

**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 2019 to 31 December 2019 (“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.

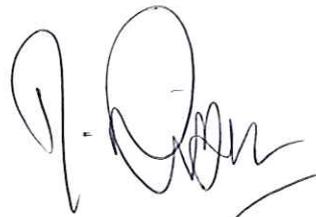
The opinions relate only to the period, or as at the date, specified. The opinions do not provide assurance in relation to any future period or date.

**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: 20 April 2020

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

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**FOR THE YEAR ENDED 31ST DECEMBER 2019**

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

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

|  |       | 31.12.19              |                        | 31.12.18         |                  |
|--|-------|-----------------------|------------------------|------------------|------------------|
|  | Notes | £                     | £                      | £                | £                |
| <b>FIXED ASSETS</b>                          |       |                       |                        |                  |                  |
| Tangible assets                              | 9     |                       | <b>9,694</b>           |                  | 7,201            |
| Investments                                  | 10    |                       | <b><u>124,250</u></b>  |                  | <u>108,000</u>   |
|  |       |                       | <b>133,944</b>         |                  | 115,201          |
| <b>CURRENT ASSETS</b>                        |       |                       |                        |                  |                  |
| Debtors                                      | 11    | <b>728,968</b>        |                        | 613,486          |                  |
| Cash at bank                                 |       | <b><u>287,195</u></b> |                        | <u>1,320,929</u> |                  |
|  |       | <b>1,016,163</b>      |                        | 1,934,415        |                  |
| <b>CREDITORS</b>                             |       |                       |                        |                  |                  |
| Amounts falling due within one year          | 12    | <b><u>184,454</u></b> |                        | <u>381,901</u>   |                  |
| <b>NET CURRENT ASSETS</b>                    |       |                       | <b><u>831,709</u></b>  |                  | <u>1,552,514</u> |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       |                       | <b><u>965,653</u></b>  |                  | <u>1,667,715</u> |
| <b>CAPITAL AND RESERVES</b>                  |       |                       |                        |                  |                  |
| Called up share capital                      | 15    |                       | <b>950,000</b>         |                  | 950,000          |
| Capital redemption reserve                   |       |                       | <b>50,000</b>          |                  | 50,000           |
| Retained earnings                            |       |                       | <b><u>(34,347)</u></b> |                  | <u>667,715</u>   |
| <b>SHAREHOLDERS' FUNDS</b>                   |       |                       | <b><u>965,653</u></b>  |                  | <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<br>£         | 31.12.18<br>£           |
|---|-------|-----------------------|-------------------------|
| <b>Cash flows from operating activities</b>           |       |                       |                         |
| 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>        |
| <b>Cash flows from investing activities</b>           |       |                       |                         |
| 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>          |
| <b>Cash flows from financing activities</b>           |       |                       |                         |
| 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>      |
| <b>Decrease in cash and cash equivalents</b>          |       | <u>(1,033,734)</u>    | <u>(3,128,352)</u>      |
| <b>Cash and cash equivalents at beginning of year</b> | 2     | <u>1,320,929</u>      | <u>4,449,281</u>        |
| <b>Cash and cash equivalents at end of year</b>       | 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**

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

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**

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

**Year ended 31st December 2018**

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

3. **ANALYSIS OF CHANGES IN NET FUNDS**

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

**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:

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

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

4. **EMPLOYEES AND DIRECTORS**

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

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

|                 | <b>31.12.19</b>  | 31.12.18         |
|-----------------|------------------|------------------|
| Fund management | <b>8</b>         | 8                |
| Administration  | <b>2</b>         | 2                |
|                 | <b><u>10</u></b> | <b><u>10</u></b> |

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**

|                         | <b>31.12.19</b> | 31.12.18 |
|-------------------------|-----------------|----------|
|                         | £               | £        |
| Directors' remuneration | <b>482,677</b>  | 436,542  |

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

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

Information regarding the highest paid director is as follows:

|                | <b>31.12.19</b> | 31.12.18 |
|----------------|-----------------|----------|
|                | £               | £        |
| Emoluments etc | <b>225,392</b>  | 183,739  |

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):

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

**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:

|                      | <b>31.12.19</b> | 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:

|  | <b>31.12.19</b>  | 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**

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

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

**9. TANGIBLE FIXED ASSETS**

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

**10. FIXED ASSET INVESTMENTS**

Investments (neither listed nor unlisted) were as follows:

|               |                 |                |
|---------------|-----------------|----------------|
|               | <b>31.12.19</b> | 31.12.18       |
|               | £               | £              |
| Paintings     | 118,250         | 103,000        |
| Antique books | <u>6,000</u>    | <u>5,000</u>   |
|               | <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**

|   |                 |                |
|---|-----------------|----------------|
|   | <b>31.12.19</b> | 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                | <u>107,600</u>  | <u>67,299</u>  |
|   | <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**

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

**13. LEASING AGREEMENTS**

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

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

**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: | <b>31.12.19</b>       | 31.12.18              |
|---------|----------|----------------|-----------------------|-----------------------|
|         |          |                | £                     | £                     |
| 950,000 | Ordinary | £1             | <b><u>950,000</u></b> | <b><u>950,000</u></b> |

**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      |                  |
|------------------------------------|---------------|------------------|---------------|------------------|
|                                    | £             | £                | £             | £                |
| <b>Turnover</b>                    |               |                  |               |                  |
| 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> |                  |
|                                    |               | <b>2,031,154</b> |               | 2,616,741        |
| <b>Cost of sales</b>               |               |                  |               |                  |
| Commission payable                 | 379,009       |                  | 602,742       |                  |
| Research Fees                      | <u>43,566</u> |                  | <u>26,318</u> |                  |
|                                    |               | <b>422,575</b>   |               | <u>629,060</u>   |
| <b>GROSS PROFIT</b>                |               | <b>1,608,579</b> |               | 1,987,681        |
| <b>Other income</b>                |               |                  |               |                  |
| Interest receivable                |               | <u>1,006</u>     |               | <u>102</u>       |
|                                    |               | <b>1,609,585</b> |               | 1,987,783        |
| <b>Expenditure</b>                 |               |                  |               |                  |
| 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> |                  |
|                                    |               | <b>1,743,193</b> |               | <u>1,790,980</u> |
|                                    |               | <b>(133,608)</b> |               | 196,803          |
| <b>Finance costs</b>               |               |                  |               |                  |
| Bank charges                       |               | <u>2,791</u>     |               | <u>2,519</u>     |
| Carried forward                    |               | <b>(136,399)</b> |               | 194,284          |

This page does not form part of the statutory financial statements

**ALBEMARLE ASSET MANAGEMENT LIMITED (REGISTERED NUMBER: 04745029)**

**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        |
| <b>Depreciation</b>                       |            |                  |              |                |
| 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        |
| <b>Gain/loss on revaluation of assets</b> |            |                  |              |                |
| Gain on revaluation of investments        |            | <u>16,250</u>    |              | <u>-</u>       |
| <b>NET (LOSS)/PROFIT</b>                  |            | <u>(120,642)</u> |              | <u>190,127</u> |