Company Number: 08541912

ARCAPITA INVESTMENT ADVISORS UK LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30th JUNE 2018

Arcapita Investment Advisors UK Limited

Directors

Mohammed Chowdhury
Martin Tohtee Tan

Registered Office

The Shard, 15th Floor, 32 London Bridge Street
London SE1 9SG

Company No.
08541912

Auditors

Moore Stephens LLP
Chartered Accountants
150 Aldersgate Street, London EC1A 4AB

Report of the Directors

The directors present their report and the audited financial statements for the year ended 30th June 2018.

Principal Activity

The principal activity is the provision of financial advisory services.

Result and Dividends

The result for the year is detailed on page 5. No dividends were paid in the period (2017: £nil).

Statement as to Disclosure of Information to Auditors

Each of the persons who are directors at the time when this report is approved has confirmed that:

(a) so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(b) each director has taken all the steps that ought to have been taken as a director, in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This report has been prepared in accordance with the small companies regime of the Companies Act 2006.

By Order of the Board on 4th October 2018

MC Chowdhury

Mohammed Chowdhury

Director

Arcapita Investment Advisors UK Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union and applicable law. The financial statements must, in accordance with IFRS as adopted by the European Union, present fairly the financial position and performance of the company; such references in the UK Companies Act 2006 to such financial statements giving a true and fair view are references to their achieving a fair presentation. Under the company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view.

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 the financial statements have been prepared in accordance with IFRS as adopted by the European Union; and
- 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.

Independent Auditor's Report to the Shareholder of Arcapita Investment Advisors UK Limited

Opinion

We have audited the financial statements of Arcapita Investment Advisors UK Limited (the 'company') for the year ended 30 June 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30th June 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our 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 audit opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in 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 included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs(UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Richard Moore, *Senior Statutory Auditor*
For and on behalf of Moore Stephens LLP, Statutory Auditor
150 Aldersgate Street
London
EC1A 4AB

Dated: 8 October 2018

Arcapita Investment Advisors UK Limited

Statement of Comprehensive Income

For the year ended 30th June 2018

	Note	2018 £	2017 £
Revenue	2(c)	1,008,703	1,104,618
Staff costs	4	(360,419)	(420,533)
General and administration expenses		(556,584)	(583,665)
Exchange gain/(loss)		501	(1,293)
Operating Profit	3	92,201	99,127
Rental income		35,000	-
Profit Before Taxation		127,201	99,127
Taxation	5	(28,977)	(12,726)
Profit for the Financial Period		98,224	86,401

The Company has no Other Comprehensive Income during the year.

Company Number: 08541912

Arcapita Investment Advisors UK Limited

Statement of Financial Position as at 30th June 2018

	Note	2018 £	2017 £
Non-Current Assets			
Plant and equipment	6	250,195	289,215
Current Assets			
Trade and other receivables	7	280,172	312,719
Cash and cash equivalents		113,741	233,261
Total Current Assets		393,913	545,980
Total Assets		644,108	835,195
Non-Current Liabilities			
Deferred tax	5 (c)	25,618	29,423
Current Liabilities			
Trade and other payables	8	55,646	341,152
Total Liabilities		81,264	370,575
Equity			
Share capital	9	1	1
Retained earnings		562,843	464,619
Total Equity		562,844	464,620
Total Equity and Liabilities		644,108	835,195

The financial statements were approved and authorised for issue by the Board on 4th October 2018 and signed on its behalf by

MR Chowdhury

Mohammed Chowdhury

Director

Arcapita Investment Advisors UK Limited

Statement of Changes in Equity

For the year ended 30th June 2018

	Share Capital £	Retained Earnings £	Total Equity £
As at 30th June 2016	1	378,218	378,219
Profit for the year	-	86,401	86,401
As at 30th June 2017	1	464,619	464,620
Profit for the year	-	98,224	98,224
As at 30th June 2018	1	562,843	562,844

Arcapita Investment Advisors UK Limited

Statement of Cash Flows

For the year ended 30th June 2018

	2018 £	2017 £
Cash Flows from Operating Activities		
Profit before taxation	127,201	99,127
Adjustment for:		
Depreciation	45,897	45,502
Decrease in trade and other receivables	32,547	292,253
Decrease in trade and other payables	(281,529)	(333,210)
Cash (used in)/ generated from operations	(75,884)	103,672
Tax paid	(36,759)	(11,872)
Net Cash (used in)/from Operating Activities	(112,643)	91,800
Cash Flows from Investing Activities		
Acquisition of fixed assets	(6,877)	-
Net Cash used in Investing Activities	(6,877)	-
(Decrease)/Increase in Cash and Cash Equivalents	(119,520)	91,800
Cash and Cash Equivalents at beginning of Year	233,261	141,461
Cash and Cash Equivalents at end of Year	113,741	233,261

Arcapita Investment Advisors UK Limited

Financial Statements for the year ended 30th June 2018

Notes

1. **General Information**

Arcapita Investment Advisors UK Limited is a private company, limited by shares, domiciled in England and Wales, with registration number 08541912. The registered office is The Shard, 15th Floor, 32 London Bridge Street, London, SE1 9SG.

2. **Accounting Policies**

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

The financial statements are presented in Pound Sterling ("£"), being the functional currency of the Company. The principal accounting policies adopted are set out below.

(b) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from estimates. The following summarises the judgements, estimates and assumptions that may cause amounts recognised or disclosed to change in following reporting periods:

Allowances for credit losses

The Company reviews its individual significant receivables at each reporting date to assess whether an allowance should be made for recoverability. In determining this allowance, judgement by management is required in the estimation of the amount and timings of future cash flows. Such estimations are based on assumptions of a number of factors and actual results may differ, resulting in future changes to the allowance.

Liquidity

The Company monitors its liquidity through consideration of the maturity profile of its assets and liabilities. The exercise of judgement is required in determining the maturity of assets and liabilities.

(c) Revenue

Revenue represents service fees incurred during the period, net of Value Added Tax.

Rental income arising under operating lease agreements is recognised in the income statement on a straight line basis over the term of the lease.

(d) Foreign currencies

Transactions in foreign currencies are recorded in Pound Sterling using the exchange rate prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are translated into Pound Sterling at the rates of exchange prevailing at the reporting date. Any gains or losses are taken to profit or loss.

2. **Accounting Policies (Continued)**

(e) Plant and equipment

Plant and equipment is stated at cost less any subsequent accumulated depreciation and impairment losses.

Depreciation is charged to profit or loss within administrative expenses on a straight-line basis over the estimated useful lives as follows:

Leasehold improvements	-	10 years
Office equipment, fixtures and fittings	-	3-5 years
Computer hardware	-	3 years

(f) Financial instruments

Financial assets and financial liabilities are recognised on the Company's statement of financial position at fair value when the Company becomes a party to the contractual terms of the instruments.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits maturing within 3 months of deposit.

(h) Pensions

The Company makes a defined contribution scheme pension plan available to its staff. The annual cost of pension arrangements is charged to profit or loss on an accruals basis.

(i) Taxation

Current tax is provided for based on results for the period. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The current tax liability is calculated using tax rates that have been enacted by the reporting period date.

Deferred tax is provided in full on timing differences which result in an obligation at the reporting date to pay more tax, or a right to pay less tax, at a future date, at rates that are expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Arcapita Investment Advisors UK Limited

Financial Statements for the year ended 30th June 2018

Notes (Continued)

3. Operating Profit

Operating profit is stated after charging the following:

		2018 £	2017 £
Auditors' remuneration	- statutory audit	12,500	12,500
	- tax compliance	3,950	2,920
	- other	-	3,600
Depreciation		45,897	45,502
Operating lease cost		225,254	225,254

4. Staff Costs

	2018 £	2017 £
Staff salaries	276,311	305,961
Social security	30,871	37,410
Pension costs	16,194	12,438
Other employee costs	37,043	64,724
	360,419	420,533

No director received a salary in 2018 (2017: £nil).

Included within general and administration expenses are costs of £44,352 (2017: £11,517) relating to consultant and advisor costs.

The average monthly number of persons employed by the Company during the year was 4 (2017: 4).

Arcapita Investment Advisors UK Limited

Financial Statements for the year ended 30th June 2018

Notes (Continued)

5. **Taxation**

(a) Analysis of tax charge for the year:

	2018 £	2017 £
Corporation tax charge for the period (note 5b)	32,095	27,984
Prior year under/(over) provision	687	(4,166)
Deferred tax (note 5c)	(3,805)	(11,092)
	28,977	12,726

(b) Factors affecting tax charge for the year:

The tax charge for the period is based on the weighted average standard rate of UK corporation tax of 19% (2017: 19.75%). A reconciliation is provided below:

Profit before taxation	127,201	99,127
Tax on profit before tax at 19% (2017: 19.75%)	24,168	19,578
Non-allowable expenses for tax purposes	(60)	(152)
Capital allowances in excess of depreciation	4,182	(2,534)
Prior year under/(over) provision	687	(4,166)
Corporation tax charge	28,977	12,726

(c) Deferred tax

Deferred taxation recognised in the accounts is as follows:

	2018 £	2017 £
At 1 July	29,423	40,515
Differences between accumulated depreciation and capital allowances	(3,805)	(11,092)
At 30 June	25,618	29,423

The deferred tax liability of £25,618 (2016: £29,423) arises from excess capital allowances.

Arcapita Investment Advisors UK Limited

Financial Statements for the year ended 30th June 2018

Notes (Continued)

6. Plant and Equipment

	Leasehold Improvements	Office Equipment, Fixtures and Fittings	Computer Hardware	Total
	£	£	£	£
Cost				
At 1 July 2017	347,363	47,882	-	395,245
Additions	-	805	6,072	6,877
At 30 June 2018	347,363	48,687	6,072	402,122
Depreciation				
At 1 July 2017	81,838	24,192	-	106,030
Charge for the year	34,736	9,692	1,469	45,897
At 30 June 2018	116,574	33,884	1,469	151,927
Net book value				
At 30 June 2018	230,789	14,803	4,603	250,195
At 30 June 2017	265,525	23,690	23,690	289,215

Arcapita Investment Advisors UK Limited

Financial Statements for the year ended 30th June 2018

Notes (Continued)

7. Trade and Other Receivables

	2018 £	2017 £
Prepayments	85,799	80,080
Amount due from parent company	29,214	-
Other receivables	165,159	232,639
	280,172	312,719

The amount due from parent company as at 30th June 2018 was unsecured, interest free and repayable on demand.

Included within other receivables is a rental deposit balance of £135,929 (2017: £202,728).

8. Trade and Other Payables

	2018 £	2017 £
Accruals	41,583	72,063
Amount due to parent company	-	256,494
Other payables	6,110	665
Corporation tax payable	7,953	11,930
	55,646	341,152

9. Share Capital

	2018 £	2017 £
Authorised, allotted and fully paid 1 ordinary share of £1	1	1

10. Parent Company and Ultimate Controlling Undertaking

At 30th June 2018 and 2017, the Company's immediate parent company was AIM Group Limited, a company incorporated in the Cayman Islands.

At 30th June 2018 and 2017, in the company's ultimate parent company was Arcapita Group Holdings Limited, a company incorporated in the Cayman Islands.

11. Related Party Transactions and Balances

The Company received service fees of £1,008,703 (2017: £1,104,618) from its parent, AIM Group Limited, in the period.

The balances outstanding with related parties at the reporting date included in trade and other receivables, were as follows:

	2018 £	2017 £
AIM Group Limited	29,214	-

The balances outstanding with related parties at the reporting date included in trade and other payables, were as follows:

	2018 £	2017 £
AIM Group Limited	-	256,494

12. Financial Instruments

(a) Financial Risk Factors

The Company's activities expose it to a variety of financial risks including market risk (interest rate risk and currency risk), credit risk and liquidity risk. The directors monitor the financial risk of the Company and takes such measures as considered necessary from time to time to minimise such financial risks. The Company's overall risk management programme seeks to minimise potential adverse effects on the Company's financial performance. The financial risks to which the Company is exposed are described below:

Interest Rate Risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to any significant interest rate risk as no material assets or liabilities are interest bearing.

Liquidity Risk

Liquidity risk is the risk that an entity will be unable to meet its liabilities when they fall due under normal and stress circumstances. Prudent liquidity risk management implies maintaining a sufficiently liquid position. The Company monitors and maintains a level of liquidity deemed adequate to finance the Company's operations and closely monitors periodic cash forecasts, which take into account the Company's maturity profile.

The Company has no finance from external banking institutions.

12. **Financial Instruments (Continued)**

(a) Financial Risk Factors (Continued)

Currency Risk

Currency risk is the risk of loss due to changes in exchange rates. The Company does not use derivative financial instruments to hedge against the volatility associated with foreign currency transactions. The Company monitors the currency position on the overall currency exposure.

At 30th June 2018, had the exchange rate between the Pound Sterling and any other currencies fluctuated, the increase or decrease in the result and equity for the period would not be material.

Credit Risk

Credit risk is the risk that a counterparty will fail to discharge its obligations and cause a financial loss. The Company is exposed to credit risk to the extent of unsettled amounts due from trade and other receivables, and cash and cash equivalents. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept from individual counterparties.

Cash and cash equivalents include cash at bank and deposits with one bank with a credit rating of A-1+ by Standard & Poor's.

(b) Categories of Financial Instruments

	2018 £	2017 £
Financial Assets		
Loans and receivables (including cash and cash equivalents)	308,114	465,900
Financial Liabilities		
Financial liabilities at amortised cost	14,063	269,089

Fair Values

The fair values of financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short-term maturity of these financial instruments.

(c) Capital Risk Management

The Company manages its capital to enable it to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns to shareholders; and to enable the Company to respond quickly to changes in market conditions and to take advantage of opportunities.

13. Financial Commitments

Financial commitments under non-cancellable operating leases will result in the following annual payments falling due for land and buildings:

	2018 £	2017 £
Within 1 year	225,254	225,254
Between 2 – 5 years	901,016	901,016
More than 5 years	107,998	333,252
Total	1,234,268	1,459,522

14. Recent Accounting Pronouncements

(a) New interpretations and revised standards effective for the year ended 30th June 2018

The Company has adopted the new interpretations and revised standards effective for the year ended 30th June 2018. The adoption of these interpretations and revised standards had no impact on the disclosures and presentation of the financial statements during the year.

(b) Standards and interpretations in issue but not yet effective

A number of new standards and amendments to existing standards have been published which are mandatory, but are not effective for the year ended 30th June 2018. The directors do not anticipate that the adoption of these revised standards and interpretations will have a significant impact on the figures included in the financial statements in the period of initial application other than the following:

IFRS 9: *Financial Instruments*

The standard makes substantial changes to the measurement of financial assets and financial liabilities. There will only be three categories of financial assets whereby financial assets are recognised at either fair value through profit and loss, fair value through other comprehensive income or measured at amortised cost. On adoption of the standard, the Company will have to re-determine the classification of its financial assets based on the business model for each category of financial asset. This is not considered likely to give rise to any significant adjustments other than the re-categorisation.

The principal change to the measurement of financial assets measured at amortised cost or fair value through other comprehensive income is that impairments will be recognised on an expected loss basis compared to the current incurred loss approach. As such, where there are expected to be credit losses these are recognised in profit or loss. For financial assets measured at amortised cost the carrying amount of the asset is reduced for the loss allowance. For financial assets measured at fair value through other comprehensive income the loss allowance is recognised in other comprehensive income and does not reduce the carrying amount of the financial asset.

Most financial liabilities will continue to be carried at amortised cost, however, some financial liabilities will be required to be measured at fair value through profit or loss, for example derivative financial instruments, with changes in the liabilities' credit risk recognised in other comprehensive income.

The standard is effective for accounting periods beginning on or after 1st January 2018.

14. Recent Accounting Pronouncements (Continued)

IFRS 15: *Revenue from contracts with customers*

The standard has been developed to provide a comprehensive set of principles in presenting the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is based around five steps in recognising revenue:

1. Identify the contract with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price
5. Recognise revenue when a performance obligation is satisfied

On application of the standard the disclosures are likely to increase. The standard includes principles on disclosing the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers, by providing qualitative and quantitative information.

The Company has evaluated the impact that the standard will have on its financial statements and the effect is not considered likely to be material.

The standard is effective for periods beginning on or after 1st January 2018.

IFRS 16: *Leases*

The standard makes substantial changes to the recognition and measurement of leases by lessees. On adoption of the standard, lessees, with certain exceptions for short term or low value leases, will be required to recognise all leased assets on their statement of financial position as 'right-of-use assets' with a corresponding lease liability. This is likely to significantly increase the asset and liability balances recognised in the statement of financial position.

In addition to the re-measurements required, on application of the standard, the disclosures are likely to increase. The standard includes principles on disclosing the nature, amount, timing and variability of lease payments and cash flows, by providing qualitative and quantitative information.

The Company evaluated the full extent of the impact that the standard will have on its financial statements and the transitional provisions which may be utilised and the effect is not considered likely to be material.

The standard is effective for periods beginning on or after 1st January 2019.