Company Registration No. 05680473 (England and Wales)

ADVENT CAPITAL MANAGEMENT UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

UHY Hacker Young
Chartered Accountants

ADVENT CAPITAL MANAGEMENT UK LIMITED

COMPANY INFORMATION

Director	Mr D Moore	(Appointed 2 July 2018)
Company number	05680473	
Registered office	Devonshire House 1 Mayfair Place London W1J 8AJ	
Auditor	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW	
Business address	4th Floor Devonshire House 1 Mayfair Place London W1J 8AJ	

CONTENTS

ADVENT CAPITAL MANAGEMENT UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The director presents the strategic report for the year ended 31 December 2018.

Fair review of the business

The short and medium term purpose of our UK entity is to establish our products and brand name in the European region and to reinforce our investment resources in the region. We currently employ two full time marketers who are charged with selling our products to European clients. Additionally, we currently employ a senior research analyst covering European companies, a Senior Trader and an Operations Analyst. As time progresses we will build our investment staff to coordinate research, trading and portfolio management out of London.

Principal risks and uncertainties

When we evaluated the performance of our UK entity, several criteria were used: continued development of the office by way of staffing, integration of the office, and marketing efforts.

We are confident that we have hired the correct personnel, on the marketing, investment and office management side. We have formal weekly meetings, as well as more informal daily conversations to ensure adequate communication and inclusion of our London effort.

Lastly, until funds are managed from the UK and/or assets are brought in, Advent Capital Management UK Limited remains a flow through entity, this means that the revenue side of the equation must come from New York. We have focused successfully on managing expenses, the company's administrative expenses for the year ended 31 December 2018 were £2,339,762 (2017: £2,190,077).

Development and performance

We remain confident that the UK operation will be a core producer for our firm and we continue to expend resources to expand this operation.

On behalf of the board

D W Moore 25 April 2019

Mr D Moore

Director

The director presents his annual report and financial statements for the year ended 31 December 2018.

Principal activities

Advent Capital Management UK Limited ("Advent") is a wholly owned subsidiary of Advent Capital Management LLC, a New York based investment advisor with $9.0 billion under management.

The principal activity of this company is to establish the parent company's products and brand name and to reinforce the investment resources in the European region.

Director

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

Mr A Greenshields	(Resigned 10 July 2018)
Mr K Haber	(Resigned 6 June 2018)
Mr D Moore	(Appointed 2 July 2018)

Results and dividends

The results for the year are set out on page 10.

No ordinary dividends were paid. The director does not recommend payment of a final dividend.

Pillar 3 disclosures

The European Union Capital Requirements Directive (CRD) seeks to create a direct correlation between a firm's capital requirement and the risks it faces through its operational activities, by way of an approach in three stages which have become known as the three pillars.

Pillar 1 (minimum capital requirement) sets minimum capital requirements for firms in respect of credit, market and operational risk.

Pillar 2 (supervisory review) places an obligation on firms to hold internal capital that is consistent with their risk profile and strategy, and establishes a joint supervisory process to enable the regulator to review firms' capital adequacy assessments.

Pillar 3 (market discipline) requires firms to make specific disclosures with the aim of strengthening the market's role in judging individual firm's capital adequacy.

Pillar 3 disclosures (continued)

The disclosures we are required to make under Pillar 3 are set out below.

Risk management

The directors are responsible for:

- determining the firm's strategy;
- identifying the risks relating to the firm's activities, processes and systems;
- setting the levels of tolerable risk;
- establishing policies and procedures for assessing and managing risk.

The principal risks identified by the directors are:

- Operational risk, which is the risk of loss resulting from inadequate or failed internal processes, or from external events;
- Credit risk, which is the risk of loss arising from a debtor failing to pay an amount due to the firm;
- Market risk, which is the risk of losses that arise from fluctuations in interest rates, exchange rates, asset values, or income from assets;
- Liquidity risk, which is the risk that the firm, although solvent, either does not have available sufficient financial resources to enable it to meet its obligations as they fall due, or can secure such resources only at excessive cost;
- Business risk, which covers losses arising from events such as loss of key customers, departure of key personnel, reputational damage or economic downturn.

The director has adopted risk management policies and procedures which are proportionate to the nature, scale and complexity of the firm's business. The identification and mitigation of operational and business risks are part of the day to day responsibilities of the firm's management, and these risks are also reviewed at formal meetings of the directors. Credit, market and liquidity risks are all mitigated by authorisation limits and standard approval procedures, and monitored by means of the firm's normal budgeting and financial reporting processes.

Capital resources and requirements

The firm is a BIPRU firm, and its minimum or Pillar 1 capital requirement is therefore the highest of:

- Fixed overheads requirement; or
- Credit risk requirement plus market risk requirement; or
- Base requirement, namely €50,000.

The firm's business model is such that the fixed overheads requirement is always the highest of these amounts, with the credit and market risk requirements being relatively immaterial.

The director conducts an individual capital adequacy assessment process (ICAAP), at least annually, in order to estimate the amount of capital the firm should hold in line with its risk profile and strategy. As at 31 December 2018 the total capital requirement indicated by the ICAAP was greater than the Pillar 1 requirement, and the former is therefore the firm's overall regulatory capital requirement.

The firm's capital resources comprise the audited share capital and reserves, without deduction, and subordinated loans. Capital and reserves qualify as Tier 1 capital and the subordinated loans qualify as Tier 3 capital, as defined in BIPRU.

As at 31 December 2018 the firm's regulatory capital position was as follows:

	2018 £
Capital resources	1,708
Capital resources requirement	345
Surplus	1,363

Remuneration code

Scope and application of the requirements

BIPRU 11.5 sets out the disclosure requirements in relation to the remuneration of code staff which all FCA regulated firms are required to comply. The firm is a non-significant firm and the following disclosures are intended to fully satisfy the requirements of the remuneration code ("the Code").

Disclosure of compliance with Remuneration Code

The firm has in place internal policies, practices and procedures consistent with the FCA's rules and regulations for non-significant firms. The members of the Board form the remuneration committee and the members fully acknowledge their responsibilities under the Code including their overriding responsibility to ensure that the firm's remuneration policies, practices and procedures:

- are in line with the business strategy, objectives and long-term interests and values of the firm;
- are consistent with and promote sound and effective risk management and do not encourage risk taking that exceeds the level of tolerated risk of the firm;
- are appropriate to attract, motivate and retain suitable staff;
- are representative of the underlying performance of the business and do not reward individuals for poor performance; and
- include measures to avoid conflicts of interest.

The following disclosures have been made in accordance with the FCA rules and regulations as outlined under BIPRU 11.5.18 and SYSC 19C, specifically in the context of a firm's obligations under the FCA's remuneration code.

As permitted by the Code, the firm has adopted the FCA's proportionality approach for non-significant firms in applying the requirements of the Code. All decisions in relation to the remuneration of code staff are made and approved by the firm's remuneration committee, with no input from external consultants. Remuneration is determined with reference to a number of factors including, but not limited to, the performance of the individual, the firm and the individual's adherence to the firm's risk management and compliance procedures.

Variable remuneration which is paid in the form of bonuses is only awarded after full consideration of these factors together with an assessment of any current or potential risks to the business in the context of these payments.

In accordance with the FCA's proportionality approach, the firm has elected not to apply the FCA's specific regulatory requirements in relation to the fixed and variable elements of total remuneration; the payment of variable remuneration through retained shares or other instruments, the deferral of these payments or performance adjustments.

The remuneration committee believes that its remuneration policies, procedures and practices are fully aligned with the company objectives and its customers and that the payment of variable remuneration is therefore aligned to the performance and success during the year.

On an annual basis, the firm's director may be awarded a bonus after the firm ensures that FCA capital and liquidity requirements are satisfied. Employees receive a base salary and may be awarded a discretionary bonus. The amounts of any discretionary awards are determined by the firm's Director / Senior Managers acting in the capacity of the firm's remuneration committee. The firm has a single business area which is establishing their products, brand name and reinforcing investment resources in the European region. The firm's code staff, all of whom have been approved by the FCA under section 59 of the Financial Services and Markets Act 2000 Act to perform a controlled function, received aggregate remuneration of £552,857 in the year ended 31 December 2018 (2017: £963,527).

Stewardship Code
Introduction

The Stewardship Code ("the Code") was published by the Financial Reporting Council ("FRC"), the UK's independent regulator responsible for promoting high quality corporate governance and reporting in order to foster investment. The Code sets out good practice for institutional investors in their dealings with the companies in which they have invested.

Disclosure obligations

The FCA's regulations outline a firm's obligations in relation to the Code and for firms who manage assets for corporate professional clients to disclose to these clients the nature of their commitment to the Code, or where it does not commit to the Code its alternate business model.

Although the firm recognises the aims and benefits of the Code the firm's investment strategy is such that it does not engage directly with companies and therefore the Code in the context of firm's investment strategy does not apply and the firm does not consider that its clients expect such engagement. It is however important to note that the firm's investment strategy is specifically structured to maximise investment gains and enhance shareholder value and that it constantly monitors investments, would act collectively with other institutional investors where appropriate and has developed internal policies and procedures for managing conflicts of interest.

This non commit disclosure fully encompasses the firm's regulatory obligations in complying with the FRC's Stewardship Code and the FCA's regulatory requirements.

Auditor
In accordance with the company's articles, a resolution proposing that UHY Hacker Young be reappointed as auditor of the company will be put at a General Meeting.

Statement of director's responsibilities
The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

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

The director is 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. He is 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.

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.

On behalf of the board

DW Moore
Mr D Moore
Director
Date: 25 April 2019

UHY Hacker Young
Chartered Accountants

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF ADVENT CAPITAL MANAGEMENT UK LIMITED

Opinion

We have audited the financial statements of Advent Capital Management UK Limited (the 'company') for the year ended 31 December 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 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. 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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has 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.

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF ADVENT CAPITAL MANAGEMENT UK LIMITED

Other information

The director is 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 director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's 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 director's 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director is 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 director either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

UHY Hacker Young
Chartered Accountants

UHY Hacker Young LLP
Quadrant House
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London E1W 1YW

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBER OF ADVENT CAPITAL MANAGEMENT UK 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.

Daniel Hutson (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young

25 April 2019

Chartered Accountants
Statutory Auditor

ADVENT CAPITAL MANAGEMENT UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Turnover	3	2,565,601	2,409,085
Administrative expenses		(2,339,762)	(2,190,077)
Other operating income		12,500	-
Operating profit	4	238,339	219,008
Interest payable and similar expenses	7	(2,633)	(2,201)
Profit before taxation		235,706	216,807
Tax on profit	8	(45,081)	(43,409)
Profit for the financial year		190,625	173,398

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

ADVENT CAPITAL MANAGEMENT UK LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	9		177,690		246,120
Current assets					
Debtors falling due after more than one year	11	194,532		194,532	
Debtors falling due within one year	11	1,506,777		1,265,256	
Cash at bank and in hand		574,787		547,853	
		2,276,096		2,007,641	
Creditors: amounts falling due within one year	12	(717,508)		(703,607)	
Net current assets			1,558,588		1,304,034
Total assets less current liabilities			1,736,278		1,550,154
Creditors: amounts falling due after more than one year	14		(40,000)		(40,000)
Provisions for liabilities	15		(28,472)		(32,973)
Net assets			1,667,806		1,477,181
Capital and reserves					
Called up share capital	18		40,000		40,000
Profit and loss reserves	19		1,627,806		1,437,181
Total equity			1,667,806		1,477,181

The financial statements were approved by the board of directors and authorised for issue on 25 April 2019.... and are signed on its behalf by:

..D.W.Moore

Mr D Moore

Director

Company Registration No. 05680473

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2017	40,000	1,263,783	1,303,783
Year ended 31 December 2017:			
Profit and total comprehensive income for the year	-	173,398	173,398
Balance at 31 December 2017	40,000	1,437,181	1,477,181
Year ended 31 December 2018:			
Profit and total comprehensive income for the year	-	190,625	190,625
Balance at 31 December 2018	40,000	1,627,806	1,667,806

ADVENT CAPITAL MANAGEMENT UK LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	23		78,079		(115,872)
Interest paid			(2,633)		(2,201)
Income taxes paid			(48,512)		(59,158)
Net cash inflow/(outflow) from operating activities			26,934		(177,231)
Investing activities					
Purchase of tangible fixed assets		-		(47,500)	
Net cash used in investing activities			-		(47,500)
Net cash used in financing activities			-		-
Net increase/(decrease) in cash and cash equivalents			26,934		(224,731)
Cash and cash equivalents at beginning of year			547,853		772,584
Cash and cash equivalents at end of year			574,787		547,853

1 Accounting policies

Company information
Advent Capital Management UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is Devonshire House, 1 Mayfair Place, London, W1J 8AJ.

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 on the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern
Advent derives its income through recharging its expenses, plus a mark up, to its parent. Accordingly Advent is entirely dependent on the parent's support for its continuing existence. The directors have received confirmation from the directors of the parent company that the parent company has the ability and the intention to support Advent for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

1.3 Turnover
Turnover is recognised on a cost plus basis. Turnover is recognised as the total of agreed costs plus a margin of 10%.

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.

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:

Land and buildings Leasehold	Over the length of the lease term
Fixtures, fittings & equipment	25% straight line

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 Accounting policies **(Continued)**

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.

1.6 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.

1 Accounting policies **(Continued)**

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.

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
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 though 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 Accounting policies **(Continued)**

1.7 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.

1.8 Taxation

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

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.

1.9 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.

1.10 Retirement benefits

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

1 Accounting policies **(Continued)**

1.11 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

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.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

There are no estimates and assumptions which are considered to have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

3 Turnover and other revenue

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

	2018	2017
	£	£
Turnover analysed by class of business		
Advisory fees	2,565,601	2,409,085

	2018	2017
	£	£
Turnover analysed by geographical market		
United States	2,565,601	2,409,085

4 Operating profit

Operating profit for the year is stated after charging:	2018 £	2017 £
Exchange losses	640	-
Fees payable to the company's auditor for the audit of the company's financial statements	7,500	7,200
Depreciation of owned tangible fixed assets	68,430	81,849
Operating lease charges	304,042	307,787

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 £640 (2017 - £-).

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2018 Number	2017 Number
Operations	7	6

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	1,183,757	1,199,337
Social security costs	152,373	155,386
Pension costs	4,367	2,165
	1,340,497	1,356,888

6 Director's remuneration

	2018 £	2017 £
Remuneration for qualifying services	297,171	299,653

6 Director's remuneration (Continued)

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

	2018	2017
	£	£
Remuneration for qualifying services	234,671	299,653

7 Interest payable and similar expenses

	2018	2017
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest payable to group undertakings	2,000	2,000
Other finance costs:		
Other interest	633	201
	2,633	2,201

8 Taxation

	2018	2017
	£	£
Current tax		
UK corporation tax on profits for the current period	57,612	56,237
Adjustments in respect of prior periods	(8,030)	(1,075)
Total current tax	49,582	55,162
Deferred tax		
Origination and reversal of timing differences	(4,501)	(11,753)
Total tax charge	45,081	43,409

8 Taxation (Continued)

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	235,706	216,807
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	44,784	41,735
Tax effect of expenses that are not deductible in determining taxable profit	-	261
Adjustments in respect of prior years	(8,030)	(1,075)
Effect of change in corporation tax rate	-	2,079
Fixed asset differences	140	-
Other tax adjustments	104	409
Deferred tax not recognised	8,083	-
Taxation charge for the year	45,081	43,409

9 Tangible fixed assets

	Land and buildings Leasehold	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 January 2018 and 31 December 2018	298,256	212,551	510,807
Depreciation and impairment			
At 1 January 2018	98,559	166,128	264,687
Depreciation charged in the year	29,826	38,604	68,430
At 31 December 2018	128,385	204,732	333,117
Carrying amount			
At 31 December 2018	169,871	7,819	177,690
At 31 December 2017	199,697	46,423	246,120

10 Financial instruments

	2018	2017
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,469,479	1,247,293
Carrying amount of financial liabilities		
Measured at amortised cost	326,422	292,111

11 Debtors

	2018	2017
Amounts falling due within one year:	£	£
Amounts owed by group undertakings	1,274,947	1,052,761
Other debtors	49,859	24,948
Prepayments and accrued income	181,971	187,547
	1,506,777	1,265,256

	2018	2017
Amounts falling due after more than one year:	£	£
Other debtors	194,532	194,532
Total debtors	1,701,309	1,459,788

12 Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	104,304	25,413
Corporation tax	57,612	56,542
Other taxation and social security	373,474	394,954
Other creditors	1,306	411
Accruals and deferred income	180,812	226,287
	717,508	703,607

13 Loans and overdrafts

	2018	2017
	£	£
Loans	40,000	40,000
Payable after one year	40,000	40,000

In accordance with the FCA rules the the parent company extended a subordinated loan to the company to provide regulatory capital. The loan is repayable on the lender's demand, subject to the provision of two years and five days' notice. The loan is not secured on any of the assets of the company. Interest is charged at 5% per annum.

14 Creditors: amounts falling due after more than one year

	Notes	2018	2017
		£	£
Loans	13	40,000	40,000

15 Provisions for liabilities

	Notes	2018	2017
		£	£
Deferred tax liabilities	16	28,472	32,973

16 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities	Liabilities
	2018	2017
Balances:	£	£
Accelerated capital allowances	28,472	32,973

There were no deferred tax movements in the year.

16 Deferred taxation (Continued)

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

17 Retirement benefit schemes

Defined contribution schemes	2018 £	2017 £
Charge to profit or loss in respect of defined contribution schemes	4,367	2,165

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.

18 Share capital

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
40,000 Ordinary shares of £1 each	40,000	40,000

All shares rank pari passu.

19 Reserves

Called-up share capital represents the nominal value of shares that have been issues.

Profit and loss reserves includes all current and prior period retained profits and losses.

20 Operating lease commitments

Lessee

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	325,796	327,372
Between two and five years	1,296,880	1,298,456
In over five years	243,165	567,385
	1,865,841	2,193,213

21 Related party transactions

Remuneration of key management personnel
The remuneration of key management personnel is as follows.

	2018	2017
	£	£
Aggregate compensation	337,137	339,964

The whole of the company's turnover is invoiced to the immediate parent company. At the year end, a debtor balance of £1,274,947 (2017: £1,052,761) was due from the parent.

22 Controlling party

The immediate parent company is Advent Capital Management LLC, a limited liability company organised in the state of Delaware, USA. The ultimate controlling party is Mr T. Maitland.

23 Cash generated from operations

	2018	2017
	£	£
Profit for the year after tax	190,625	173,398
Adjustments for:		
Taxation charged	45,081	43,409
Finance costs	2,633	2,201
Depreciation and impairment of tangible fixed assets	68,430	81,849
Movements in working capital:		
(Increase) in debtors	(216,610)	(5,235)
(Decrease) in creditors	(12,080)	(71,172)
Cash generated from operations	78,079	224,450