors consider the overall performance of the Company as a whole to be strong given the other areas of focus internally through the 3rd and 4th quarter of the financial year.

The Group's principal operating company in the UK, J C Rathbone Associates Limited, experienced an increase in turnover of 14.4% year-on-year. The directors consider this result to be very good and in line with the business plan for the year. Recognition of the Company's value added expertise in our core sectors of Property, Private Equity, Infrastructure and Social Housing continues to be evident in the number of requests from new prospective clients for proposals received throughout the year. Further, the demand for a broader range of risk management input – encompassing interest rates, FX and event driven risk – meant there was slightly more diversity in the make up of mandates.

On 25 August 2017 JCRA Financial LLC, the North American operation, became a 100% owned subsidiary of the Group. The subsidiary was loss making in the year, with a restructuring plan started to stabilise the profitability and return to a break even position in the immediate term. In the medium to long term, the directors still believe there is a large market opportunity for the services and a refocused business development strategy is underway. The Group also acquired the minority interest in its Canadian subsidiary, JCRA Canada Inc. during the year and that entity continues to develop its position in the local market.

The Company has continued to diversify its revenue streams through the focussed cross-selling of other services and this is evident in the increase in revenue from FX risk management mandates as well as those clients requiring input to hedge accounting and hedge valuations and broader debt advisory (debt capital markets) engagements.

The Board continues to believe that the value and relevance of independent advice to participants in financial and commodity markets will increase, and the Company is well positioned to win new client mandates across all aspects of financial risk management and debt advisory in Europe and the US.

Principal risks and uncertainties

Market place

Demand for the principal advisory services provided by the Group continues to be robust. The turn of the interest rate cycle, led by the US, has brought back into focus the financial risk inherent in leveraged transactions. The UK's political landscape remains uncertain with regard to its position post the EU exit, although the economic backdrop globally is very strong and supportive of strong transaction volumes. In addition the Company remains well positioned to benefit from its long term relationships and recurring client demand. Independent input into financial risk decisions is very relevant as the financial counterparties no longer position themselves as providers of advice. The Company expects to benefit from continuing allocation of private capital infrastructure, renewable energy and Private Equity sectors, especially in the European market, which remains very buoyant. The directors are confident that market conditions should continue to provide the Group with opportunities to expand its activities.

The Company has continued to widen its geographical presence, allowing for more opportunity of cross-selling our FX advisory services. Additionally, the scale and complexity of our client engagements are increasing as a result of the increasing size and diversity of the transactions they undertake.

The directors recognise that continued expansion will depend upon the Group's ability to build and retain a first class team, and this continues to be one of our core objectives. We have successfully recruited at all levels across the firm and remain confident that this success will continue into the foreseeable future. In order to attract and retain key staff the directors expect to continue the policy of providing competitive remuneration packages, both in terms of merit based salaries and by offering the opportunity of equity and / or quasi-equity participation.

JCRA Group Limited

Strategic report for the year ended 30 September 2017 (*continued*)

Financial risk management policies and objectives


The Group holds or issues financial instruments to finance its operations. Operations are mainly financed by a mixture of retained profits and a floating rate overdraft facility. In addition, various financial instruments such as trade debtors and trade creditors arise directly from the Group's operations. The Group does not enter into hedging agreements.

The Group's credit risk is primarily attributable to its trade debtors. Credit risk is managed by running credit checks on new customers and by monitoring payments against contractual agreements. At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

The directors consider that the existing banking facilities are appropriate for the size and complexity of the Group, and remain confident that the level of funding of its working capital is consistent with the type of business undertaken.

The directors monitor the liquidity and cash flow risk of the Group carefully. Cash flow is monitored by the directors on a regular basis and appropriate action is taken where additional funds are required.

On behalf of the board



J Bowie
Director

29 June 2018

JCRA Group Limited

Directors' report for the year ended 30 September 2017

The directors present their report together with the audited financial statements for the year ended 30 September 2017.

Results and dividends

The consolidated profit and loss account is set out on page 8 and shows the profit for the year.

The directors do not recommend the payment of a dividend (2016 - £Nil).

Principal activities and future developments

The principal activity of the Group is the provision of financial risk management and debt-advisory consultancy services to financial institutions and professional clients. The principal activity of the Company is to act as a holding company.

The Company's principal subsidiary undertaking, J C Rathbone Associates Limited, is authorised and regulated by the Financial Conduct Authority.

There have been no events since the balance sheet date which materially affect the position of the Group or Company.

The Group continues to seek to expand its geographic coverage and the range of services that it provides.

Charitable and political contributions

During the year the Group made charitable contributions of £1,170 (2016 - £2,875). There were no political contributions (2016 - £Nil).

Other disclosures

Disclosures of financial risk management policies and objectives, exposure to financial risks and further information on future developments are included in the strategic report on pages 1 and 2.

Directors

The directors of the Company during the year and to the date of this report were as follows:

J C D Rathbone	(resigned 25 August 2017)
P L Huberman	(resigned 25 August 2017)
M T Waterman	
J Bowie	
P Newman	(resigned 25 August 2017)
I P MacFarlane	
I Harkins	(appointed 25 August 2017)

JCRA Group Limited

Directors' report for the year ended 30 September 2017 (*continued*)

Directors' responsibilities

The directors are responsible for preparing the strategic report, 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 the directors have elected to prepare the Group and Company 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 Group and Company and of the profit or loss of the Group 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

On behalf of the board



J Bowie
Director

29 June 2018

JCRA Group Limited

Independent auditor's report

TO THE MEMBERS OF JCRA GROUP LIMITED

Opinion

We have audited the financial statements of JCRA Group Limited (the "parent company") and its subsidiaries (the "Group") for the year ended 30 September 2017 which comprise the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statement of changes in equity, the consolidated 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 Financial Reporting Standard 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 Group's and of the parent company's affairs as at 30 September 2017 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Group and the parent 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 Group or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

JCRA Group Limited

Report of the independent auditors (*continued*)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 the audit:

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

Matters on which we are required to report by exception

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

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

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

JCRA Group Limited

Report of the independent auditors (*continued*)

Responsibilities of directors

As explained more fully in the directors' report, 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 Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

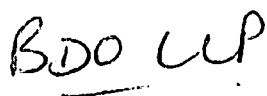
Auditor's responsibilities for the audit of the financial statements

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

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.



*Christopher Wingrave (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick
United Kingdom*

29 June 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

JCRA Group Limited

Consolidated profit and loss account for the year ended 30 September 2017

	Note	2017 £	2016 £
Turnover	3	13,404,009	11,925,961
Administrative expenses		(12,454,963)	(10,570,745)
Operating profit	4	949,046	1,355,216
Interest receivable and similar income		21,012	32,977
Interest payable and similar charges	7	(226,908)	(241,344)
Profit on ordinary activities before taxation		743,150	1,146,849
Taxation on profit on ordinary activities	8	(275,466)	(542,581)
Profit for the financial year		467,684	604,268

All amounts relate to continuing activities.

The notes on pages 15 to 27 form part of these financial statements.

JCRA Group Limited

Consolidated statement of comprehensive income for the year ended 30 September 2017

	2017 £	2016 £
Profit for the financial year	467,684	604,268
Other comprehensive income for the year:		
Exchange translation differences on consolidation	62,154	91,940
	<u>529,838</u>	<u>696,208</u>
Profit for the financial year attributable to:		
Non-controlling interest	(78,606)	(93,061)
Owners of the parent company	546,290	697,329
	<u>467,684</u>	<u>604,268</u>
Total comprehensive income attributable to:		
Non-controlling interest	(66,992)	(38,806)
Owners of the parent company	596,830	735,014
	<u>529,838</u>	<u>696,208</u>

The notes on pages 15 to 27 form part of these financial statements.

JCRA Group Limited

Consolidated balance sheet at 30 September 2017

Company number 08255583	Note	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible assets	9		435,384		525,907
Intangible assets	10		1,340,235		1,752,615
			<u>1,775,619</u>		<u>2,278,522</u>
Current assets					
Debtors	12	6,474,158		4,153,790	
Investments	13	3,653		-	
Cash at bank and in hand		2,126,445		5,257,381	
		<u>8,604,256</u>		<u>9,411,171</u>	
Creditors: amounts falling due within one year	14	(2,688,905)		(4,182,489)	
Net current assets			<u>5,915,351</u>		<u>5,228,682</u>
Total assets less current liabilities			<u>7,690,970</u>		<u>7,507,204</u>
Creditors: amounts falling due after more than one year					
Accruals	15	520,069		766,978	
Preference shares and dividends	17	-		3,087,925	
		<u>(520,069)</u>		<u>(3,854,903)</u>	
Net assets			<u>7,170,901</u>		<u>3,652,301</u>
Capital and reserves					
Called up share capital	18		3,409,478		100,000
Profit and loss account			3,761,423		3,226,735
EBT share reserve			-		(2,310)
			<u>7,170,901</u>		<u>3,324,425</u>
Equity attributable to owners of the parent company					
Non-controlling interests			-		327,876
			<u>7,170,901</u>		<u>3,652,301</u>
Shareholders' funds			<u>7,170,901</u>		<u>3,652,301</u>

The financial statements were approved by the Board and authorised for issue on 29 June 2018.

J Bowie

J Bowie
Director

The notes on pages 15 to 27 form part of these financial statements.

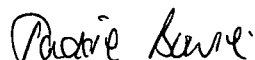
JCRA Group Limited

Company balance sheet at 30 September 2017

Company number 08255583	Note	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Fixed asset investments	11		5,428,085		5,428,085
Current assets					
Debtors	12	2,847,325		34,444	
Creditors: amounts falling due within one year	14	(4,704)		-	
Net current assets			2,842,621		34,444
Total assets less current liabilities			8,270,706		5,462,529
Creditors: amounts falling due after more than one year					
Preference shares and dividends	17	-		3,087,925	
			-		(3,087,925)
Net assets			8,270,706		2,374,604
Capital and reserves					
Called up share capital	18		3,409,478		100,000
Profit and loss account			4,861,228		2,274,604
Shareholders' funds			8,270,706		2,374,604

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The Group profit for the year includes a profit after tax of £2,586,624 (2016 - loss of £311,580) which is dealt with in the financial statements of the Company.

The financial statements were approved by the Board and authorised for issue on 29 June 2018.



J Bowie
Director

The notes on pages 15 to 27 form part of these financial statements.

JCRA Group Limited

Consolidated statement of changes in equity for the year ended 30 September 2017

	Called up share capital £	EBT reserve £	Profit and loss account £	Equity owners of parent £	Non- controlling interests £	Total equity £
1 Oct 2015	100,000	(2,310)	2,491,721	2,589,411	366,682	2,956,093
Comprehensive income for the year:						
Profit for the year	-	-	697,329	697,329	(93,061)	604,268
Exchange translation differences	-	-	37,685	37,685	54,255	91,940
30 Sept 2016	100,000	(2,310)	3,226,735	3,324,425	327,876	3,652,301
1 Oct 2016	100,000	(2,310)	3,226,735	3,324,425	327,876	3,652,301
Comprehensive income for the year:						
Profit for the year	-	-	546,290	546,290	(78,606)	467,684
Exchange translation differences	-	-	50,540	50,540	11,614	62,154
Transactions with owners:						
Conversion of preference share capital	3,309,478	-	-	3,309,478	-	3,309,478
Sale of EBT shares	-	2,310	278,823	281,133	-	281,133
Acquisition of non- controlling interests in subsidiary undertakings	-	-	(340,965)	(340,965)	(260,884)	(601,849)
30 Sept 2017	3,409,478	-	3,761,423	7,170,901	-	7,170,901

The notes on pages from 15 to 27 form part of these financial statements.

JCRA Group Limited

Company statement of changes in equity for the year ended 30 September 2017

	Called up share capital £	Profit and loss account £	Total equity £
1 October 2015	100,000	2,586,184	2,686,184
Comprehensive income for the year:			
Loss for the year	-	(311,580)	(311,580)
30 September 2016	100,000	2,274,604	2,374,604
1 October 2016	100,000	2,274,604	2,374,604
Comprehensive income for the year:			
Profit for the year	-	2,586,624	2,586,624
Transactions with owners:			
Conversion of preference share capital	3,309,478	-	3,309,478
30 September 2017	3,409,478	4,861,228	8,270,706

The notes on pages from 15 to 27 form part of these financial statements.

JCRA Group Limited

Consolidated cash flow statement for the year ended 30 September 2017

	2017 £	2016 £
Cash flows from operating activities		
Profit for the year	467,684	604,268
Loss on disposal of fixed assets	64,163	-
Depreciation of tangible fixed assets	160,939	160,921
Amortisation of goodwill	412,380	412,379
Interest receivable	(21,012)	(32,977)
Interest payable	226,908	241,344
Tax expense	275,466	542,581
(Increase) / decrease in debtors	(2,165,219)	590,817
Decrease in creditors	(1,633,938)	(385,096)
Cashflows from operations	(2,212,629)	2,134,237
Corporation tax paid	(185,176)	(745,600)
Net cashflows from operating activities	(2,397,805)	1,388,637
Cash flows from investing activities		
Interest received	21,012	31,418
Payments to acquire tangible fixed assets	(137,231)	(372,119)
Acquisition of non-controlling interests in subsidiary undertakings	(601,849)	-
Net cash flows from investing activities	(718,068)	(340,701)
Cash flows from financing activities		
Interest paid	(5,355)	(27,610)
Repayment of loan notes	-	(860,648)
Net cash flows from financing activities	(5,355)	(888,258)
(Decrease) / increase in cash and cash equivalents	(3,121,228)	159,678
Cash and cash equivalents at beginning of year	5,257,381	4,916,889
Foreign exchange gains and losses	(9,708)	180,814
Cash and cash equivalents at end of year	2,126,445	5,257,381

The notes on pages 15 to 27 form part of these financial statements.

JCRA Group Limited

Notes forming part of the financial statements for the year ended 30 September 2017

1 Accounting policies

JCRA Group Limited is a company limited by shares and incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the Company's operations and its principal activities are set out in the strategic and directors' reports.

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. Further details are given in note 2.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the Group and the parent company would be identical;
- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have, except where stated, been applied consistently during the year:

Basis of consolidation

The consolidated financial statements incorporate the results of JCRA Group Limited and all of its subsidiary undertakings as at 30 September 2017 using the acquisition method of accounting. The results of subsidiary undertakings are included from the date of acquisition.

Turnover

Turnover represents amounts receivable for services provided during the period less value added tax and includes the directors' estimate of the recoverable value of work-in-progress on projects in progress but not completed, at the balance sheet date.

Goodwill

On the acquisition of a business, fair values are attributed to the net assets acquired. Goodwill arises where the fair value of the consideration paid for a business exceeds the value of such net assets. Goodwill arising on acquisitions, on consolidation, is capitalised and subject to impairment review, at the end of the first full financial year following acquisition and in other periods if there are indications that the carrying value may not be recoverable. Goodwill is amortised over its estimated useful life.

JCRA Group Limited

Notes forming part of the financial statements for the year ended 30 September 2017 (continued)

1 Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Leasehold improvements	-	10% per annum
Office equipment	-	20% per annum
Computer equipment	-	25% per annum

Investments

Investments in subsidiary undertakings are stated at cost less any provision for impairment. Investments held as current assets are stated at the lower of cost and net realisable value.

Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Current and deferred taxation

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

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

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

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

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

JCRA Group Limited

Notes forming part of the financial statements for the year ended 30 September 2017 (*continued*)

1 Accounting policies (*continued*)

Employee benefit trust ('EBT')

The cost of the Company's shares held by the EBT is deducted from shareholders' funds in the Group balance sheet. Any cash received by the EBT on disposal of the shares it holds is also recognised directly in shareholders' funds. Other assets and liabilities of the EBT (including borrowings) are recognised as assets and liabilities of the Group.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Dividends on shares wholly recognised as liabilities are recognised as expenses and classified within interest payable.

Foreign currency

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date. Any differences are taken to profit and loss.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets are translated at rates of exchange ruling on the balance sheet date. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings are taken to other comprehensive income.

Operating leases

Annual rentals applicable to operating leases are charged to profit and loss on a straight-line basis over the term of the lease.

Pension costs

Contributions to the Group's defined contribution pension scheme are charged to profit and loss in the period in which they become payable. The assets of the scheme are held separately from those of the Group.

Holiday pay accrual

A liability is recognised in respect of any unused holiday pay entitlement which has accrued at the balance sheet date and is available to be carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

JCRA Group Limited

Notes forming part of the financial statements for the year ended 30 September 2017 (*continued*)

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the Group as a lessee are operating or finance leases. This decision depends on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the Group's tangible fixed assets and goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.
- Determine whether there are indicators of impairment of the Group's trade debtors and work-in-progress. Factors taken into consideration include client credit worthiness and history of default.

Other key sources of estimation uncertainty

- *Tangible fixed assets (see note 9)*

Tangible fixed assets are depreciated over their estimated useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- *Goodwill (see note 10)*

Goodwill is amortised over its estimated useful economic life. The actual life of goodwill may vary depending on a number of factors and is reassessed annually. In reassessing asset lives, factors such as technological innovation are taken into account.

- *Impairment of trade receivables (see note 12)*

At the end of each reporting period, the Group assesses whether there is objective evidence of impairment and estimates the level of required provision accordingly.

3 Turnover

Analysis by geographical market:

	2017 £	2016 £
United Kingdom	11,787,950	10,304,343
United States of America	1,249,870	1,441,087
Canada	366,189	180,531
	<hr/>	<hr/>
	13,404,009	11,925,961
	<hr/>	<hr/>

Turnover is wholly attributable to the principal activity of the Group.

JCRA Group Limited

Notes forming part of the financial statements for the year ended 30 September 2017 (continued)

4 Operating profit

	2017 £	2016 £
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	160,939	160,921
Loss on disposal of tangible fixed assets	64,163	-
Amortisation of goodwill	412,380	412,379
Hire of other assets - operating leases	592,308	528,814
Fees payable to the Company's auditor for the audit of the Company's annual accounts	13,910	13,500
Fees payable to the Company's auditor for other services:		
- the audit of the Company's subsidiaries	28,840	28,000
- audit related services	-	8,550
- tax services	61,820	23,500
- corporate finance services	230,000	80,000
- other services	3,350	2,550
Exchange differences	(24,007)	(50,991)

5 Employees

	2017 £	2016 £
Staff costs (including directors) consist of:		
Wages and salaries	6,947,318	6,369,554
Social security costs	621,874	456,924
Other pension costs	55,830	34,218
	7,625,022	6,860,696

The average number of employees (including executive directors) during the period was as follows:

	2017 Number	2016 Number
Management	5	5
Operations	43	34
Administrative	18	13
	66	52

6 Directors' remuneration

	2017 £	2016 £
Directors' emoluments	92,304	80,000

The emoluments of those directors who are also employees of J C Rathbone Holdings Limited are disclosed in the statutory accounts of that Company. The emoluments disclosed above relate to the fees and consultancy contracts of the Company's non-executive directors. There were no directors in the Company's defined contribution pension scheme during the year (2016 - None).

The total amount payable to the highest paid director was £46,152 (2016 - £40,000).

Consultancy fees payable to directors, which are included in the above emoluments, are separately disclosed in note 20.

JCRA Group Limited

Notes forming part of the financial statements for the year ended 30 September 2017 (*continued*)

7 Interest payable and similar charges

	2017 £	2016 £
Bank overdrafts	5,355	3,389
Loan notes	-	8,630
Preference share coupon	221,553	229,325
	<u>226,908</u>	<u>241,344</u>

8 Taxation on profit on ordinary activities

	2017 £	2017 £	2016 £	2016 £
<i>UK Corporation tax</i>				
Current tax on profits for the year	226,674		460,518	
Adjustment in respect of previous periods	(65,602)		1,829	
	<u></u>		<u></u>	
Total current tax		161,072		462,347
<i>Deferred tax</i>				
Origination and reversal of timing differences	60,966		9,100	
Adjustment in respect of prior periods	53,428		(9,190)	
Effect of tax rate charge on opening balance	-		80,324	
	<u></u>		<u></u>	
Total deferred tax		114,394		80,234
		<u></u>		<u></u>
Taxation on profit on ordinary activities		275,466		542,581
		<u></u>		<u></u>

The tax assessed for the period is different to the standard rate of corporation tax in the UK. The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>743,150</u>	<u>1,146,849</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19.5% (2016 - 20%)	144,914	229,370
Effects of:		
Expenses not deductible for tax purposes	281,037	242,125
Changes in UK tax rates	(39,826)	78,447
Variations in overseas tax rates	(98,485)	-
Adjustment in respect of previous periods	(12,174)	(7,361)
	<u></u>	<u></u>
Total tax charge for the period	<u>275,466</u>	<u>542,581</u>

JCRA Group Limited

Notes forming part of the financial statements for the year ended 30 September 2017 (*continued*)

8 Taxation on profit on ordinary activities (*continued*)

At the year end there was a deferred tax asset consisting of:

	2017 £	2016 £
Accelerated capital allowances	(51,655)	(49,245)
Losses	204,647	-
Other timing differences	184,904	501,535
	<u>337,896</u>	<u>452,290</u>

The deferred tax asset is expected to be utilised over the next 1 to 10 years.

The movement on the deferred tax asset provided for during the year is as follows:

	£
At 1 October 2016	452,290
Charged to profit and loss in the year	(114,394)
	<u>337,896</u>
At 30 September 2017 (note 12)	<u>337,896</u>

JCRA Group Limited

Notes forming part of the financial statements
for the year ended 30 September 2017 (*continued*)

9 Tangible fixed assets

Group	Leasehold improvements £	Office equipment £	Computer equipment £	Total £
<i>Cost</i>				
At 1 October 2016	157,759	150,358	793,335	1,101,452
Exchange differences	(2,224)	-	(3,840)	(6,064)
Additions	-	17,641	119,590	137,231
Disposals	-	-	(98,961)	(98,961)
At 30 September 2017	155,535	167,999	810,124	1,133,658
<i>Depreciation</i>				
At 1 October 2016	86,252	84,897	404,396	575,545
Exchange differences	(648)	-	(2,764)	(3,412)
Provided for the year	14,754	18,579	127,606	160,939
Disposals	-	-	(34,798)	(34,798)
At 30 September 2017	100,358	103,476	494,440	698,274
<i>Net book value</i>				
At 30 September 2017	55,177	64,523	315,684	435,384
At 30 September 2016	71,507	65,461	388,939	525,907

10 Intangible fixed assets

Group	Goodwill £
<i>Cost</i>	
At 1 October 2016 and 30 September 2017	3,299,039
<i>Amortisation</i>	
At 1 October 2016	1,546,424
Provided for the year	412,380
At 30 September 2017	1,958,804
<i>Net book value</i>	
At 30 September 2017	1,340,235
At 30 September 2016	1,752,615

JCRA Group Limited

Notes forming part of the financial statements for the year ended 30 September 2017 (continued)

11 Fixed asset investments

Company	Subsidiary undertakings £
<i>Cost or valuation</i>	
At 1 October 2016 and 30 September 2017	5,428,085

Subsidiary undertakings

The undertakings in which the Company's interest at the year end is 20% or more are as follows:

Name	Country of incorporation	Registered Address	Class of shares held	Percentage of shares held	Nature of business
J. C. Rathbone Holdings Limited	England and Wales	12 St James' Square, London, SW1Y 4LB	Ordinary	100% interest	Intermediate holding company
J C Rathbone Associates Limited	England and Wales	12 St James' Square, London, SW1Y 4LB	Ordinary	100% interest*	Provision of treasury consultancy services and property finance advice
J C Rathbone USA Holdings Inc.	United States of America	One Penn Plaza, Suite 1423, New York, NY 10119	Ordinary	100% interest*	Intermediate holding company
JCRA Financial LLC	United States of America	One Penn Plaza, Suite 1423, New York, NY 10119	Ordinary	100% interest*	Provision of treasury consultancy services
JCRA Canada Inc.	Canada	2 Bloor Street West, Suite 700, Toronto, ON M4W 3R1	Ordinary	100% interest*	Provision of treasury consultancy services
J C Rathbone Associates Structured Finance Limited	England and Wales	12 St James' Square, London, SW1Y 4LB	Ordinary	100% interest*	Dormant
J C Rathbone Associates Energy Limited	England and Wales	12 St James' Square, London, SW1Y 4LB	Ordinary	100% interest*	Dormant
J C Rathbone Trustees Limited	England and Wales	12 St James' Square, London, SW1Y 4LB	Ordinary	100% interest*	Corporate trustee

* Held indirectly.

J C Rathbone Associates Limited is authorised and regulated by the Financial Conduct Authority. JCRA Financial LLC is authorised and regulated by the Financial Industry Regulatory Authority.

The Company had a 67.5% indirect holding in JCRA Canada Inc until the 25 August 2017 when J. C. Rathbone Holdings Limited's interest in this entity was increased to 100% in exchange for consideration of £177,200.

The Company had a 75% indirect holding in JCRA Financial LLC until the 25 August 2017 when J C Rathbone USA Holdings Inc's interest in this entity was increased to 100% in exchange for consideration of £424,649.

JCRA Group Limited

Notes forming part of the financial statements
for the year ended 30 September 2017 (continued)

12 Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
<i>Amounts receivable within one year</i>				
Trade debtors	3,800,154	2,608,546	-	-
Corporation tax recoverable	-	42,913	-	-
Other taxation and social security	87,586	-	-	-
Other debtors	472,454	414,054	-	-
Prepayments and accrued income	528,704	554,348	-	-
Amounts owed by group undertakings	1,165,725	-	2,847,325	34,444
	<u>6,054,623</u>	<u>3,619,861</u>	<u>2,847,325</u>	<u>34,444</u>
<i>Amounts receivable after more than one year</i>				
Deferred tax asset (see note 8)	337,896	452,290	-	-
Corporation tax recoverable	81,639	81,639	-	-
	<u>419,535</u>	<u>533,929</u>	<u>-</u>	<u>-</u>
Total debtors	<u>6,474,158</u>	<u>4,153,790</u>	<u>2,847,325</u>	<u>34,444</u>

13 Current asset investments

	2017 £	2016 £
Other investments	3,653	-
	<u>3,653</u>	<u>-</u>

Other investments represent 365,334 A1 ordinary shares of £0.01 in Ensco 1240 Limited (see note 18).

JCRA Group Limited

Notes forming part of the financial statements for the year ended 30 September 2017 (continued)

14 Creditors: amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade creditors	106,661	56,832	-	-
Corporation tax	173,536	240,553	-	-
Other taxation and social security	486,572	285,075	-	-
Other creditors	22,767	781,894	4,704	-
Accruals and deferred income	1,899,369	2,818,135	-	-
	<u>2,688,905</u>	<u>4,182,489</u>	<u>4,704</u>	<u>-</u>

Short term and long term incentive plans

The Group operated short and long term incentive plans. Certain deferred awards arising in previous years were designed to mirror the preference shares of the Company ("virtual shares"), and are of a fixed nominal value and attract an annual uplift of 8% per annum. Such awards could be carried forward at the option of the employee until the tenth anniversary of the award but all outstanding amounts were settled in the current year as part of a group restructuring exercise. As at the 30 September 2016 £768,756 was outstanding and included within other creditors in respect of these awards.

Awards made in respect of the year ended 30 September 2013 and thereafter do not attract a cumulative coupon and are payable in two parts, 50% three months after the balance sheet date, and 50% 15 months after the balance sheet date. £1,140,471 (2016 - £2,223,170) and £520,069 (2016 - £766,978) are included within accruals due in less than one year and more than one year respectively in respect of these awards.

15 Creditors: amounts falling due after one year

Group	2017 £	2016 £
Accruals (see note 14)	<u>520,069</u>	<u>766,978</u>

16 Financial instruments

The Group's and Company's financial instruments may be analysed as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Financial assets				
Measured at amortised cost	<u>7,564,778</u>	<u>8,279,981</u>	<u>2,847,325</u>	<u>34,444</u>
Financial liabilities				
Measured at amortised cost	<u>2,548,866</u>	<u>4,423,839</u>	<u>4,704</u>	<u>-</u>

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, other debtors, accrued income and amounts owed from group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

JCRA Group Limited

Notes forming part of the financial statements for the year ended 30 September 2017 (continued)

17 Preference shares

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
8% Preference share capital	-	2,307,651	-	2,307,651
Dividend accrued to date	-	780,274	-	780,274
Preference share coupon and accrued dividend	-	3,087,925	-	3,087,925

Preference shares were issued on 21 December 2012 as part consideration for the acquisition of J C Rathbone Holdings Limited. The preference shares were non-voting and had a fixed dividend of 8% per annum compounding annually, payable on redemption. The preference shares were redeemable on an exit event or at the Company's option, from 21 December 2018. On 25 August 2017 the preference shares and all accrued dividends were converted into ordinary shares.

18 Share capital and reserves

	2017 Number	2016 Number	2017 £	2016 £
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	3,409,478	-	3,409,478	-
'A' Ordinary shares of £1 each	-	25,000	-	25,000
'B' Ordinary shares of £1 each	-	50,000	-	50,000
'C' Ordinary shares of £1 each	-	25,000	-	25,000
	3,409,478	100,000	3,409,478	100,000

On 25 August 2017, £3,409,478 of preference share capital and accrued dividends thereon was converted into 3,409,478 of ordinary shares of £1 each (see note 15) and the 'A', 'B' and 'C' ordinary shares were redesignated as ordinary shares. All shares in issue now therefore carry the same rights.

EBT reserve

The Company's subsidiary undertaking, J. C. Rathbone Holdings Limited, controls the J C Rathbone Employee Benefit Trust ("EBT"), which was established in September 1998 to act as trustee in respect of share schemes for the purpose of encouraging the holding of shares for the benefit of employees and their dependents. At 30 September 2016, the EBT held 2,310 'C' ordinary shares of £1 each in the Company. As part of a group restructuring exercise, on 25 August 2017 the EBT exchanged this shareholding and £132,549 of cash for 365,334 A1 ordinary shares of £0.01 each and £409,721 of loan notes in Ensco 1240 Limited (see note 20). These shares are disclosed within current asset investments (see note 13).

19 Commitments under operating leases

The Group had total future commitments under non-cancellable operating leases as set out below:

	Land and buildings 2017 £	Land and buildings 2016 £
Operating leases which expire:		
- Within one year	443,829	471,289
- In two to five years	163,608	573,369
	607,437	1,044,658

JCRA Group Limited

Notes forming part of the financial statements for the year ended 30 September 2017 (continued)

20 Related party disclosures

Controlling parties

The Group was controlled by the directors until 25 August 2017 when it was acquired by Bidco Ensco 1149 Limited. The ultimate parent company and controlling party is Ensco 1240 Limited. The current year results of the Group are not consolidated into any other accounts.

Related party transactions and balances

Total compensation paid to key management personnel was £848,549 (2016 - £1,116,956).

During the year, the Group paid consultancy fees totalling £40,370 (2016 - £35,000) to Mr P L Huberman, a director of the Company.

During the year, the Group paid consultancy fees totalling £40,370 (2016 - £35,000) to Mr P Newman, a director of the Company.

Included within other debtors in note 12 are loans provided to certain of the Company's directors which total £Nil (2016 - £267,496). Interest of £9,945 (2016 - £10,700) was receivable by the Group during the year in respect of these loans.

Transactions between the Company and its wholly owned subsidiary undertakings (as detailed in note 12), which are related parties, have been eliminated on consolidation and are not disclosed in this note, as permitted under FRS102.

The following balances existed with other related parties:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Debtors due within one year:				
JCRA Financial LLC ⁽¹⁾	n/a	145,819	n/a	-
JCRA Canada Inc. ⁽²⁾	n/a	77,139	n/a	-

⁽¹⁾ As disclosed in note 12, the Company had a 75% indirect holding in JCRA Financial LLC until 25 August 2017 when this interest was increased to 100%. During the year J C Rathbone Associates Limited received inter-company sales income from JCRA Financial LLC amounting to £8,994 (2016 - £29,631), and JCRA Financial LLC received inter-company sales income from J C Rathbone Associates Limited of £11,033 (2016 - £732). During the year JCRA Financial LLC also incurred management charges and expenses from J C Rathbone Holdings Limited amounting to £133,921 (2016 - £161,529).

⁽²⁾ As disclosed in note 12, the Company had a 67.5% indirect holding in JCRA Canada Inc until 25 August 2017 when this interest was increased to 100%. During the year JCRA Canada Inc incurred management charges and expenses from J C Rathbone Holdings Limited amounting to £13,861 (2016 - £33,560).