

Company Registration No. 09223709 (England and Wales)

PATRONUS PARTNERS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018



PATRONUS PARTNERS LIMITED

COMPANY INFORMATION

Directors	Mr P Kavanagh Mr K Khouri Mr J Prior Mr J Steinson
Company number	09223709
Registered office	3 Fitzhardinge Street London W1H 6EF
Auditor	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW

PATRONUS PARTNERS LIMITED

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PATRONUS PARTNERS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2018

The directors present the strategic report for the year ended 30 September 2018.

Business Review

We are delighted to report further strong momentum for the business during the year. This is our fourth year of operation and we have seen strong growth in the key metrics for the business. This has taken place against the backdrop of material developments in some of our key markets and much of our focus in the year has been about further strengthening resource in terms of trusted third parties and internal compliance to ensure we have robust processes in place for future developments and growth.

A key development during the year was the introduction of MiFID II on the 3rd January 2018. Whilst much of the preparation had taken place in the prior year, the actual implementation was clearly a key test for the industry; I am delighted that our own contribution to this major development for the sector proved seamless and thank all involved for their assistance.

We took the decision this year to appoint Global Prime Partners as our client's primary custodian for their General Investment Accounts, ISAs and Self Invested Personal Pensions. We believe this is the right partner for us as we continue to expand the range of services offered and grow our business. With their investment and commitment to the wealth management offering for retail and professional clients, we believe they will become a valuable new player in the market and one that we look forward to working closely with over many years.

During the year, we were delighted to appoint James Gill initially as our assistant compliance officer. James is highly experienced compliance professional who brings a huge amount of experience to our business and his hire serves to not only demonstrate our commitment to ensuring that we stay on top of our regulatory obligations but also our desire to grow the business responsibly. James, having recently been approved to hold Controlled Functions 10 and 11, will be the Firm's Compliance Officer and Money Laundering Reporting Officer.

Our business hopes to be the trusted partner for our clients' access to the financial markets. Our services include long-term, multi-asset class investment management together with advisory and execution-only stock broking.

In our execution only business, we have enjoyed a strong year overall, weighted towards the first half where we benefited from some exceptional trading conditions. Whilst conditions have notably become more challenging in the second half, we continue to benefit from a growing and diverse client base to support our growth.

Our investment management business remains a key part of our longer-term strategy, providing clients with a multi asset discretionary portfolio. Whilst for the previous few years, investors have enjoyed strong returns in equity markets, 2018 looks set, in dollar terms, to deliver negative returns as interest rates and the currency both rise. Together with the uncertainty on our own domestic economy with the growing debacle around BREXIT, our expectation is that the benefits of a more diversified asset allocation policy, including real assets and alternative return style assets will be increasingly brought to the fore. We believe our positioning here is appropriate for market conditions.

PATRONUS PARTNERS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

Assisting our marketing drive and building brand presence has been the inclusion of several editorial pieces and media slots in national newspapers, radio and television. We thank all the media outlets for the opportunity to deliver financial commentary on a broad range of subjects.

The current year has started positively for us and we look forward to reporting further progress in our plan to build a credible alternative in the stockbroking and wealth management industry. I would like to pay special thanks to our loyal clients who supported us from day one, our staff whose professionalism throughout has been a key determinant in establishing ourselves in this highly regulated industry and to our third party relationships that have enabled and assisted our growth.

Principal risks and uncertainties

There are a number of potential risks and uncertainties which could have an impact on our performance.

As required by the Financial Conduct Authority (FCA), Patronus has prepared an Internal Capital Adequacy Assessment Process (ICAAP) document which reviews the Company's capital resources. This document considers the risks that we might be exposed to as well as the controls that exist to mitigate those risks. We have identified the principal risks affecting our business below.

Market risk

The company does not deal on its own account so is not particularly exposed to market risk. The only market risks that Patronus might face is related to the short term investment of surplus cash belonging to Patronus and any potential associated currency risk but this is negligible.

Liquidity risk

The company's policy in this regard is to maintain sufficient liquid resources to cover cash flow imbalances and fluctuations in fees received and receivable. Patronus maintains cash balances at its bank to cover liquidity risk.

Concentration risk

As we continue to grow the client base, we do have a relatively small number of clients which provide a large part of our revenue. We are not, however, overly dependent upon one customer or any one group of connected customers either in terms of income dependency or in terms of credit risk. Additionally, we are actively developing new revenue streams and attracting new clients. We are satisfied that we do not have an undue concentration risk.

Day to day oversight for the operation and risks is undertaken by the Patronus Board of Directors. Patronus does not risk its own capital in financial markets and indeed does not have the regulatory permission to take any proprietary trading risk.

Key performance indicators

In our fourth year of operation, we are delighted to see continuing strong progress in top line revenue growth. Turnover was £7.7 million, an increase of 53% over the previous year. We remain committed to further developing all aspects of the existing business model, building deeper relationships with existing clients and attracting new clients to our Firm.

PATRONUS PARTNERS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

Future developments

We continue to seek to grow all aspects of the Firm's revenues and activities and build on the infrastructure that we have in place. 2017 / 2018 saw us begin to invest in operational resource and we would hope to continue this investment in 2018 / 2019. Our existing pipeline of new business opportunities is encouraging and we would hope to strengthen this through both existing sales resource and further investments within the sales function.

We are proud of our achievements to date, none of which would have been achievable without the support of our professional and committed staff, our clients and our professional partners. We thank you for your continued support of our business.

On behalf of the board



Mr P Kavanagh

Director

18 January 2019

PATRONUS PARTNERS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2018

The directors present their annual report and financial statements for the year ended 30 September 2018.

Principal activities

The principal activities of the company continued to be that of execution only, advisory stockbroking and investment management services for retail, professional and institutional clients.

Directors

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

Mr P Kavanagh
Mr K Khouri
Mr J Prior
Mr J Steinson

Results and dividends

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

Ordinary dividends were paid amounting to £710,000. The directors recommend payment of a final dividend amounting to £340,144.

Auditor

The auditor, UHY Hacker Young, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

PATRONUS PARTNERS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

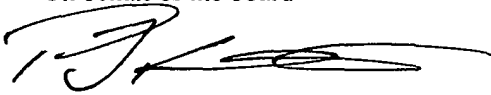
Statement of disclosure to auditor

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

Pillar 3 Disclosure

The qualitative and quantitative disclosures to comply with Pillar 3 of the FCA Capital Requirement Directive are publicly available at www.patronuspartners.com.

On behalf of the board



Mr P Kavanagh

Director

18 January 2019

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PATRONUS PARTNERS LIMITED**

Opinion

We have audited the financial statements of Patronus Partners Limited (the 'company') for the year ended 30 September 2018 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2018 and of its 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF PATRONUS PARTNERS LIMITED

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF PATRONUS PARTNERS LIMITED

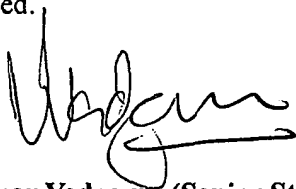
Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.



Vinodkumar Vadgama (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young

21 January 2019

Chartered Accountants
Statutory Auditor

PATRONUS PARTNERS LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

		2018	2017
	Notes	£	£
Turnover	2	7,746,294	5,048,556
Cost of sales		(5,499,362)	(3,293,757)
Gross profit		<u>2,246,932</u>	<u>1,754,799</u>
Administrative expenses		(1,301,190)	(1,209,440)
Operating profit	3	<u>945,742</u>	<u>545,359</u>
Interest payable and similar expenses	6	-	(2,617)
Profit before taxation		<u>945,742</u>	<u>542,742</u>
Tax on profit	7	(184,910)	(103,000)
Profit for the financial year		<u><u>760,832</u></u>	<u><u>439,742</u></u>

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

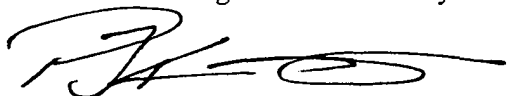
PATRONUS PARTNERS LIMITED

BALANCE SHEET

AS AT 30 SEPTEMBER 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	9		15,146		23,369
Current assets					
Debtors	11	294,981		330,690	
Cash at bank and in hand		778,126		535,819	
		<u>1,073,107</u>		<u>866,509</u>	
Creditors: amounts falling due within one year	12	<u>(391,453)</u>		<u>(243,910)</u>	
Net current assets			681,654		622,599
Total assets less current liabilities			<u>696,800</u>		<u>645,968</u>
Capital and reserves					
Called up share capital	14		70,588		70,588
Share premium account			282,353		282,353
Profit and loss reserves			343,859		293,027
Total equity			<u>696,800</u>		<u>645,968</u>

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



Mr P Kavanagh
Director

Company Registration No. 09223709

PATRONUS PARTNERS LIMITED**STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 30 SEPTEMBER 2018**

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 October 2016		70,588	282,353	(46,715)	306,226
Year ended 30 September 2017:					
Profit and total comprehensive income for the year		-	-	439,742	439,742
Dividends	8	-	-	(100,000)	(100,000)
Balance at 30 September 2017		70,588	282,353	293,027	645,968
Year ended 30 September 2018:					
Profit and total comprehensive income for the year		-	-	760,832	760,832
Dividends	8	-	-	(710,000)	(710,000)
Balance at 30 September 2018		70,588	282,353	343,859	696,800

PATRONUS PARTNERS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations	19	1,061,252		498,108	
Interest paid		-		(2,617)	
Income taxes paid		(102,908)		-	
Net cash inflow from operating activities		958,344		495,491	
Investing activities					
Purchase of tangible fixed assets		(6,994)		(4,994)	
Proceeds on disposal of tangible fixed assets		-		220	
Proceeds on disposal of investments		957		21,197	
Net cash (used in)/generated from investing activities		(6,037)		16,423	
Financing activities					
Dividends paid		(710,000)		(100,000)	
Net cash used in financing activities		(710,000)		(100,000)	
Net increase in cash and cash equivalents		242,307		411,914	
Cash and cash equivalents at beginning of year		535,819		123,905	
Cash and cash equivalents at end of year		778,126		535,819	

PATRONUS PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies

Company information

Patronus Partners Limited is a private company limited by shares incorporated in England and Wales. The registered office is 3 Fitzhardinge Street, London, W1H 6EF.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Revenue comprises commissions and fees received for execution only and advisory stockbroking, funding positions and discretionary investment management services.

Revenue from execution only and advisory stockbroking represents gross fees and dealing commissions, and is recognised at the point of trade execution. Commission on transactions payable to brokers and settlement agents is recognised as cost of sales.

Gross funding income, being the management fee charged on positions held open overnight, is accrued on a daily basis, calculated based upon the closing price of the underlying open position.

Performance fees receivable for discretionary investment management services, involving a managed futures strategy, are based on the value of client holdings. They include amounts invoiced during the period on a quarterly basis plus amounts accrued by reference to the remaining portion of the financial period and the expected mid-market value of such holdings at the next quarterly charging date.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

PATRONUS PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	4 years
Computers	4 years

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

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

PATRONUS PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies

(Continued)

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

PATRONUS PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies

(Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

PATRONUS PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

PATRONUS PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2018

2 Turnover and other revenue

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

	2018	2017
	£	£
Turnover analysed by class of business		
Execution only and advisory stockbroking	7,547,010	4,738,378
Investment management	38,691	54,029
Others	160,593	256,149
	<u>7,746,294</u>	<u>5,048,556</u>

3 Operating profit

	2018	2017
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	739	1,836
Fees payable to the company's auditor for the audit of the company's financial statements	13,605	9,795
Depreciation of owned tangible fixed assets	15,216	13,715
(Profit)/loss on disposal of tangible fixed assets	-	1,245
Profit on disposal of investment property	(957)	(21,197)
	<u>(957)</u>	<u>(21,197)</u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £739 (2017 - £1,836).

4 Employees

	2018	2017
	Number	Number
Directors	4	4
Administration	2	2
Operations & Compliance	4	3
	<u>10</u>	<u>9</u>

PATRONUS PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

4 Employees

(Continued)

Their aggregate remuneration comprised:

	2018	2017
	£	£
Wages and salaries	751,196	745,886
Social security costs	97,787	95,560
Pension costs	2,293	236
	<u>851,276</u>	<u>841,682</u>

5 Directors' remuneration

	2018	2017
	£	£
Remuneration for qualifying services	<u>393,650</u>	<u>359,015</u>

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

	2018	2017
	£	£
Remuneration for qualifying services	<u>124,024</u>	<u>106,642</u>

6 Interest payable and similar expenses

	2018	2017
	£	£
Interest on financial liabilities measured at amortised cost:		
Other interest on financial liabilities	<u>-</u>	<u>2,617</u>

7 Taxation

	2018	2017
	£	£
Current tax		
UK corporation tax on profits for the current period	185,000	103,000
Benefit arising from a previously unrecognised tax loss or credit	(90)	-
Total current tax	<u>184,910</u>	<u>103,000</u>

PATRONUS PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

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

	2018	2017
	£	£
Profit before taxation	945,742	542,742
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.50%)	179,691	105,835
Tax effect of expenses that are not deductible in determining taxable profit	3,376	3,269
Adjustments in respect of prior years	(91)	-
Other tax adjustments	1,934	(6,104)
	<u> </u>	<u> </u>
Taxation charge for the year	184,910	103,000
	<u> </u>	<u> </u>

8 Dividends

	2018	2017
	£	£
Interim paid	710,000	100,000
	<u> </u>	<u> </u>

PATRONUS PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

9 Tangible fixed assets

	Fixtures and fittings £	Computers £	Total £
Cost			
At 1 October 2017	23,804	32,086	55,890
Additions	-	6,995	6,995
At 30 September 2018	23,804	39,081	62,885
Depreciation and impairment			
At 1 October 2017	12,753	19,770	32,523
Depreciation charged in the year	5,951	9,265	15,216
At 30 September 2018	18,704	29,035	47,739
Carrying amount			
At 30 September 2018	5,100	10,046	15,146
At 30 September 2017	11,052	12,317	23,369

10 Financial instruments

	2018 £	2017 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	217,031	284,663
Carrying amount of financial liabilities		
Measured at amortised cost	170,440	110,572

11 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	2,061	80,344
Other debtors	54,216	54,230
Prepayments and accrued income	238,704	196,116
	294,981	330,690

PATRONUS PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2018

12 Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	74,226	22,719
Corporation tax	185,001	103,000
Other taxation and social security	36,012	30,338
Other creditors	1,795	2,347
Accruals and deferred income	94,419	85,506
	<u>391,453</u>	<u>243,910</u>

13 Retirement benefit schemes

	2018	2017
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>2,293</u>	<u>236</u>

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

14 Share capital

	2018	2017
	£	£
Ordinary share capital		
Issued and fully paid		
35,294 Ordinary Shares of £1 each	35,294	35,294
10,000 Class A Shares of £1 each	10,000	10,000
10,000 Class B Shares of £1 each	10,000	10,000
10,000 Class C Shares of £1 each	10,000	10,000
5,294 Class D Shares of £1 each	5,294	5,294
	<u>70,588</u>	<u>70,588</u>

Ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights. They do not confer any rights on redemption. Class A, B, C and D shares carry no rights to receive notice of, attend or vote at general meetings. Dividends may be paid to holders of one or more classes of shares to the exclusion of the other(s) or to all classes of shares, in each case at the same or differing rates, as determined by ordinary resolution of the directors. Each shares ranks equally for any distribution of capital made on a winding up or otherwise. The shares are not redeemable.

PATRONUS PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

15 Operating lease commitments

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

	2018	2017
	£	£
Within one year	43,120	43,563
Between two and five years	68,273	111,947
	<u>111,393</u>	<u>155,510</u>

16 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2018	2017
	£	£
Aggregate compensation	<u>393,650</u>	<u>359,015</u>

The directors are considered to be key management personnel.

17 Controlling party

The ultimate controlling parties are the four company directors.

The immediate parent undertakings of the company are Maluta Limited, Tomarch Limited, Jessells Limited and Jezcap Limited, which are the personal companies of the four company directors. Apart from Jezcap Limited who owns 15% of the issued shares of the company, the remaining entities each own 28.3% of the issued shares of the company.

PATRONUS PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

18 Capital requirements

The firm is a BIPRU limited licence firm, and its minimum (Pillar 1) capital requirement is therefore the higher of:

- (i) €50k;
- (ii) fixed overhead requirement;
- (iii) the sum of credit risk and market risk requirement.

The firm's business model is such that the fixed overhead requirement is the binding requirement. The firm conduct an individual capital adequacy assessment process ("ICAAP") on an annual basis in order to estimate the amount of capital the firm should hold in line with its risk profile and strategy.

As at 30 September 2018 the firm's regulatory capital position was as follows:

Capital resources	£352,941
Capital resources requirement	£292,000
Surplus	£60,941

19 Cash generated from operations

	2018 £	2017 £
Profit for the year after tax	760,832	439,742
Adjustments for:		
Taxation charged	184,910	103,000
Finance costs	-	2,617
(Gain)/loss on disposal of tangible fixed assets	-	1,245
Gain on disposal of investment property	(957)	(21,197)
Depreciation and impairment of tangible fixed assets	15,216	13,715
Movements in working capital:		
Decrease/(increase) in debtors	35,709	(27,222)
Increase/(decrease) in creditors	65,542	(13,792)
Cash generated from operations	<u>1,061,252</u>	<u>498,108</u>