

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019
FOR
ALBEMARLE ASSET MANAGEMENT LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019

	Page
Company Information	1
Strategic Report	2
Report of the Directors	6
Report of the Independent Auditors	8
Statement of Income and Retained Earnings	10
Statement of Financial Position	11
Statement of Cash Flows	12
Notes to the Statement of Cash Flows	13
Notes to the Financial Statements	14
Trading and Profit and Loss Account	21

ALBEMARLE ASSET MANAGEMENT LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31ST DECEMBER 2019

DIRECTORS:

F C De Tomasi
C De Ranieri
M Massimilla

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 2019

The directors present their strategic report for the year ended 31st December 2019.

REVIEW OF BUSINESS

The results for the year are set out on page 10 and show the loss on ordinary activities after taxation for the year as being £100,692 (2018: profit £149,440). At the year end, the net assets of the company amounted to £965,653 (2018: £1,667,715).

The turnover of the company for the year is £2,031,154 (2018: £2,616,741). The reduction in turnover related to the underperformance over the relevant benchmarks and the redemption that impacted the portfolios. The company's investment strategy, which focuses on value investments, suffered during the year.

The assets under management as at 31 December 2019 is £174 million (2018: £199 million). The company during the year has strengthened the investment team in order to be able to launch additional strategies, target new investors and, ultimately, increase the assets under management.

The company continued to rationalise the business lines and the reduction of the company's cost base. The focus in the coming years will be on increasing the revenues through the growth of the assets under management.

Financial markets reported a strong performance during the year, with the US markets continuing to outperform the European indexes and emerging markets underperforming developed markets. Accommodative central banks policies and the consequent abundance of liquidity kept sustaining the asset prices.

STRATEGIC REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2019

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 underperformance 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 2019

SECTION 172(1) STATEMENT

The directors considered and established the necessary process to ensure that the company meets the requirements of The Companies (Miscellaneous Reporting) Regulations 2018 ("the Regulations") which came into effect on 1 January 2019.

These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- (a) the likely consequences of any decision in the long term,
- (b) the interests of the company's employees,
- (c) the need to foster the company's business relationships with suppliers, customers and others,
- (d) the impact of the company's operations on the community and the environment,
- (e) the desirability of the company maintaining a reputation for high standards of business conduct, and
- (f) the need to act fairly as between members of the company.

As part of their induction, directors are briefed on their duties. In addition, they can access professional advice either from the company secretary or from an independent adviser, if the directors judge it necessary.

The following summarise how the directors fulfill their duties:

The likely consequences of any decision in the long term

The company's long term objective is to offer a broader range of investment strategies and products, each one generating top quartile risk-adjusted returns.

Employees

The directors are committed to providing an environment that encourages involvement of all employees. Regular briefings through meetings keeps all the employees up to date with employment practices and health and safety, as well as the business aims of the company.

The directors and other key employees (i.e. Investment professionals) of the company participate in a discretionary profit share scheme as an incentive for long term commitment to the organisation.

The company's business relationships with suppliers, customers and others

The company has a diversified clientele with whom contractual agreements are in place. The directors maintain close client relationships by providing excellent service.

The company's suppliers are fundamental to the business success and have multi-year contracts with the key suppliers.

The company operates in regulated markets and looks to maintain positive and open relationships with the relevant regulators.

The company reputation is effectively protected through its robust and well structured operational and control infrastructure and the experience of its staff.

Risk management

The directors provide services to clients, in a highly regulated environment. It is therefore vital that the directors effectively identify, evaluate, manage and mitigate the risk factors the company faces. For further details see principal risk and uncertainties and how the company manage for risk environment.

Shareholders

The directors are committed to openly engaging with the shareholders. It is important that the shareholders understand the company's strategy, objectives and performances and have their feedback and consider any issues raised.

Maintaining a reputation for high standards of business conduct

The company's ethical code of conduct is a formal statement of business standards, practices and procedures which is issued to all directors and employees and form's an integral part of their contract of employment with the company.

STRATEGIC REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2019

Environment and Community

The directors recognise the importance of its role in managing social, economic environmental issues in the course of running its business. The directors seek to co-ordinate and manage practices to maximise positive social and economic contribution and minimise the environmental impacts of its business, establishing positive impacts on the environment, our clients and employees.

KEY PERFORMANCE INDICATORS

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

Operating margins: 79.20% (2018: 75.96%) (gross profit/sales)

Turnover: £2,031,154 (2018: £2,616,741)

Liquidity ratio: 5.51 (2018: 5.06) (current assets/current liabilities)

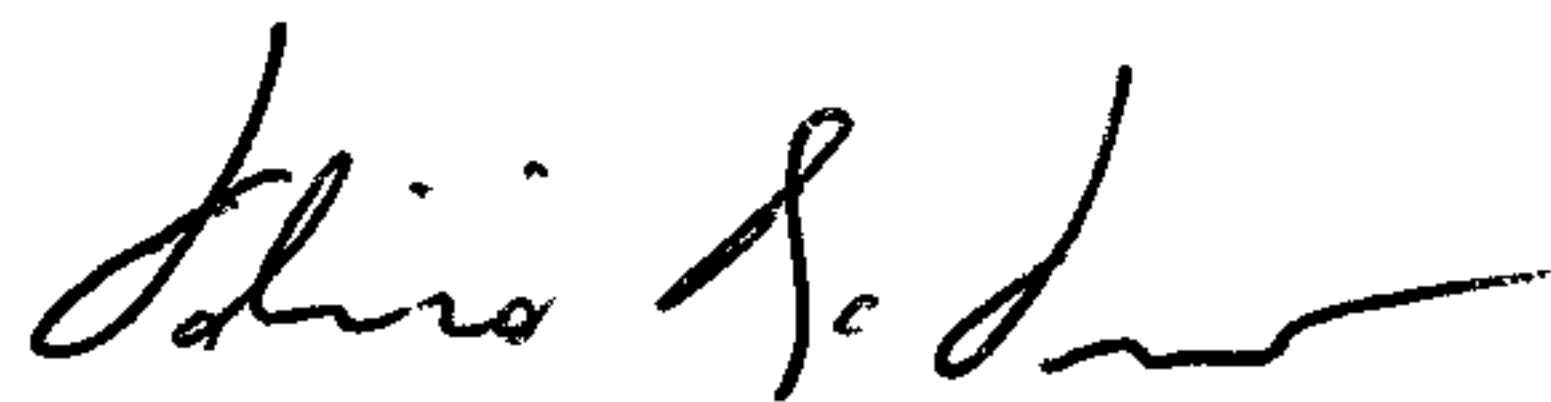
Assets Under Management: £174 million (2018: £199 million)

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

The key non-financial performance indicators of the company are client service and satisfaction, and stakeholder relationships. The directors review the performance with constant feedback from clients and stakeholders.

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

20th April 2020

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 2019

The directors present their report with the financial statements of the company for the year ended 31st December 2019.

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

No interim dividends were paid during the year.

A final dividend relating to the accounting year ended 31 December 2018 of £0.63302 per share was paid on 23 May 2019.

DIRECTORS

F C De Tomasi has held office during the whole of the period from 1st January 2019 to the date of this report.

Other changes in directors holding office are as follows:

U Borghesi - resigned 22nd January 2019

C De Ranieri - appointed 22nd January 2019

M Massimilla was appointed as a director after 31st December 2019 but prior to the date of this report.

Ms M Bracali ceased to be a director after 31st December 2019 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.

EVENTS AFTER THE YEAR END

The performance in the coming year will be severely affected by the Covid-19 outbreak. The economic impact of the measure taken by governments to combat the spread of the virus cannot be quantified at the moment but a severe recession is expected and it will have massive consequences all over the world. The challenges ahead are exceptional but the company is in a good position in terms of financial strength, benefits of stable management and investment team, and has a proven record in adapting to tough market conditions.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 2019

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.

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.

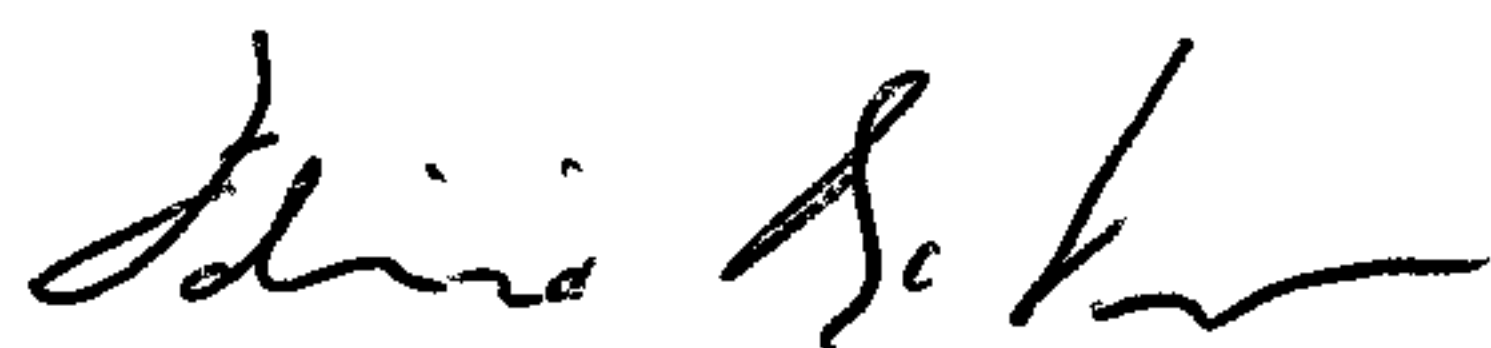
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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 ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's 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

20th April 2020

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 2019 which comprise the Statement of Income and Retained Earnings, Statement of Financial Position, 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 2019 and of its loss 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.

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 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 page seven, 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.

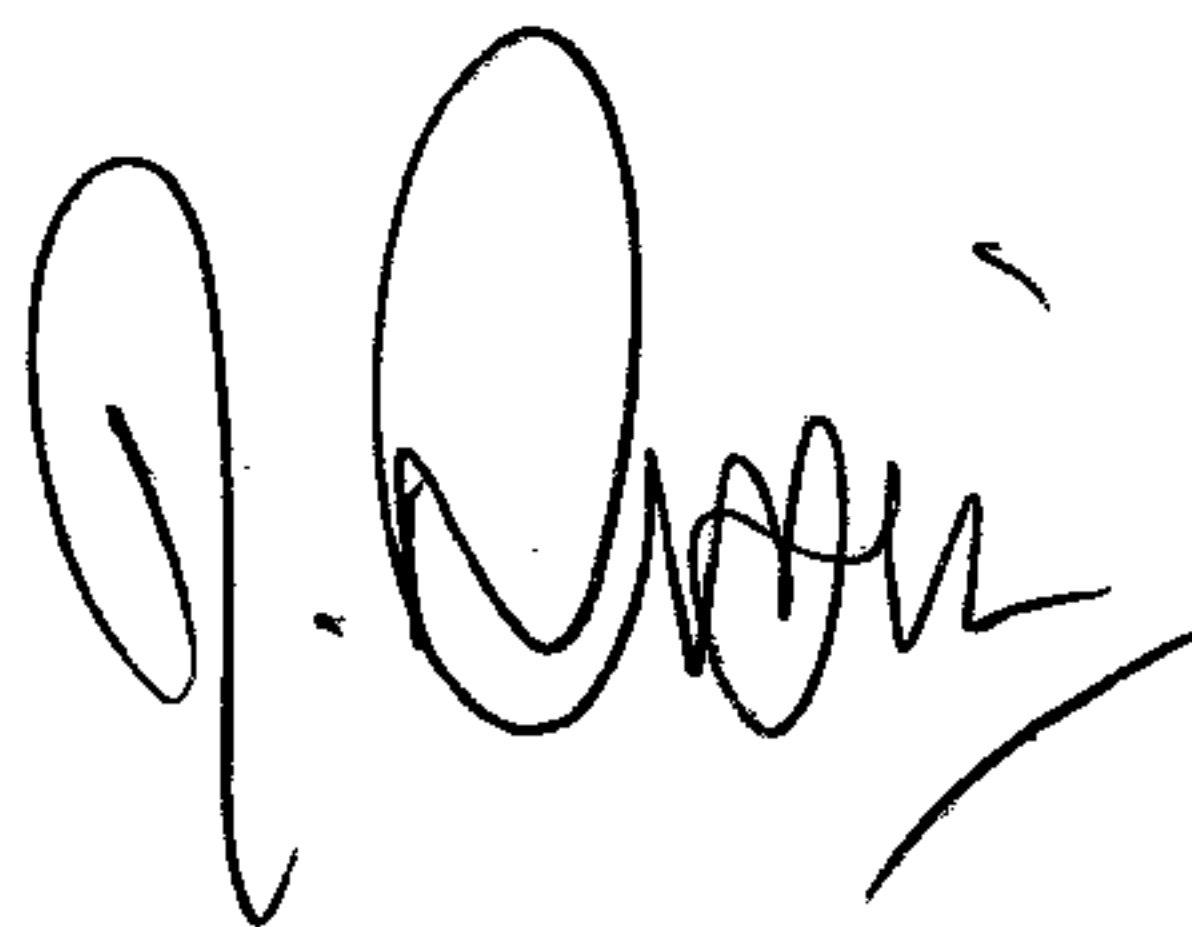
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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

20th April 2020



STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31ST DECEMBER 2019

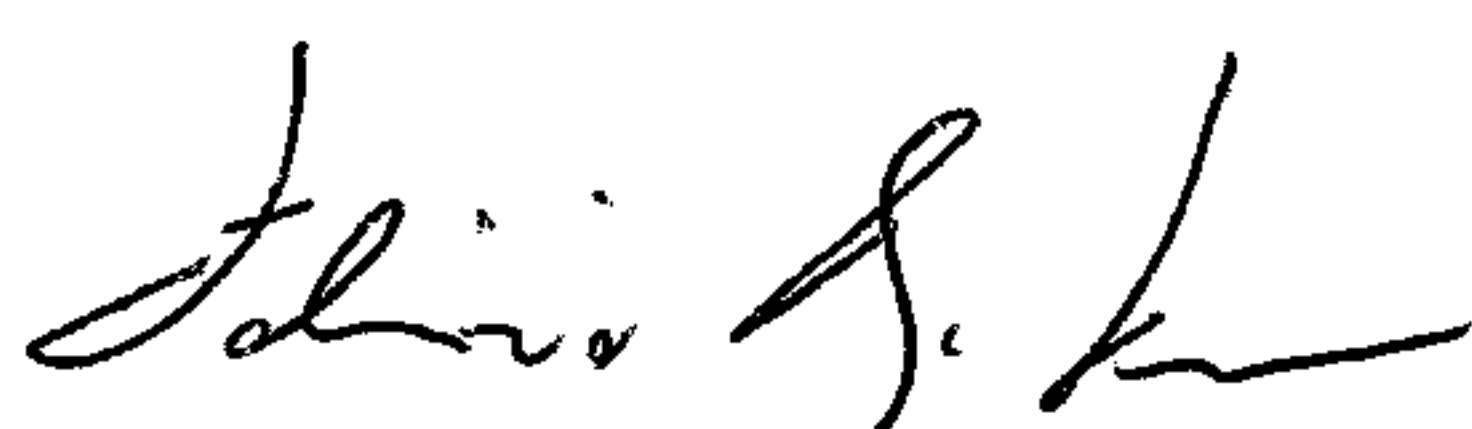
	Notes	31.12.19 £	31.12.18 £
TURNOVER	3	2,031,154	2,616,741
Cost of sales		<u>422,575</u>	<u>629,060</u>
GROSS PROFIT		1,608,579	1,987,681
Administrative expenses		<u>1,746,477</u>	<u>1,797,656</u>
OPERATING (LOSS)/PROFIT	6	(137,898)	190,025
Interest receivable and similar income		<u>1,006</u>	<u>102</u>
		(136,892)	190,127
Gain on revaluation of investments		<u>16,250</u>	<u>-</u>
(LOSS)/PROFIT BEFORE TAXATION		(120,642)	190,127
Tax on (loss)/profit	7	<u>(19,950)</u>	<u>40,687</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(100,692)	149,440
Retained earnings at beginning of year		667,715	3,175,807
Dividends	8	<u>(601,370)</u>	<u>(2,657,532)</u>
RETAINED EARNINGS AT END OF YEAR		<u>(34,347)</u>	<u>667,715</u>

The notes form part of these financial statements

**STATEMENT OF FINANCIAL POSITION
31ST DECEMBER 2019**

	Notes	31.12.19 £	£	31.12.18 £	£
FIXED ASSETS					
Tangible assets	9		9,694		7,201
Investments	10		<u>124,250</u>		<u>108,000</u>
			133,944		115,201
CURRENT ASSETS					
Debtors	11	728,968		613,486	
Cash at bank		<u>287,195</u>		<u>1,320,929</u>	
		1,016,163		1,934,415	
CREDITORS					
Amounts falling due within one year	12	<u>184,454</u>		<u>381,901</u>	
NET CURRENT ASSETS			<u>831,709</u>		<u>1,552,514</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>965,653</u>		<u>1,667,715</u>
CAPITAL AND RESERVES					
Called up share capital	15		950,000		950,000
Capital redemption reserve			50,000		50,000
Retained earnings			<u>(34,347)</u>		<u>667,715</u>
SHAREHOLDERS' FUNDS			<u>965,653</u>		<u>1,667,715</u>

The financial statements were approved and authorised for issue by the Board of Directors and authorised for issue on 20th April 2020 and were signed on its behalf by:



F C De Tomasi - Director

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2019

	Notes	31.12.19 £	31.12.18 £
Cash flows from operating activities			
Cash generated from operations	1	(551,197)	433,554
Tax paid		<u>120,813</u>	<u>(894,721)</u>
Net cash from operating activities		<u>(430,384)</u>	<u>(461,167)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(2,986)	(9,755)
Interest received		<u>1,006</u>	<u>102</u>
Net cash from investing activities		<u>(1,980)</u>	<u>(9,653)</u>
Cash flows from financing activities			
Equity dividends paid		<u>(601,370)</u>	<u>(2,657,532)</u>
Net cash from financing activities		<u>(601,370)</u>	<u>(2,657,532)</u>
Decrease in cash and cash equivalents		(1,033,734)	(3,128,352)
Cash and cash equivalents at beginning of year	2	<u>1,320,929</u>	<u>4,449,281</u>
Cash and cash equivalents at end of year	2	<u><u>287,195</u></u>	<u><u>1,320,929</u></u>

The notes form part of these financial statements

NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2019

1. RECONCILIATION OF (LOSS)/PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	31.12.19	31.12.18
	£	£
(Loss)/profit before taxation	(120,642)	190,127
Depreciation charges	493	4,157
Gain on revaluation of fixed assets	(16,250)	-
Finance income	<u>(1,006)</u>	<u>(102)</u>
	(137,405)	194,182
(Increase)/decrease in trade and other debtors	(216,345)	413,900
Decrease in trade and other creditors	<u>(197,447)</u>	<u>(174,528)</u>
Cash generated from operations	<u>(551,197)</u>	<u>433,554</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 2019

	31.12.19	1.1.19
	£	£
Cash and cash equivalents	<u>287,195</u>	<u>1,320,929</u>

Year ended 31st December 2018

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

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.19	Cash flow	At 31.12.19
	£	£	£
Net cash			
Cash at bank	<u>1,320,929</u>	<u>(1,033,734)</u>	<u>287,195</u>
	<u>1,320,929</u>	<u>(1,033,734)</u>	<u>287,195</u>
Total	<u>1,320,929</u>	<u>(1,033,734)</u>	<u>287,195</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019

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.

However due to the uncertainties surrounding the Covid-19 virus at the time of approval of these accounts the directors believe it is difficult to establish the impact this may have on the business.

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 2019

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.

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 loss (2018 - profit) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	31.12.19	31.12.18
	£	£
United Kingdom	6,000	-
European Union	<u>2,025,154</u>	<u>2,616,741</u>
	<u>2,031,154</u>	<u>2,616,741</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2019

4. EMPLOYEES AND DIRECTORS

	31.12.19	31.12.18
	£	£
Wages and salaries	892,807	896,059
Social security costs	125,188	117,895
Other pension costs	54,617	48,753
	<u>1,072,612</u>	<u>1,062,707</u>

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

	31.12.19	31.12.18
Fund management	8	8
Administration	<u>2</u>	<u>2</u>
	<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 £54,617 (2018: £48,753).

The above disclosure includes the directors of the company.

5. DIRECTORS' EMOLUMENTS AND KEY MANAGEMENT COMPENSATION

	31.12.19	31.12.18
	£	£
Directors' remuneration	<u>482,677</u>	<u>436,542</u>

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

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

Information regarding the highest paid director is as follows:

	31.12.19	31.12.18
	£	£
Emoluments etc	<u>225,392</u>	<u>183,739</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 (LOSS)/PROFIT

The operating loss (2018 - operating profit) is stated after charging/(crediting):

	31.12.19	31.12.18
	£	£
Depreciation - owned assets	493	4,157
Auditors' remuneration	12,400	7,200
Foreign exchange differences	44,372	(7,316)
Fees to Auditors' for accounting services	<u>2,300</u>	<u>6,075</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2019

7. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss for the year was as follows:

	31.12.19 £	31.12.18 £
Current tax:		
UK corporation tax	<u>(19,950)</u>	<u>40,687</u>
Tax on (loss)/profit	<u>(19,950)</u>	<u>40,687</u>

Reconciliation of total tax (credit)/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:

	31.12.19 £	31.12.18 £
(Loss)/profit before tax	<u>(120,642)</u>	<u>190,127</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	(22,922)	36,124
Effects of:		
Expenses not deductible for tax purposes	4,112	4,586
Capital allowances in excess of depreciation	<u>(1,140)</u>	<u>(23)</u>
Total tax (credit)/charge	<u>(19,950)</u>	<u>40,687</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.

8. DIVIDENDS

	31.12.19 £	31.12.18 £
Ordinary shares of £1 each		
Final	601,370	-
Interim	<u>-</u>	<u>2,657,532</u>
	<u>601,370</u>	<u>2,657,532</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2019

9. TANGIBLE FIXED ASSETS

	Short leasehold property £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1st January 2019	9,755	41,142	29,517	80,414
Additions	-	-	2,986	2,986
At 31st December 2019	9,755	41,142	32,503	83,400
DEPRECIATION				
At 1st January 2019	2,753	41,010	29,450	73,213
Charge for year	(232)	38	687	493
At 31st December 2019	2,521	41,048	30,137	73,706
NET BOOK VALUE				
At 31st December 2019	7,234	94	2,366	9,694
At 31st December 2018	7,002	132	67	7,201

10. FIXED ASSET INVESTMENTS

Investments (neither listed nor unlisted) were as follows:

	31.12.19 £	31.12.18 £
Paintings	118,250	103,000
Antique books	6,000	5,000
	<u>124,250</u>	<u>108,000</u>

The investments are revalued in March 2019. The directors have no intention of selling these in the near future.

11. DEBTORS

	31.12.19 £	31.12.18 £
Amounts falling due within one year:		
Trade debtors	507,879	325,498
Other debtors	-	4,029
Tax	19,950	120,813
VAT	21,719	24,027
Prepayments and accrued income	107,600	67,299
	<u>657,148</u>	<u>541,666</u>
Amounts falling due after more than one year:		
Other debtors	<u>71,820</u>	<u>71,820</u>
Aggregate amounts	<u>728,968</u>	<u>613,486</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2019

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.19	31.12.18
	£	£
Trade creditors	101,445	188,814
Social security and other taxes	33,402	29,919
Other creditors	6,899	4,964
Accrued expenses	42,708	158,204
	<u>184,454</u>	<u>381,901</u>

13. LEASING AGREEMENTS

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

	31.12.19	31.12.18
	£	£
Within one year	119,700	119,700
Between one and five years	324,188	443,888
	<u>443,888</u>	<u>563,588</u>

14. FINANCIAL INSTRUMENTS

The financial assets measured at amortised cost as at 31 December 2019 are in the sum of £687,299 (2018: £468,646).

The financial assets measured at fair value as at 31 December 2019 are in the sum of £124,250 (2018: £108,000).

The financial liabilities measured at amortised cost as at 31 December 2019 are in the sum of £151,052 (2018: £351,982).

The financial assets measured at fair value are paintings and antique books. The revaluation of these has been provided by a specialist dealer in fine arts.

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.19	31.12.18
			£	£
950,000	Ordinary	£1	<u>950,000</u>	<u>950,000</u>

16. 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.

17. RELATED PARTY DISCLOSURES

During the year management, performance and retrocession fees of £1,430,782 (2018: £1,981,244) were receivable from a company in which a key management personnel who is also a director. The balance owed to the company at the year end is £221,845 (2018: £187,099).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2019

18. COMPARATIVES

Included in other debtors is rent deposit £71,280 which is now reclassified as debtors more than one year.

TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2019

	31.12.19		31.12.18	
	£	£	£	£
Turnover				
Performance fees	207,859		43,339	
Advisory fees and consultancy fees	34,664		78,702	
Management fees	1,709,608		2,423,866	
Execution Fees	<u>79,023</u>		<u>70,834</u>	
		2,031,154		2,616,741
Cost of sales				
Commission payable	379,009		602,742	
Research Fees	<u>43,566</u>		<u>26,318</u>	
		<u>422,575</u>		<u>629,060</u>
GROSS PROFIT		1,608,579		1,987,681
Other income				
Interest receivable		<u>1,006</u>		<u>102</u>
		1,609,585		1,987,783
Expenditure				
Rent and rates	192,611		194,099	
Insurance	22,701		20,997	
Light and heat	3,267		3,273	
Directors' salaries	482,677		436,542	
Wages and salaries	410,130		459,517	
Employers NI	125,188		117,895	
Pensions	54,617		48,753	
Telephone and Internet service	2,978		6,484	
Printing, postage & stationery	3,368		2,843	
Data subscription services	108,072		104,078	
Repairs and renewals	196		3,763	
Cleaning	6,753		5,438	
Removal expenses	-		4,555	
Staff Welfare	4,694		7,149	
VAT on expenses	932		1,466	
General expenses	2,287		2,972	
Accountancy	1,800		6,075	
Legal and Professional Fees	33,939		65,946	
Regulatory and compliance cost	87,310		85,714	
Auditors' remuneration	12,400		7,200	
Donations	1,060		50,500	
Foreign exchange losses/ (gains)	44,372		(7,316)	
Entertainment	21,643		24,134	
Travelling expenses	47,965		49,019	
Computer support and maintenance	<u>72,233</u>		<u>89,884</u>	
		<u>1,743,193</u>		<u>1,790,980</u>
		(133,608)		196,803
Finance costs				
Bank charges		<u>2,791</u>		<u>2,519</u>
Carried forward		(136,399)		194,284

This page does not form part of the statutory financial statements

TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2019

	31.12.19		31.12.18	
	£	£	£	£
Brought forward		(136,399)		194,284
Depreciation				
Short leasehold property	(232)		2,753	
Fixtures and fittings	38		384	
Computer equipment	<u>687</u>		<u>1,020</u>	
		<u>493</u>		<u>4,157</u>
		(136,892)		190,127
Gain/loss on revaluation of assets				
Gain on revaluation of investments		<u>16,250</u>		<u>-</u>
NET (LOSS)/PROFIT		<u><u>(120,642)</u></u>		<u><u>190,127</u></u>