



STEIN RICHARDS

Chartered Accountants

AUDITOR'S REPORT

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Limited Assurance Report on client assets by the Independent Auditor to the Financial Conduct Authority in respect of Albemarle Asset Management Limited, FCA reference number 226244

We report in respect of Albemarle Asset Management Limited ("the firm") on the matters set out below for the period started 1 January 2018 and ended 31 December 2018 ("the period").

Our report has been prepared as required by SUP 3.10.4R and is addressed to the Financial Conduct Authority ("the FCA") in its capacity as regulator of financial services under the Financial Services and Markets Act 2000.

This report is made solely to the FCA, in accordance with the terms of SUP 3.10.4R of the FCA Handbook. Our work has been undertaken so that we might state to the FCA those matters which we are required to state to it in an auditor's client assets 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 FCA, for our work, for this report, or for the opinions we have formed. Our report should not be disclosed to any third party or otherwise quoted or referred to without our prior written consent.#

Basis of opinion

We have carried out such procedures as we have considered necessary for the purposes of this report in accordance with the Client Asset Assurance Standard issued by the Financial Reporting Council.

The opinions relate only to the period, or as at the date, specified. The opinions do not provide assurance in relation to any future period or date.

Unmodified opinion

The scope of the firm's permission does not allow it to hold client money or custody assets.

The directors of the firm have stated that the firm did not hold client money or custody assets during the period. Based on review procedures performed, nothing has come to our attention that causes us to believe that the firm held client money or custody assets during the period.

Robert Nissen F.C.A. (Senior Statutory Auditor)
For and behalf of Stein Richards Limited
Chartered Accountants and Statutory Auditors
10 London Mews
London
W2 1HY

Date: 9 April 2019

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2018
FOR
ALBEMARLE ASSET MANAGEMENT LIMITED

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FOR THE YEAR ENDED 31ST DECEMBER 2018

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ALBEMARLE ASSET MANAGEMENT LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31ST DECEMBER 2018

DIRECTORS:	Ms M Bracali F C De Tomasi C De Ranieri
SECRETARY:	Ms M Bracali
REGISTERED OFFICE:	3rd & 4th Floor, 21 Upper Brook Street Mayfair London W1K 7PY
REGISTERED NUMBER:	04745029 (England and Wales)
AUDITORS:	Stein Richards Chartered Accountants and Statutory Auditor 10 London Mews Paddington London W2 1HY

STRATEGIC REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2018

The directors present their strategic report for the year ended 31st December 2018.

REVIEW OF BUSINESS

The results for the year are set out on page 9 and show the profit on ordinary activities after taxation for the year as being £149,440 (2017: £2,997,113). At the year end, the net assets of the company amounted to £1,667,715 (2017: £4,175,807).

The turnover of the company for the year is £2,616,741 (2017: £6,555,491). The company's proven management strategy did not perform as expected due to the challenging financial market conditions. The underperformance over the relevant benchmarks was reflected in the lower turnover that, for the current year, was generated almost exclusively by management fees.

The assets under management as at 31 December 2018 is £199 million (2017: £302 million). The company continues to focus on the increase of assets under management both targeting institutional investors and entering in new distribution agreements.

The rationalisation of the business lines and the reduction of the company's cost base, initiated in the previous financial year, contributed to generate a positive and satisfactory economic result even in a tough year.

Global markets started declining after January and the weakening continued for the whole year reaching its minimum level in December. European financial markets made their worst performance in 7 years; the investment process and strategy suffered and underperformed.

The directors anticipate the financial markets facing a number of challenges next year, but the company is in a good position in terms of financial strength, has an established management team and will continue to rely on its proven investment process. This should allow the company to obtain a satisfactory financial performance in the year ahead.

STRATEGIC REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2018

PRINCIPAL RISKS AND UNCERTAINTIES

The company has established a risk management process in order to ensure that it has effective systems and controls in place to identify, monitor and manage risks arising in the business. The Senior Management team takes overall responsibility for this process and the fundamental risk appetite of the company. The team has responsibility for the implementation and enforcement of the company's risk principles.

Senior Management meets on a regular basis and discusses current projections for profitability, cash flow, and business planning and risk management. Senior Management engage in the company's risks through a framework of policy and procedures having regard to the relevant laws, standards, principles and rules (including Financial Conduct Authority principles and rules) with the aim to operate a defined and transparent risk management framework. These policies and procedures are updated as required.

The Senior Management team has identified that business, operational, market and credit are the main areas of risk to which the company is exposed. Annually the Senior Management team formally review their risks, controls and other risk mitigation arrangements and assess their effectiveness.

Business risk

The company's revenue is reliant on the performance of the existing funds under management and its ability to launch new funds/obtain new mandates. As such, the risk posed to the company relates to under performance resulting in a decline in revenue and adverse market conditions hindering the launch of new funds and ultimately the risk of redemption from the funds managed by the company. This risk is mitigated by the significant levels of capital held by the company which will continue to cover all the expenses of the business.

Operational risk

The company places strong reliance on the operational procedures and controls that it has in place in order to mitigate risk and seeks to ensure that all personnel are aware of their responsibilities in this respect.

The company has identified a number of key operational risks to manage. These relate to systems failure, failure of a third party provider, potential for serious regulatory breaches, and market abuse. Appropriate policies are in place to mitigate against these risks, which includes taking out adequate professional indemnity insurance, compliance training for employees and business continuity planning.

Credit risk

The company is exposed to credit risk in respect of its debtors, investment management and performance fees billed and cash held on deposit.

Management fees are drawn monthly or quarterly from the funds managed and performance fees are drawn quarterly or annually where applicable. The company considers that there is little risk of default by its clients. All bank accounts are held with large international credit institutions.

Market risk

The company takes no market risk other than foreign exchange risk in respect of its accounts receivable and cash balances held in currencies other than Sterling.

Since the company takes no trading book positions on its balance sheet, the primary market risk relates to fluctuations in the value of its revenues due to movements in currency rates. The firm maintains multi-currency bank accounts and uses currency contracts to hedge this risk.

STRATEGIC REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2018

KEY PERFORMANCE INDICATORS

The Company manages the business by reference to key performance indicators, the principal indicators are as follows:

Operating margins: 75.96% (2017: 84.77%) (gross profit/sales)

Turnover - £2,616,741 (2017: £6,555,491)

Liquidity ratio: 5.06 (2017: 4.15) (current assets/current liabilities)

Assets Under Management: £199 million (2017: £302 million)

The directors consider the company to be well financed at the year end.

The directors will continue to monitor the company's performance and have no plans for changes to the strategic objectives of the company in the foreseeable future.

ON BEHALF OF THE BOARD:



F C De Tomasi - Director

9th April 2019

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 2018

The directors present their report with the financial statements of the company for the year ended 31st December 2018.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of providing both individual and collective management services for private and institutional investors, financial and capital management consultancy, and managed investment solutions.

The company is authorised and regulated by The Financial Conduct Authority.

DIVIDENDS

An interim dividend of £2.7979 per share was paid on 15th March 2018. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31st December 2018 will be £2,657,532.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st January 2018 to the date of this report.

Ms M Bracali
F C De Tomasi

Other changes in directors holding office are as follows:

C De Ranieri was appointed as a director after 31st December 2018 but prior to the date of this report.

U Borghesi ceased to be a director after 31st December 2018 but prior to the date of this report.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The directors have identified the principal risks and uncertainties facing the company and are disclosed in the Strategic Report.

PILLAR 3 DISCLOSURES

Disclosures will be issued on an annual basis, at a minimum, and will be made available on the company's website.

DIRECTORS INDEMNITY INSURANCE

The company has directors' indemnity insurance policy for the current and the previous year.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Stein Richards, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



F C De Tomasi - Director

9th April 2019

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ALBEMARLE ASSET MANAGEMENT LIMITED

Opinion

We have audited the financial statements of Albemarle Asset Management Limited (the 'company') for the year ended 31st December 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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.

Opinion 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ALBEMARLE ASSET MANAGEMENT LIMITED

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 or the Report of the Directors.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on pages five and six, 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 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.

Auditors' 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 a Report of the Auditors 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.

Robert Nissen F.C.A. (Senior Statutory Auditor)
for and on behalf of Stein Richards
Chartered Accountants and Statutory Auditor
10 London Mews
Paddington
London
W2 1HY



9th April 2019

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2018

	Notes	31.12.18 £	31.12.17 £
TURNOVER	3	2,616,741	6,555,491
Cost of sales		629,060	998,320
GROSS PROFIT		1,987,681	5,557,171
Administrative expenses		1,797,656	1,838,179
		190,025	3,718,992
Other operating income		-	12,000
OPERATING PROFIT	6	190,025	3,730,992
Interest receivable and similar income		102	-
		190,127	3,730,992
Interest payable and similar expenses	7	-	658
PROFIT BEFORE TAXATION		190,127	3,730,334
Tax on profit	8	40,687	733,221
PROFIT FOR THE FINANCIAL YEAR		149,440	2,997,113
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		149,440	2,997,113

STATEMENT OF FINANCIAL POSITION
31ST DECEMBER 2018

	Notes	31.12.18 £	£	31.12.17 £	£
FIXED ASSETS					
Tangible assets	10		7,201		1,603
Investments	11		108,000		108,000
			<u>115,201</u>		<u>109,603</u>
CURRENT ASSETS					
Debtors	12	613,486		906,573	
Cash at bank		<u>1,320,929</u>		<u>4,449,281</u>	
		<u>1,934,415</u>		<u>5,355,854</u>	
CREDITORS					
Amounts falling due within one year	13	<u>381,901</u>		<u>1,289,650</u>	
NET CURRENT ASSETS			<u>1,552,514</u>		<u>4,066,204</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u><u>1,667,715</u></u>		<u><u>4,175,807</u></u>
CAPITAL AND RESERVES					
Called up share capital	16		950,000		950,000
Capital redemption reserve			50,000		50,000
Retained earnings			<u>667,715</u>		<u>3,175,807</u>
SHAREHOLDERS' FUNDS			<u><u>1,667,715</u></u>		<u><u>4,175,807</u></u>

The financial statements were approved and authorised for issue by the Board of Directors on 9th April 2019 and were signed on its behalf by:



F C De Tomasi - Director

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

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1st January 2017	950,000	178,694	50,000	1,178,694
Changes in equity				
Total comprehensive income	-	2,997,113	-	2,997,113
Balance at 31st December 2017	950,000	3,175,807	50,000	4,175,807
Changes in equity				
Dividends	-	(2,657,532)	-	(2,657,532)
Total comprehensive income	-	149,440	-	149,440
Balance at 31st December 2018	950,000	667,715	50,000	1,667,715

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2018

	Notes	31.12.18 £	31.12.17 £
Cash flows from operating activities			
Cash generated from operations	1	433,554	4,224,115
Interest paid		-	(658)
Tax paid		(894,721)	(52,926)
Net cash from operating activities		(461,167)	4,170,531
Cash flows from investing activities			
Purchase of tangible fixed assets		(9,755)	(330)
Purchase of fixed asset investments		-	(17,000)
Interest received		102	-
Net cash from investing activities		(9,653)	(17,330)
Cash flows from financing activities			
Equity dividends paid		(2,657,532)	-
Net cash from financing activities		(2,657,532)	-
(Decrease)/increase in cash and cash equivalents		(3,128,352)	4,153,201
Cash and cash equivalents at beginning of year	2	4,449,281	296,080
Cash and cash equivalents at end of year	2	1,320,929	4,449,281

The notes form part of these financial statements

NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2018

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	31.12.18	31.12.17
	£	£
Profit before taxation	190,127	3,730,334
Depreciation charges	4,157	13,450
Finance costs	-	658
Finance income	(102)	-
	<u>194,182</u>	<u>3,744,442</u>
Decrease in trade and other debtors	413,900	349,807
(Decrease)/increase in trade and other creditors	<u>(174,528)</u>	<u>129,866</u>
Cash generated from operations	<u>433,554</u>	<u>4,224,115</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31st December 2018

	31.12.18	1.1.18
	£	£
Cash and cash equivalents	<u><u>1,320,929</u></u>	<u><u>4,449,281</u></u>

Year ended 31st December 2017

	31.12.17	1.1.17
	£	£
Cash and cash equivalents	<u><u>4,449,281</u></u>	<u><u>296,080</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2018

1. STATUTORY INFORMATION

Albemarle Asset Management Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Turnover

Fee income includes management fees, advisory and consultancy fees, performance fees and execution fees.

Management fees, execution fees and advisory fees are recognised in the accounting period in which the associated investment management services are provided.

Performance fees are recognised when the prescribed performance benchmarks have been achieved and it is probable that the fee will crystallise as a result.

Consultancy fees are recognised on a straight-line basis over the contract term.

Fees receivable are accounted for on an accruals basis.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Short leasehold property	- over 5 years
Fixtures, Fittings & Equipment	- 20% straight line
Computer equipment	- 25% straight line

Financial instruments

All financial assets and liabilities are initially measured at transaction price, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value, unless the arrangement constitutes a financing transaction.

If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to the local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2018

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date. However deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred taxation is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the statement of financial position dates.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs

The company operates a defined contributions plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in other creditors as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

Operating leases

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Rental income

Rental income is recognised on a straight line basis over the term of the lease.

Fixed asset investments

Fixed asset investments are valued at fair value. Changes in the fair value are recognised in profit and loss account.

Cash and cash equivalent

For the purpose of the cash flow statement, cash and cash equivalents comprises cash in hand and deposits held on call with the banks, all of which are available for use by the company unless otherwise stated.

Fair value measurement

The best evidence of fair value is a price for an identical asset in an active market. When prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	31.12.18	31.12.17
	£	£
European Union	2,616,741	6,555,491
	<u>2,616,741</u>	<u>6,555,491</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2018

4. EMPLOYEES AND DIRECTORS

	31.12.18	31.12.17
	£	£
Wages and salaries	896,059	1,005,956
Social security costs	117,895	110,212
Other pension costs	48,753	98,000
	<u>1,062,707</u>	<u>1,214,168</u>

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

	31.12.18	31.12.17
Fund management	8	8
Administration	2	2
	<u>10</u>	<u>10</u>

The company operates a stakeholder defined contribution pension scheme for the benefit of the employees and a director. The assets of the scheme are administered by an independent pension provider. Pension payments recognised as an expense during the year amount to £48,753 (2017: £98,000).

Included in accruals are pension contributions totalling £nil (2017: £50,000) payable at the year end.

The above disclosure includes the directors of the company.

5. DIRECTORS' EMOLUMENTS AND KEY MANAGEMENT COMPENSATION

	31.12.18	31.12.17
	£	£
Directors' remuneration	<u>436,542</u>	<u>501,451</u>

The number of directors to whom retirement benefits were accruing was as follows:

	3	3
Defined benefit schemes	<u>3</u>	<u>3</u>

Information regarding the highest paid director is as follows:

	31.12.18	31.12.17
	£	£
Emoluments etc	<u>183,739</u>	<u>150,000</u>

The directors of the company are considered to be the key management personnel of the company. The benefits comprises of salary and bonuses earned during the current and the previous year.

6. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	31.12.18	31.12.17
	£	£
Depreciation - owned assets	4,157	13,450
Auditors' remuneration	7,200	13,735
Foreign exchange differences	(7,316)	(94,728)
Fees to Auditors' for accounting services	<u>6,075</u>	<u>4,675</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2018

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.12.18	31.12.17
	£	£
Interest on Taxes	-	658
	<u>-</u>	<u>658</u>

8. TAXATION**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	31.12.18	31.12.17
	£	£
Current tax:		
UK corporation tax	40,687	733,221
	<u>40,687</u>	<u>733,221</u>
Tax on profit	<u>40,687</u>	<u>733,221</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.18	31.12.17
	£	£
Profit before tax	190,127	3,730,334
	<u>190,127</u>	<u>3,730,334</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.250%)	36,124	718,089
Effects of:		
Expenses not deductible for tax purposes	4,586	13,611
Capital allowances in excess of depreciation	(23)	-
Depreciation in excess of capital allowances	-	1,521
	<u>40,687</u>	<u>733,221</u>
Total tax charge	<u>40,687</u>	<u>733,221</u>

Reductions in the UK corporation tax rate from 19% (effective from 1 April 2017) to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the company's future current tax charge accordingly.

In the Budget on 8 March 2017, the Chancellor announced additional planned reductions to 17% by April 2020.

9. DIVIDENDS

	31.12.18	31.12.17
	£	£
Ordinary shares of £1 each		
Interim	2,657,532	-
	<u>2,657,532</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2018

10. TANGIBLE FIXED ASSETS

	Short leasehold property £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1st January 2018	63,691	41,142	47,428	152,261
Additions	9,755	-	-	9,755
Disposals	(63,691)	-	(17,911)	(81,602)
At 31st December 2018	9,755	41,142	29,517	80,414
DEPRECIATION				
At 1st January 2018	63,691	40,626	46,341	150,658
Charge for year	2,753	384	1,020	4,157
Eliminated on disposal	(63,691)	-	(17,911)	(81,602)
At 31st December 2018	2,753	41,010	29,450	73,213
NET BOOK VALUE				
At 31st December 2018	7,002	132	67	7,201
At 31st December 2017	-	516	1,087	1,603

11. FIXED ASSET INVESTMENTS

Investments (neither listed nor unlisted) were as follows:

	31.12.18 £	31.12.17 £
Paintings	103,000	103,000
Antique books	5,000	5,000
	108,000	108,000

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.18 £	31.12.17 £
Trade debtors	325,498	777,225
Other debtors	75,849	34,338
Tax	120,813	-
VAT	24,027	25,750
Prepayments and accrued income	67,299	69,260
	613,486	906,573

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2018

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.18	31.12.17
	£	£
Trade creditors	188,814	269,819
Tax	-	733,221
Social security and other taxes	29,919	26,623
Other creditors	4,964	2,301
Accrued expenses	158,204	257,686
	<u>381,901</u>	<u>1,289,650</u>

14. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.12.18	31.12.17
	£	£
Within one year	-	101,138
In more than five years	563,588	-
	<u>563,588</u>	<u>101,138</u>

15. FINANCIAL INSTRUMENTS

The financial assets measured at amortised cost as at 31 December 2018 are in the sum of £468,646 (2017: £880,823).

The financial liabilities measured at amortised cost as at 31 December 2018 are in the sum of £351,982 (2017: £529,806).

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			31.12.18	31.12.17
Number:	Class:	Nominal value:	£	£
950,000	Ordinary	£1	<u>950,000</u>	<u>950,000</u>

17. ULTIMATE PARENT COMPANY

At the balance sheet date, Alma Grand S.A., a company incorporated in Luxembourg, was the immediate and ultimate parent company of Albemarle Asset Management Limited for the current and the previous year

The ultimate controlling party is Mr. Umberto Borghesi by virtue of his shareholding in Alma Grand S.A.

18. RELATED PARTY DISCLOSURES

During the year management, performance and retrocession fees of £1,981,244 (2017: £5,469,866) were receivable from a company in which a key management personnel is also a director. The balance owed to the company at the year end is £187,099 (2017: £259,340).

TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2018

	31.12.18		31.12.17	
	£	£	£	£
Turnover				
Performance fees	43,339		3,895,006	
Advisory fees and consultancy fees	78,702		47,397	
Management fees	2,423,866		2,547,861	
Execution Fees	70,834		65,227	
	<hr/>	2,616,741	<hr/>	6,555,491
Cost of sales				
Performance fees payable	-		157,024	
Commission payable	602,742		775,283	
Research Fees	26,318		66,013	
	<hr/>	629,060	<hr/>	998,320
GROSS PROFIT		1,987,681		5,557,171
Other income				
Rents receivable	-		12,000	
Interest receivable	102		-	
	<hr/>	102	<hr/>	12,000
		1,987,783		5,569,171
Expenditure				
Rent and rates	194,099		168,927	
Insurance	20,997		19,764	
Light and heat	3,273		5,178	
Directors' salaries	436,542		501,451	
Wages and salaries	459,517		504,505	
Employers NI	117,895		110,212	
Pensions	48,753		98,000	
Telephone and Internet service	6,484		6,417	
Printing, postage & stationery	2,843		6,732	
Data subscription services	104,078		126,492	
Repairs and renewals	3,763		57	
Cleaning	5,438		3,937	
Removal expenses	4,555		-	
Staff Welfare	7,149		8,428	
VAT on expenses	1,466		310	
General expenses	2,972		4,553	
Accountancy	6,075		4,675	
Legal and Professional Fees	65,946		75,900	
Regulatory and compliance cost	85,714		101,043	
Auditors' remuneration	7,200		13,735	
Donations	50,500		100	
Foreign exchange (gains)	(7,316)		(94,728)	
Entertainment	24,134		21,382	
Travelling expenses	49,019		35,186	
Computer support and maintenance	89,884		99,651	
	<hr/>	1,790,980	<hr/>	1,821,907
Carried forward		196,803		3,747,264

This page does not form part of the statutory financial statements

TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2018

	31.12.18		31.12.17	
	£	£	£	£
Brought forward		196,803		3,747,264
Finance costs				
Bank charges	2,519		2,822	
Interest on Taxes	-		658	
		2,519		3,480
		194,284		3,743,784
Depreciation				
Short leasehold property	2,753		9,028	
Fixtures and fittings	384		3,040	
Computer equipment	1,020		1,382	
		4,157		13,450
NET PROFIT		190,127		3,730,334