

New Mountain Capital (U.K.) Ltd.

**Annual Report and Financial Statements
for the Year Ended 31 December 2018**

Registered number

10783891



New Mountain Capital (U.K.) Ltd.

**Annual Report and Financial Statements
for the Year Ended 31 December 2018**

Registered Office

Suite 1:14-1:15 48 Dover Street
London
United Kingdom W1S 4FF

Independent Auditors

Ernst & Young LLP
25 Churchill Place
Canary Wharf
London, United Kingdom, E14 5EY

Directors

Ignacio Sarria
Steven B. Klinsky (resigned 21 February 2018)
Adam B. Weinstein (appointed 21 February 2018)
Dave C. Coquillette (appointed 21 February 2018)

New Mountain Capital (U.K.) Ltd.

Directors' Report for the Year Ended 31 December 2018

The directors present their report and the audited financial statements of New Mountain Capital (U.K.) Ltd. ("NMCUK" or the "Company") for the year ended 31 December 2018.

The report and financial statements has been prepared in accordance with the special provisions relating to small companies under the Companies Act 2006 ("CA 2006") Section 415A. The directors have also taken advantage of the exemption in preparing a strategic report under CA 2006 Section 414B.

Principal activities

New Mountain Capital (U.K.) Ltd. was incorporated under the laws of England and Wales as a private company limited by shares on 23 May 2017. The Company is a wholly owned subsidiary of New Mountain Capital L.L.C. ("NMC"), a limited liability company incorporated in the state of Delaware, United States of America. NMCUK is primarily engaged in the business of providing business development and investor relation services to NMC. The Company is authorised by the Financial Conduct Authority to advise on investments (except on pension transfers and pension opt outs) and arrange (bringing about) deals in investments.

Going concern

The Company's business review, financial position and principal risks and uncertainties are described above and the Company's net asset position is disclosed in the Statement of Financial Position. The Company is part of a wider affiliation of New Mountain Capital entities that has considerable financial resources. The directors believe the Company is well placed to manage its business risks successfully.

After making appropriate enquiries, the directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing their report and financial statements.

Dividends

There was no payment of a dividend for the period ended 31 December 2017 and the directors do not recommend the payment of a dividend for the year ended 31 December 2018.

Future development of the Company

The directors do not foresee any forthcoming significant changes to the activities of the Company.

On 23 June 2016 the United Kingdom voted to leave the European Union ("Brexit"). The directors are of the opinion that this decision will not adversely impact the activities of the entity. The Company will continue to assess any relevant considerations arising from the terms for withdrawal, as they are established, in the context of its risk management framework.

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' ("FRS 102").

New Mountain Capital (U.K.) Ltd.

Directors' Report for the Year Ended 31 December 2018 (continued)

Statement of Directors' Responsibilities (continued)

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 year.

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 United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are 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.

Independent auditors

Ernst and Young LLP has indicated its willingness to continue in office and will be proposed for re-appointment in accordance with Section 487 of CA 2006 at the next directors' meeting.

Statement of disclosure of information to auditors

In the case of each director in office at the date the directors' report is approved:

- (a) so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (b) each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the Board



Adam B. Weinstein
Director

11 April 2019

New Mountain Capital (U.K.) Ltd.

Independent Auditors' Report to the Members of New Mountain Capital (U.K.) Ltd.

Opinion

We have audited the financial statements of New Mountain Capital (U.K.) Ltd. (the 'Company') for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the related notes 1 to 17, 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 Company's affairs as at 31 December 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 below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The 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 this 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 the 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

New Mountain Capital (U.K.) Ltd.

Independent Auditors' Report to the Members of New Mountain Capital (U.K.) Ltd.
(continued)

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 directors' 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, 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
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the Statement Directors' Responsibilities set out on pages 2 to 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

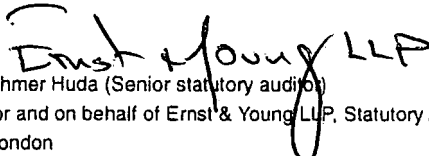
Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <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.


Ahmer Huda (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
12 April 2019

New Mountain Capital (U.K.) Ltd.

**Statement of Comprehensive Income
for the Year Ended 31 December 2018**

| | | Year Ended 31 December 2018 | Period Ended 31 December 2017 |
|---|--------------|--|--|
| | <i>Notes</i> | \$ | \$ |
| Turnover | 5 | 3,005,135 | 1,496,758 |
| Interest income | | 106 | - |
| Administrative expenses | | (2,847,453) | (1,648,293) |
| Operating profit/(loss) | 6 | 157,788 | (151,535) |
| Unrealized gain/(loss) on financial instrument | 15 | 2,143 | (2,143) |
| Foreign exchange gain/loss | | - | (112) |
| | | 2,143 | (2,255) |
| Profit/(loss) on ordinary activities before taxation | | 159,931 | (153,790) |
| Tax charge on profit/(loss) on ordinary activities | 9 | (33,492) | 26,583 |
| Profit/(loss) for the financial year/period | | 126,439 | (127,207) |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year/period | | 126,439 | (127,207) |

All activities relate to continuing operations.

The notes on pages 9 to 14 form an integral part of the financial statements.

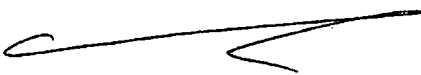
New Mountain Capital (U.K.) Ltd.

**Statement of Financial Position
at 31 December 2018
Company Number 10783891**

| | <i>Notes</i> | 31 December 2018 \$ | 31 December 2017 \$ |
|--|--------------|------------------------------------|------------------------------------|
| Current assets | | | |
| Debtors: amounts falling due within one year | 10 | 346,012 | 314,423 |
| Cash at bank and in hand | | 335,693 | 294,109 |
| | | <u>681,705</u> | <u>608,532</u> |
| Creditors: amounts falling due within one year | 11 | (182,473) | (233,596) |
| Financial instrument, fair value | 15 | - | (2,143) |
| | | <u>(182,473)</u> | <u>(235,739)</u> |
| Total current assets less current liabilities | | 499,232 | 372,793 |
| Net assets | | 499,232 | 372,793 |
| Capital and reserves | | | |
| Called up share capital | 12 | 500,000 | 500,000 |
| Profit and loss account | 13 | (768) | (127,207) |
| Total shareholder's funds | 14 | 499,232 | 372,793 |

The Annual Report and Financial Statements were approved and authorised on 11 April 2019 for issue on behalf of the directors. The report and financial statements have been prepared in accordance with the provisions applicable to entities subject to the small entities regime within Part 15 of the Companies Act 2006 and in accordance with provisions of FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' Section 1A – small entities.

The financial statements on pages 6 to 14 were approved by the Board of Directors on 11 April 2019 and were signed on its behalf:



Adam B. Weinstein
Director

The notes on pages 9 to 14 form an integral part of the financial statements.

New Mountain Capital (U.K.) Ltd.

**Statement of Changes in Equity
for the Year Ended 31 December 2018**

| | Called up share capital \$ | Profit and loss account \$ | Total \$ |
|------------------------------------|---|---|---------------------|
| Balance at 23 May 2017 | - | - | - |
| Called up share capital | 500,000 | - | 500,000 |
| Gain/(loss) for the period | - | (127,207) | (127,207) |
| Balance at 31 December 2017 | 500,000 | (127,207) | 372,793 |

| | Called up share capital \$ | Profit and loss account \$ | Total \$ |
|------------------------------------|---|---|---------------------|
| Balance at 1 January 2018 | 500,000 | (127,207) | 372,793 |
| Called up share capital | - | - | - |
| Gain/(loss) for the year | - | 126,439 | 126,439 |
| Balance at 31 December 2018 | 500,000 | (768) | 499,232 |

The notes on pages 9 to 14 form an integral part of the financial statements.

New Mountain Capital (U.K.) Ltd.

**Notes to the Financial Statements
for the Year Ended 31 December 2018**

1. Formation and business

New Mountain Capital (U.K.) Ltd. was incorporated under the laws of England and Wales as a private company limited by shares on 23 May 2017. The Company is a wholly owned subsidiary of New Mountain Capital L.L.C., a limited liability company incorporated in the state of Delaware, United States of America. NMCUK is primarily engaged in the business of providing business development and investor relation services to NMC. The address of the registered office is Suite 1:14-1:15, 48 Dover Street, London, W1S 4FF, United Kingdom.

2. Statement of compliance

The individual financial statements of New Mountain Capital (U.K.) Ltd. have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ("FRS 102") and the Companies Act 2006.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. The directors consider that the accounting policies set out below are suitable, have been consistently applied and are supported by reasonable and prudent judgements and estimates. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

a. Basis of preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention as updated for financial instruments held at fair value and in accordance with the Companies Act 2006 and FRS 102 Section 1A – small entities.

The accounting practices have been applied consistently by the Company. The books and records of the Company are maintained in U.S. dollars, which is the Company's functional and presentational currency owing to the fact that the share capital is denominated in U.S. dollars and the majority of revenue and expenses are incurred in U.S. dollars.

b. Cash flow statement

The Company meets the requirements of a small company as defined by the Companies Act 2006 and accordingly has taken advantage of the exemption under Section 7 of FRS 102 from preparing a cash flow statement.

c. Going concern

No material uncertainties that may cast significant doubt about the ability of the Company to continue as a going concern have been identified by the directors. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, they have adopted the going concern basis of accounting in preparing these financial statements.

New Mountain Capital (U.K.) Ltd.

**Notes to the Financial Statements
for the Year Ended 31 December 2018**

d. Turnover

Turnover relates to business development and investor relation services ("Service Fee Income") provided to NMC in accordance with the service agreement effective 1 November 2017. Turnover is recorded on an accruals basis and excludes VAT.

e. Expenses

Expenses are recognised on an accruals basis.

f. Current taxation

Provision is made for all current tax liabilities in the year in which the liability arises at the current rate of UK Corporation Tax.

g. Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date 31 December 2018, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax is measured on an undiscounted basis.

h. Foreign currency

The Company's functional and presentation currency is U.S. dollar.

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each year-end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

i. Derivatives instruments

Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The Company does not undertake any hedge accounting transactions.

New Mountain Capital (U.K.) Ltd.

**Notes to the Financial Statements
for the Year Ended 31 December 2018**

4. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The Company considers that the judgements made for derivative instruments (refer to note 15) have had the most significant effect on amounts recognised in the financial statements.

5. Turnover

| | Year Ended 31 December 2018 | Period Ended 31 December 2017 |
|--------------------|--|--|
| | \$ | \$ |
| Service Fee Income | 3,005,135 | 1,496,758 |

6. Operating profit/(loss)

The operating profit/(loss) for the year has been stated after charging the following:

| | Year Ended 31 December 2018 | Period Ended 31 December 2017 |
|--|--|--|
| | \$ | \$ |
| Auditors' remuneration – audit services | 25,846 | 26,982 |
| Auditors' remuneration – taxation services | 28,963 | 27,989 |

7. Directors' emoluments

A sole director received emoluments in respect of services to the Company in the amount of \$1,762,239 during the year ended 31 December 2018 and \$1,283,836 during the period ended 31 December 2017.

8. Staff costs and employee information

The Company had two employees who received emoluments in respect of services to the Company in the amount of \$1,917,855 during the year ended 31 December 2018. The Company had one employee who received emoluments in respect of services to the Company in the amount of \$1,283,836 during the period ended 31 December 2017.

New Mountain Capital (U.K.) Ltd.

**Notes to the Financial Statements
for the Year Ended 31 December 2018**

9. Tax on gain/(loss) on ordinary activities

a. Tax charge included in Statement of Comprehensive Income

| | Year Ended 31 December 2018 \$ | Period Ended 31 December 2017 \$ |
|--|--------------------------------------|--|
| Current tax | | |
| UK Corporation tax on profits for the year/period | 6,909 | - |
| Total current tax | <u>6,909</u> | <u>-</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | 27,026 | (26,583) |
| Adjustment in respect of previous periods | (443) | - |
| Total deferred tax | <u>26,583</u> | <u>(26,583)</u> |
| Total tax reported in the Statement of Comprehensive Income | <u>33,492</u> | <u>(26,583)</u> |

b. Reconciliation of tax charge:

The tax assessed for the year differs from the effective standard rate in the United Kingdom corporation tax of 19.00% (2017: 19.00%). The differences are explained below:

| | Year Ended 31 December 2018 \$ | Period Ended 31 December 2017 \$ |
|--|--------------------------------------|--|
| Taxable profit for the year/period | <u>159,931</u> | <u>72,200</u> |
| Tax on profit at standard UK tax rate of 19.00% (2017: 19.00%) | 30,387 | 13,718 |
| Effects of: | | |
| Expenses not deductible | 3,955 | 1,873 |
| Income not taxable | (407) | (300) |
| Adjustment from previous periods | (443) | (41,874) |
| Tax charge for the year/period | <u>33,492</u> | <u>(26,583)</u> |

c. Deferred tax (asset)/liability

The provision for deferred tax consists of the following deferred tax charges:

| | Year Ended 31 December 2018 \$ | Period Ended 31 December 2017 \$ |
|---|--------------------------------------|--|
| Provision at start of year/period | (26,583) | - |
| Adjustment in respect of prior years | (443) | - |
| Deferred tax charge to income statement for the year/period | 27,026 | (26,583) |
| Total provision at end of year/period | <u>-</u> | <u>(26,583)</u> |

New Mountain Capital (U.K.) Ltd.

**Notes to the Financial Statements
for the Year Ended 31 December 2018**

d. Factors that may affect future tax charges

The standard rate of corporation tax in the UK changed to 19% with effect from 1 April 2017.

10. Debtors: amounts falling due within one year

| | Year Ended 31 December 2018 \$ | Period Ended 31 December 2017 \$ |
|---------------------------------------|---|---|
| Amounts due from NMC | 311,604 | 241,455 |
| Prepaid expenses | 21,936 | 23,691 |
| VAT reclaim | 12,472 | 22,694 |
| Deferred tax asset (refer to Note 9c) | - | 26,583 |
| | <u>346,012</u> | <u>314,423</u> |

The deferred tax asset in 2017 related to timing differences on the recognition of capital allowances and was recoverable in the current year through the realisation of taxable profits.

11. Creditors: amounts falling due within one year

| | Year Ended 31 December 2018 \$ | Period Ended 31 December 2017 \$ |
|-------------------------|---|---|
| Amounts owed to NMC | 83,757 | 193,458 |
| Accruals | 91,807 | 40,138 |
| Corporation tax payable | 6,909 | - |
| | <u>182,473</u> | <u>233,596</u> |

12. Called up share capital

| | Year Ended 31 December 2018 \$ | Period Ended 31 December 2017 \$ |
|--|---|---|
| Authorised, issued and fully paid ordinary shares of \$1.34 each | 3 | 3 |
| Share premium | 499,997 | 499,997 |
| | <u>500,000</u> | <u>500,000</u> |

13. Profit and loss account

| | Year Ended 31 December 2018 \$ | Period Ended 31 December 2017 \$ |
|---|---|---|
| Profit and loss account at start of year/period | (127,207) | - |
| Gain/(loss) for the financial year/period | 126,439 | (127,207) |
| Profit and loss account at end of year/period | <u>(768)</u> | <u>(127,207)</u> |

New Mountain Capital (U.K.) Ltd.

**Notes to the Financial Statements
for the Year Ended 31 December 2018**

14. Reconciliation of movements in Shareholder's funds

| | Year Ended 31 December 2018 | Period Ended 31 December 2017 |
|--|--------------------------------|----------------------------------|
| | \$ | \$ |
| Shareholder's funds at start of year/period | 372,793 | - |
| Authorised, issued and fully paid ordinary shares of \$1.34 each | - | 3 |
| Share premium | - | 499,997 |
| Gain/(loss) for the financial year/period | 126,439 | (127,207) |
| Shareholder's funds at end of year/period | <u>499,232</u> | <u>372,793</u> |

15. Derivative instruments

The Company uses a foreign currency collar to reduce its exposure to foreign exchange rates on certain employment contracts. The fair value of the foreign currency collar is determined by reference to the current GBP/USD exchange rate. There was no exposure to the Company as of 31 December 2018 as the GBP/USD rate was within the collar range during the period subsequent to year-end and as at the date these accounts were approved and signed. There was a liability recorded as of 31 December 2017 as there was exposure in the amount of \$2,143 to the Company because the GBP/USD rate fell outside the collar range during the period subsequent to year-end and the date the 31 December 2017 accounts were approved and signed.

The Company follows the provisions of FRS 102, which establishes a framework for measuring fair value in accordance with generally accepted accounting principles and specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. In accordance with FRS 102, the derivative contract has level 2 inputs, which are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Derivative instruments held by the Company for the purposes of managing its exposure to foreign change rates on certain employment contracts are classified as a level 2 instrument.

16. Related party transactions

Service Fee Income results from business development and investor relation services provided to NMCUK's immediate parent NMC in accordance with the service agreement effective 1 November 2017. Service Fees for the year ended 31 December 2018 amounted to \$3,005,135 of which \$311,604 is included in debtors. Service Fees for the period ended 31 December 2017 amounted to \$1,496,758 of which \$241,455 was included in debtors.

As at 31 December 2018, the Company has creditors of \$182,473 of which \$83,757 represents amounts owed to NMC for expenses paid on its behalf. As at 31 December 2017, the Company had creditors of \$233,596 of which \$193,458 represented amounts owed to NMC for expenses paid on its behalf.

17. Parent undertaking and controlling party

The immediate parent undertaking is NMC, a limited liability company incorporated in the United States.

The ultimate parent undertaking and controlling party is New Mountain Capital Group, L.P., a limited partnership organised in the United States and located at 787 Seventh Avenue, 49th Floor, New York, NY 10019. New Mountain Capital Group, L.P. was converted from a limited liability company, New Mountain Capital Group, L.L.C., to a limited partnership effective October 5th, 2018.