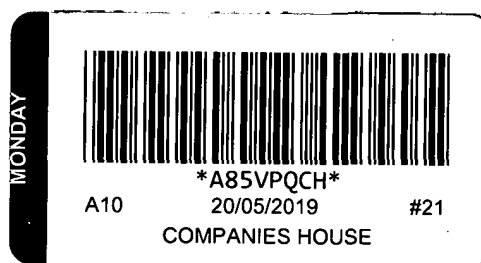


**Advent International PLC**

**Annual report and financial statements**  
**Registered number 2342186**  
**31 December 2018**

---



## **Contents**

Strategic Report .....	3-4
Directors' Report .....	5-6
Statement of Directors' responsibilities in respect of Strategic report, the Directors' Report, and the financial statements .....	7
Independent auditor's report to the members of Advent International PLC .....	8-10
Statement of Comprehensive Income .....	11
Statement of Financial Position .....	12
Statement of Cash Flow .....	13
Statement of Changes in Equity .....	14
Notes to the Accounts .....	15-22

## **Strategic Report**

---

The directors present the strategic report of Advent International PLC (the “Company”) for the year ended 31 December 2018.

### **Principal activity**

The Company was incorporated and commenced business on 1 February 1989. The Company’s principal activity during the year was the provision of investment advice to its ultimate parent company, Advent International Corporation, a U.S.-based manager of private equity funds. The Company is authorised and regulated by the Financial Conduct Authority.

The main objective of the Company is to identify, evaluate and monitor investment opportunities, primarily in Europe, that have the potential to generate above industry average returns. In addition, the Company provides administrative services to and on the behalf of Advent International Corporation.

The Company is part of Advent International, a global private equity buyout group with offices in 12 countries on four continents. Ongoing review of performance is carried out by comparing performance against established budgets. The Company’s performance is also measured by reference to the investment advisory services it provides to Advent International Corporation.

### **Review of the Business and key performance indicators**

The business activities during the year to 31 December 2018 were in line with expectations.

The profit for the year, after taxation, amounted to £6,265,165 (2017: £5,323,214) which has been taken to reserves.

Dividends paid during the year comprise of an interim dividend totaling £10,000,000 (2017: £nil).

Turnover for the year was £87,254,494 (2017: £74,347,149), which comprises fees earned from investment advisory services.

At the year end, the Company had net assets of £10,044,875 (2017: £13,779,710).

The directors consider these to be the key performance indicators of the Company.

### **Principal risks, uncertainties & governance**

The directors and senior management of the Company determine its business strategy and risk appetite, along with designing and implementing a risk management framework that recognizes the risks that the business faces. They also determine how those risks may be mitigated and assess, on an ongoing basis, the arrangements to manage those risks. The directors and senior management manage the Company’s risk through a framework of policy and procedures with regard to relevant laws, standards, principles and rules with the aim to operate a defined and transparent risk management framework. These policies and procedures are updated as required.

The principal risks the Company faces are the availability of suitable investment opportunities in Europe and the retention of key employees.

The Company’s revenue is entirely derived from services provided to the parent undertaking. The Company’s principal risks relate to the credit default and liquidity risks associated with receipt of income on a timely basis from this counterparty. These risks are managed through regular dialogue with the parent undertaking to ensure that the Company maintains sufficient working capital to meet its liabilities as they fall due.

## **Strategic Report**

---

### **Principal risks, uncertainties & governance (continued)**

The Company is exposed to operational risk through the conduct of its business activities. Operational risk could arise as a result of inadequate or failed internal processes, people or systems, or from external events. Operational risks are monitored and addressed by the directors through production of management information.

Following the referendum in June 2016 and the subsequent triggering of Article 50 in March 2017, the UK is scheduled to leave the European Union ("Brexit"). The decision has led to a higher level of uncertainty surrounding trading conditions, particularly between the UK and the EU.

To date, the following Brexit risks have been identified as having an actual and/or potential impact the Company's business:


- Economic conditions: increased uncertainty including the specific impacts on growth, inflation, interest and currency rates;
- Laws and regulations: potential changes to UK and EU-based law and regulation including product approvals, patents and import/export tariffs;
- Talent: mobility of the workforce and availability of talent.

These risks are mitigated by regular monitoring and analysis of key information by senior management who take appropriate action to ensure the business continues as a going concern.

### **Future developments**

The directors' aim is to maintain the management policies that have resulted in the Company's current success. Whilst the private equity investment environment continued to be challenging in 2018, the directors believe that the Company is well placed to identify appropriate investment opportunities going forward. The directors expect the general level of activity to remain consistent in the forthcoming year.

By order of the Board



Justin Nuccio  
Director  
10 April 2019

## **Directors' Report**

---

The directors present their report and the audited financial statements for the year ended 31 December 2018

### **Directors and their interest:**

The directors who held office during the year were as follows:

R.F. Kane  
J.A. Nuccio  
E.H. Sivoilella  
J.G.A Brocklebank  
T.A. Allen  
J.D. Paduch

No directors held any interests in the share capital of the company.

### **Company Secretary:**

S.M. Powell

### **Auditor:**

Deloitte LLP  
Hill House  
1 Little New Street  
London EC4A 3TR

### **Bankers:**

Barclays Bank PLC  
54 Lombard Street  
London EC3V 9EX

HSBC PLC  
62-76 Park Street  
London SE1 9DZ

### **Registered Office:**

160 Victoria Street  
London SW1E 5LB

### **Dividends**

On 16 November 2018, the Directors declared and paid an interim dividend of £10,000,000 (2017: £nil).

### **Fixed Assets**

The Company acquired furniture and equipment and made leasehold improvements amounting to £286,672 (2017: £2,268,886).

## **Directors' Report (*continued*)**

---

### **Employees**

Details of the number of employees and related costs can be found in note 4 to the financial statements.

### **Directors' indemnities**

The Company has made qualifying third party indemnity provisions for the benefit of the directors which were made during the year and remain in force at the date of this report.

### **Going concern**

Whilst the Company remains dependent on a single source of revenue from its parent company, the directors are not aware of any reason that this agreement will be terminated in the foreseeable future. The nature of the agreement with the parent entity provides a high degree of certainty that the Company will continue to be profitable and, historically, the Company has received income in a timely manner in order to manage its obligations (which are relatively predictable in nature).

As a result, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future. Accordingly, the directors continue to apply the going concern basis in preparing the financial statements.

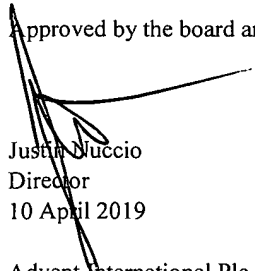
### **Disclosure of Information to Auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he / she ought to have taken as a director to make himself / herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

Approved by the board and signed on behalf by:



Justin Nuccio  
Director  
10 April 2019

Advent International Plc  
160 Victoria Street  
London  
SW1E 5LB

## **Statement of Directors' responsibilities in respect of Strategic report, the Directors' Report, and the financial statements**

---

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **Independent auditor's report to the members of Advent International PLC**

---

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of Advent International PLC (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31<sup>st</sup> December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Cash Flow;
- the Statement of Changes in Equity; and
- the related notes 1 to 19;

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).

#### **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 Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

#### **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



## **Independent auditor's report to the members of Advent International PLC** ***(continued)***

---

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

### **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.

### **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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Report on other legal and regulatory requirements**

#### **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 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.

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 any material misstatements in the strategic report or the directors' report.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

**Independent auditor's report to the members of Advent International PLC  
(continued)**

---

**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.

Paraskevas Christoforou

Paraskevas Christoforou (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, UK  
10 April 2019

## Statement of Comprehensive Income

For the year ended 31 December 2018

	<u>Note</u>	<u>2018</u>	<u>2017</u>
		£	£
Advisory fee income	1	<u>87,254,494</u>	<u>74,347,149</u>
Turnover		87,254,494	74,347,149
Administrative expenses	4	<u>(79,310,067)</u>	<u>(67,577,412)</u>
Operating profit		7,944,427	6,769,737
Interest received and similar income		<u>2,352</u>	<u>1,342</u>
Profit on ordinary activities before tax		7,946,779	6,771,079
Tax on profit on ordinary activities	5	<u>(1,681,614)</u>	<u>(1,447,865)</u>
Profit for the financial year		<u><u>6,265,165</u></u>	<u><u>5,323,214</u></u>

All results relate to continuing operations.

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

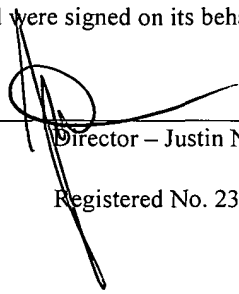
The notes on pages 15 to 22 form part of the financial statements.

## Statement of Financial Position

As at 31 December 2018

	<u>Note</u>	<u>2018</u> £	<u>2017</u> £
<b>Fixed Assets</b>			
Tangible assets	7	5,859,274	6,544,048
<b>Current Assets</b>			
Debtors	8	35,797,362	2,291,201
Cash at bank and in hand	15	750,487	30,299,600
		<u>36,547,849</u>	<u>32,590,801</u>
<b>Current Liabilities</b>			
Creditors - amounts falling due within one year	9	<u>(27,816,427)</u>	<u>(22,514,832)</u>
<b>Net current assets</b>		<u>8,731,422</u>	<u>10,075,969</u>
Total assets less current liabilities		14,590,696	16,620,017
<b>Creditors</b>			
Amounts falling due after more than one year	10	<u>(4,545,821)</u>	<u>(2,840,307)</u>
<b>Net assets</b>		<u>10,044,875</u>	<u>13,779,710</u>
<b>Capital and Reserves</b>			
Called-up share capital	12	50,000	50,000
Retained earnings		<u>9,994,875</u>	<u>13,729,710</u>
Shareholders' Funds	13	<u>10,044,875</u>	<u>13,779,710</u>

These financial statements have been approved by the board of directors on 10 April 2019 and were signed on its behalf by:

  
 Director – Justin Nuccio  
 Registered No. 2342186

The notes on pages 15 to 22 form part of the financial statements.

## Statement of Cash Flow

For the year ended 31 December 2018

	<u>Note</u>	<u>2018</u> £	<u>2017</u> £
<b>Net Cash Flow from operating activities</b>	14	(19,264,793)	16,685,571
<b>Cash flows from investing activities</b>			
Payments to acquire tangible fixed assets		<u>(286,672)</u>	<u>(2,268,886)</u>
<b>Net cash flows from investing activities</b>		<u>(286,672)</u>	<u>(2,268,886)</u>
<b>Cash flows from financing activities</b>			
Interest received		2,352	1,342
Dividend Paid		<u>(10,000,000)</u>	-
<b>Net cash flows from financing activities</b>		<u>(9,997,648)</u>	<u>1,342</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	15	<u>(29,549,113)</u>	<u>14,418,027</u>
<b>Cash at beginning of year</b>		<u>30,299,600</u>	<u>15,881,573</u>
<b>Cash at end of the year</b>		<u>750,487</u>	<u>30,299,600</u>

The notes on pages 15 to 22 form part of the financial statements.

## Statement of Changes in Equity

For the year ended 31 December 2018

	<u>Share Capital</u> £	<u>Retained earnings</u> £	<u>Total</u> £
At 1 January 2017	50,000	8,406,496	8,456,496
<b>Total comprehensive income for the year</b>			
Profit for the year	-	5,323,214	5,323,214
Transactions with owners, recorded directly in equity	-		
	-		
At 1 January 2018	50,000	13,729,710	13,779,710
<b>Total comprehensive income for the year</b>			
Profit for the year	-	6,265,165	6,265,165
Dividends Paid	-	(10,000,000)	(10,000,000)
At 31 December 2018	50,000	9,994,875	10,044,875

The notes on pages 15 to 22 form part of the financial statements.

## Notes to the Accounts

For the year ended 31 December 2018

---

### 1. Accounting Policies

The following accounting policies have been applied consistently in dealing with items, which are considered material in relation to the accounts:

- (a) **Basis of preparation**  
These Financial Statements are prepared on the going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*").
- (b) **Fixed assets and depreciation**  
Depreciation is provided to write-off the cost less estimated residual value of tangible fixed assets by equal installments over their estimated useful economic lives as follows:

Leasehold Improvements	Over the life of the lease
Furniture and Equipment	2-5 years
- (c) **Artwork**  
Artwork is charged to a long-term asset account and is maintained at historical cost.
- (d) **Foreign currencies**  
Transactions in foreign currencies are recorded using the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.
- (e) **Leases**  
Operating lease rentals are charged to profit and loss account on a straight-line basis over the term of the lease.
- (f) **Taxation**  
Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences, which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, associates, branch, joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For non-depreciable assets that are measured using the revaluation model, or investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property. Except when the investment property has a limited useful life and the objective of the company's business model is to consume substantially all of the value through use.

## Notes to the Accounts (*continued*)

For the year ended 31 December 2018

---

In the latter case, the tax rate that is expected to apply to the reversal of the related difference is used. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

(g) Classification of financial instruments issued by the Company

Financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- (i) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavorable to the Company; and
- (ii) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

(h) Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and deposits repayable on demand, less overdrafts payable on demand.

(i) Post retirement benefit

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

(j) Dividends on shares presented within shareholders' funds

Dividends are only recognised as a liability at that date to the extent that they are approved prior to the year-end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

(k) Advisory Income

The Investment Advisory Agreement was signed on 1 January 2013 replacing the agreement dated 30 June 1998. The agreement defined that services would include investment advisory, investor and administrative services. Profit before tax and net assets are almost wholly attributable to these income sources. All income is recorded on a monthly basis at cost plus 10% per the Investment Advisory Agreement.

## 2. Analysis of turnover

All turnover has been generated in the United Kingdom.



## Notes to the Accounts (*continued*)

For the year ended 31 December 2018

### 3. Expenses and Auditor's remuneration

Included in profit/loss are the following:

	<u>2018</u>	<u>2017</u>
	£	£
Audit fees	40,000	43,000
Fees related to taxation	27,000	26,400
Other Fees	25,143	25,453
	<u>92,143</u>	<u>94,853</u>

### 4. Administrative Expenses

	<u>2018</u>	<u>2017</u>
	£	£
Staff Costs:		
Wages and salaries	56,180,470	47,877,540
Social security costs	8,144,859	6,823,884
Other pension costs	454,056	241,160
	<u>64,779,385</u>	<u>54,942,584</u>
Travel and entertainment costs	3,515,547	3,016,622
Office lease expense	1,781,559	1,900,600
Personnel Costs	2,896,098	1,882,213
Occupancy service costs and real estate rates	1,555,994	1,182,561
Information Technology expenses	1,029,817	1,170,929
Depreciation	967,756	872,833
Professional Fees	1,094,686	865,982
Marketing Expenses	604,254	819,708
Employee meetings and trainings	436,889	547,914
Other costs	436,214	390,468
Foreign Exchange (Gain)/Loss	211,868	(15,002)
	<u>14,530,682</u>	<u>12,634,828</u>
Total administrative expenses	<u>79,310,067</u>	<u>67,577,412</u>

The average weekly number of employees during the year was as follows:

	<u>2018</u>	<u>2017</u>
Professional staff	65	65
Admin Staff	17	18
	<u>82</u>	<u>83</u>

The change in prior year's average weekly number of employees is due to the Companies decision to report employees directly involved in generating the operating profit as professionals staff and all other staff as admin. staff.

## Notes to the Accounts (*continued*)

For the year ended 31 December 2018

### 5. Tax on Profit on Ordinary Activities

	<u>2018</u> £	<u>2017</u> £
UK corporation tax on profits of the period	1,610,769	1,387,301
Prior year adjustment	<u>(14,898)</u>	<u>(132,910)</u>
Total Current Tax	<u>1,595,871</u>	<u>1,254,391</u>
Deferred tax (note 11) Origination/reversal of timing differences	<u>85,743</u>	<u>193,474</u>
Total Deferred Tax	<u>85,743</u>	<u>193,474</u>
Tax on profit on ordinary activities	<u><u>1,681,614</u></u>	<u><u>1,447,865</u></u>

Factors affecting the tax charge for the period:

The tax assessed on the profit on ordinary activity for the period is higher (2017: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	<u>2018</u> £	<u>2017</u> £
Profit on ordinary activities before tax	<u>7,946,779</u>	<u>6,771,079</u>
Standard rate of corporate tax in the UK of 19% (2017: 19%)	1,509,888	1,303,201
Disallowed expenses and non-taxable income	59,496	71,448
Depreciation in excess of capital allowance	20,232	12,058
Timing Differences	21,153	594
Deferred tax (note 11) Origination/reversal of timing differences	85,743	193,474
Prior year adjustment	<u>(14,898)</u>	<u>(132,910)</u>
Current tax charge for the period	<u><u>1,681,614</u></u>	<u><u>1,447,865</u></u>

## Notes to the Accounts (*continued*)

For the year ended 31 December 2018

### 6. Directors' Emoluments

Directors' emoluments during the year totaled £19,571,701 (2017: £14,070,302). The amount of emoluments paid in respect of the highest paid director during the year totaled £16,493,606 (2017: £11,223,927). The amount of pension contributions made to directors during the year totaled £14,854 (2017: £18,386).

### 7. Tangible Fixed Assets

	<u>Leasehold Improvements</u> £	<u>Furniture And Equipment</u> £	<u>Total</u> £
<b>Cost</b>			
At 1 January 2018	5,393,207	2,830,870	8,224,077
Additions	89,929	196,743	286,672
Disposals	-	(565,578)	(565,578)
At 31 December 2018	<u>5,483,136</u>	<u>2,462,035</u>	<u>7,945,171</u>
<b>Depreciation</b>			
At 1 January 2018	332,989	1,347,040	1,680,029
Charge for the year	376,552	591,203	967,755
Disposals	-	(561,887)	(561,887)
At 31 December 2018	<u>709,541</u>	<u>1,376,356</u>	<u>2,085,897</u>
<b>Net Book Value</b>			
At 31 December 2018	<u>4,773,595</u>	<u>1,085,679</u>	<u>5,859,274</u>
At 31 December 2017	<u>5,060,218</u>	<u>1,483,830</u>	<u>6,544,048</u>

### 8. Debtors

	<u>2018</u> £	<u>2017</u> £
Due from related parties (note 18)	31,702,864	829,446
Prepayments	1,079,473	546,055
Other debtors	3,015,025	734,160
Trade Debtors	-	181,540
	<u>35,797,362</u>	<u>2,291,201</u>

### 9. Creditors - amounts falling due within one year

	<u>2018</u> £	<u>2017</u> £
Social security costs and other taxes	26,163,840	20,878,557
Corporation tax	895,870	614,392
Accrued Expenses	97,844	803,706
Trade Creditors	658,873	218,177
	<u>27,816,427</u>	<u>22,514,832</u>

## Notes to the Accounts (*continued*)

For the year ended 31 December 2018

10. **Creditors** - amounts falling due after more than one year

	<u>2018</u>	<u>2017</u>
	£	£
Deferred tax liability (note 11)	218,250	132,508
Accrued expenses – deferred rent	4,327,571	2,707,799
	<u>4,545,821</u>	<u>2,840,307</u>

11. **Deferred Tax**

The movements in deferred taxation during the current and previous years are as follows:

	<u>2018</u>	<u>2017</u>
	£	£
At 1 January	(132,508)	60,966
Provided during the year	(85,743)	(193,474)
At 31 December	<u>(218,251)</u>	<u>(132,508)</u>

The deferred tax consists of:

	<u>2018</u>	<u>2017</u>
	£	£
Accelerated capital allowances	(218,127)	(132,508)
Pension accrual	(124)	-
Total deferred tax liability	<u>(218,251)</u>	<u>(132,508)</u>

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and there is a planned reduction to 17% (effective 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the company's future and current tax charge accordingly.

The deferred tax assets and liabilities at 31 December 2018 have been calculated based on the rate of 19% substantively enacted at the balance sheet date.

12. **Share Capital**

Ordinary shares of £1 each	<u>2018</u>	<u>2017</u>
	Number of <u>shares</u>	Number of <u>shares</u>
Allotted, called up and fully paid	50,000 <u>50,000</u>	50,000 <u>50,000</u>

## Notes to the Accounts (*continued*)

For the year ended 31 December 2018

### 13. Reconciliation of Movement in Shareholders' Funds and Movements in Reserves

	<u>Share Capital</u> £	<u>Retained earnings</u> £	<u>Total</u> £
At 1 January 2017	50,000	8,406,496	8,456,496
<b>Total comprehensive income for the year</b>			
Profit for the year		5,323,214	5,323,214
<b>Transactions with owners, recorded directly in equity</b>			
Dividends Paid	-	-	-
At 1 January 2018	50,000	13,729,710	13,779,710
<b>Total comprehensive income for the year</b>			
Profit for the year	-	6,265,165	6,265,165
<b>Transactions with owners, recorded directly in equity</b>			
Dividends Paid	-	(10,000,000)	(10,000,000)
<b>Total distributions to owners</b>	-	(10,000,000)	(10,000,000)
At 31 December 2018	50,000	9,994,875	10,044,875

The aggregate amount of dividends proposed and not recognised as liabilities at year-end is £nil.

### 14. Reconciliation of Operating profit to net cash flow

Reconciliation of operating profit to net cash flow from operating activities:

	<u>2018</u> £	<u>2017</u> £
Operating profit	7,944,427	6,769,737
Depreciation	967,755	872,833
(Gain)/Loss on disposal of assets	3,689	15,610
Interest Receivable	2,292	-
(Increase)/Decrease in debtors	(33,508,452)	3,313,621
Increase/(Decrease) in creditors	6,639,888	7,098,388
Taxation	(1,314,392)	(1,384,618)
Net cash inflow from operating activities	(19,264,793)	16,685,571

## Notes to the Accounts (continued)

For the year ended 31 December 2018

### 15. Operating leases

At 31 December 2018 and 2017, the Company had annual commitments under non-cancellable operating lease as follows:

	<u>2018</u>	<u>2017</u>
	<u>Land &amp; Building</u>	<u>Land &amp; Building</u>
	£	£
within one year	1,844,874	1,844,874
in the second to fifth year inclusive	7,379,496	7,379,496
More than five years	13,869,069	15,740,943

The lease commitments above are in respect to a lease entered into on 29 June 2015, as amended post year-end effective in 2017. During the year, £1,781,559 was recognised as an expense in the income statement in respect of operating leases (2017: £1,900,600).

### 16. Ultimate Parent Company

The ultimate parent undertaking is Advent International Corporation, incorporated in the United States of America. Copies of Advent International Corporation's accounts are held at its registered office at Prudential Tower, 800 Boylston Street Boston, MA 02199-8069 USA.

### 17. Related Party Disclosures

Advisory fee income represent amounts charged to the ultimate parent company.

At 31 December 2018 and 2017, the balances due to/from related parties were:

	<u>2018</u>	<u>2017</u>
	£	£
Advent International Corporation, the ultimate parent company	28,009,067	746,496
Loans to Directors	3,670,000	
Sunley House Capital Management Ltd.	25,056	17,318
Advent International GmbH	169	1,162
Advent International Luxembourg S.A.R.L.	(1,428)	61,585
Advent International Srl	-	2,885
	<u>31,702,864</u>	<u>829,446</u>

Related parties balances, as of December 31, 2018 and 2017 relates to services rendered by the Company and are non-interest bearing, if not paid on or before the due date for payment. Service provider shall invoice recipient at least quarterly for the services performed during the prior quarter and shall provide such supporting documentation as recipient may reasonably request. Payment for all services shall be made within 30 days of recipients receipts of such invoice and supporting documentation, shall be payable in U.S. Dollars, British Pounds, or Euro.

### 18. Defined Contribution Pension Schemes

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £454,056 (2017: £241,160).

### 19. Subsequent Event

Subsequent events have been evaluated from the balance sheet date through the date of issuance of these financial statements. It has been determined that there are no items to disclose.