AVENTICUM CAPITAL MANAGEMENT (UK) I HOLDING LTD

Annual Report 2017

COMPANY REGISTRATION NUMBER: 08804092

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AVENTICUM
CAPITAL MANAGEMENT

COMPANY INFORMATION

Board of Directors

Stephen Foster (Chairman)
Kevin L. Studd (Independent Director)
Ferenc Schnitzer

Company Secretary

Paul E. Hare

Registered Office

One Cabot Square
London E14 4QJ
United Kingdom

Registration number

08804092

Independent Auditor

KPMG LLP
Statutory auditor
15 Canada Square
Canary Wharf
London
E14 5GL

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors present the Strategic report for the year ended 31 December 2017.

Background

Aventicum Capital Management (UK) I Holding Ltd (the 'Company') is a wholly owned subsidiary of Aventicum Capital Management Holding AG ('ACMH'), which was established in December 2012 as a Joint Venture between Credit Suisse Asset Management International Holdings Ltd ('CSAMI') and Qatar Holding LLC. Doha ('QH'). The Company is a Corporate Member of Aventicum Capital Management (UK) LLP ('ACM LLP') and Aventicum Real Estate LLP ('RE LLP); and has contributed 50% towards the Members' equity amounting £5.95m (£5.8m towards ACM LLP and £0.15m towards the RE LLP) as at 31 December 2017.

Principal activities

The Company is an investment holding company, having an investment in the ACM LLP, whose business is to provide investment advice and/or investment management services including acting as an Alternative Investment Fund Manager ('AIFM') as defined under Directive 2011/61/EU on Alternative Investment Fund Managers and any related services. The principal intention of the ACM LLP is to launch funds with seed capital provided by Qatar Investment Authority and Credit Suisse First Boston (Latam Holdings) LLC and to engage in active marketing for external investors to participate in the funds.

In addition, the Company is an investment holding company to the RE LLP, whose business is to provide sub-advisory services to fellow members of the Aventicum Capital Management Holding AG joint venture in connection with real estate investments across Europe and any related services or activities necessary to, incidental to, or arising out of the provision of such advice.

Principal risks and uncertainties

The Company is a holding company and the main risk facing the Company is impairment of investment in the LLPs. The Company's financial risk management objectives and policies are outlined in Note 13 – Financial risk management.

Capital resources

The authorised capital of the Company is unlimited. The Company continues to closely monitor its capital and funding requirements and maintain an actively managed capital base to support the business risks.

Business Review

Key performance indicators ('KPIs')

The Company uses the following KPIs to measure its performance:

	2017	**2016**	**Change**	**Change**
	£000	**£000**	**£000**	**%**
Cash at bank	254	254	-	-
Shareholders' equity	1,624	1,925	(301)	(15.63)

Cash balances and capital of the Company are reviewed to ensure continued support for the Company's investment in both LLPs.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Current year performance

The loss attributable to equity holders for the year was £301k (2016: loss of £998k). As at 31 December 2017, the Company had total assets of £1,685k (2016: £1,967k) and total shareholder's equity of £1,624k (2016: £1,925k). The negative return on total assets for the year was 18%, defined as the ratio of the Loss attributable to equity holders of the Company to Total assets (2016: negative 51%).

Future developments

No changes to the principal activities of the company are planned for the medium term.

By Order of the Board

Paul E Hare
Company Secretary

One Cabot Square
London E14 4QJ
United Kingdom

20 April 2018

Company registration number: 08804092

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

International financial reporting standards

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted for use in the European Union ('EU').

The financial statements were authorised for issue by the Directors on 6 April 2018.

Dividends

No dividends were paid or proposed for the year ended 31 December 2017 (2016: £Nil).

Directors

The directors who held office during the year and up to the date of this report were as follows:

Stephen Foster (Chairman)
Kevin L. Studd (Independent Director)
Ferenc Schnitzer

There was no change in directorship since 31 December 2016.

Risk and capital

Details of Capital are set out in Note 8 – Called-up share capital. The way in which risks are managed is detailed in the Strategic Report, and the risks are detailed in Note 13 – Financial risk management.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

In view of EU rules with respect to mandatory auditor rotation for certain of Credit Suisse Group ('CSG') significant subsidiaries, the CSG Audit Committee has decided to pursue a rotation of the CSG auditor effective no later than for the audit of the fiscal year ending 31 December 2021.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Exemption from group accounts

Pursuant to section 401 of the Companies Act 2006, the Company is exempt from preparing and delivering Group financial statements as the Company is an indirect subsidiary of Credit Suisse Group AG, incorporated in Switzerland, which prepares Consolidated financial statements.

By Order of the Board

S Foster

Stephen Foster

One Cabot Square
London E14 4QJ
United Kingdom
20 April 2018

Company registration number: 08804092

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the Directors to prepare the Company's financial statements for each financial year. Under that law, they have elected to prepare the Company's financial statements in accordance with IFRS as adopted by the EU 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 estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRS as adopted by the EU;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVENTICUM CAPITAL MANAGEMENT (UK) I HOLDING LTD

Opinion

We have audited the financial statements of Aventicum Capital Management (UK) I Holding Ltd ("the Company") for the year ended 31 December 2017 which comprise the statement of financial position as at 31 December 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and related notes, including the summary of significant accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the Financial reporting council (FRC) Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion, the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVENTICUM CAPITAL MANAGEMENT (UK) I HOLDING LTD

Director's responsibilities

As explained more fully in their statement set out on page 8 the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Alison Allen

Alison Allen (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
23 April 2018

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £000	2016 £000
General and administrative expenses	4	(28)	(29)
Impairment of investment in LLPs	9	(282)	(944)
Total operating expenses		**(310)**	**(973)**
Loss before tax		**(310)**	**(973)**
Income tax benefit/(expense)	6	9	(25)
Loss after tax		**(301)**	**(998)**
Loss attributable to equity holders of the Company		**(301)**	**(998)**

There were no items of other comprehensive income during the year.

Results for the year are from continuing operations.

The notes on pages 16 to 26 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	2017 £000	2016 £000
Assets			
Current assets			
Cash at bank	7	254	254
Non-current assets			
Investment in LLPs	9	1,431	1,713
Total assets		**1,685**	**1,967**
Liabilities			
Current liabilities			
Other liabilities	10	46	17
Current tax payable	6	15	25
Total liabilities		**61**	**42**
Shareholder's equity			
Share capital	8	6,250	6,250
Accumulated losses		(4,626)	(4,325)
Total shareholder's equity		**1,624**	**1,925**
Total liabilities and shareholder's equity		**1,685**	**1,967**

The notes on pages 16 to 26 form an integral part of these financial statements.

Approved by the Board of Directors on 6 April 2018 and signed on its behalf by

S Foster

Stephen Foster
Director

COMPANY REGISTRATION NUMBER: 08804092

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital	Accumulated losses	Total shareholder's equity
	£000	£000	£000
Balance as at 1 January 2017	6,250	(4,325)	1,925
Total recognised loss for the year	-	(301)	(301)
Balance as at 31 December 2017	**6,250**	**(4,626)**	**1,624**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital	Accumulated losses	Total shareholder's equity
	£000	£000	£000
Balance as at 1 January 2016	5,000	(3,327)	1,673
Total recognised loss for the year	-	(998)	(998)
Share capital issued during the year	1,250	-	1,250
Balance as at 31 December 2016	**6,250**	**(4,325)**	**1,925**

The notes on pages 16 to 26 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £000	2016 £000
Cash flows from operating activities			
Loss before tax for the year		(310)	(973)
Adjustments to reconcile net loss to net cash used in operating activities			
Non-cash items included in loss before tax:			
Impairment of investment in LLPs	9	282	944
Cash generated before changes in operating assets and liabilities		**(28)**	**(29)**
Other liabilities	10	28	4
Net increase in operating liabilities		**28**	**4**
Income taxes paid		-	-
Net cash used in operating activities		**-**	**(25)**
Cash flows from investing activities			
Investment in LLPs	9	-	(1,150)
Net cash used in investing activities		**-**	**(1,150)**
Cash flows from financing activities			
Share capital issued		-	1,250
Net cash generated by financing activities		**-**	**1,250**
Net increase/(decrease) in cash and cash equivalents		**-**	**75**
Cash and cash equivalents at the beginning of the year	7	254	179
Cash and cash equivalents at the end of the year	7	254	254

Cash and cash equivalents at the end of the year comprise:

	Note	2017 £000	2016 £000
Cash at bank	7	254	254
Cash and cash equivalents at the end of the year		**254**	**254**

The notes on pages 16 to 26 form an integral part of these financial statements.

Notes to financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General

Aventicum Capital Management (UK) I Holding Ltd is a Company domiciled in the United Kingdom. The address of the Company's registered office is One Cabot Square, London E14 4QJ. The financial statements were authorised for issue by the Board of Directors on 6 April 2018.

2. Accounting policies

a) Statement of compliance

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted for use in the European Union ('EU') and are in compliance with the Companies Act 2006.

Pursuant to section 401 of the Companies Act 2006, the Company is exempt from preparing and delivering Group financial statements as the Company is an indirect subsidiary of Credit Suisse Group AG, incorporated in Switzerland, which prepares Consolidated financial statements.

b) Basis of preparation

The financial statements are presented in Great British Pounds ('£' or 'GBP'), rounded to the nearest thousand. They are prepared on the historical cost basis. The accounting policies set out below have, unless otherwise stated, been consistently applied to all the years presented in these financial statements.

The preparation of financial statements in conformity with adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Critical accounting estimates and judgments applied to these financial statements are set out in Note 3 – Critical accounting estimates and judgements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision has a significant effect on both current and future years.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the Directors have prepared these accounts on a going concern basis.

Standards and Interpretations effective in the current year

The Company has adopted the following amendments in the current year:

- Amendments to IAS 12: Income Taxes: In January 2016, the IASB issued 'Recognition of Deferred Tax Assets for Unrealised Losses' (Amendments to IAS 12). The Amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. The adoption of the Amendments to IAS 12 on 1 January 2017, did not have a material impact to the Company financial position, results of operation or cash flows.

- Disclosure Initiative (Amendments to IAS 7): In January 2016, the IASB issued amendments to IAS 7 as part of their Disclosure Initiative. The Amendments require enhanced statement of cash flow disclosures regarding changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. As the Amendments to IAS 7 impact disclosures only, the adoption on 1 January 2017, did not have an impact to the Company financial position, results of operation or cash flows. The reconciliation is disclosed in the notes to the Cash Flow Statement.

- Annual Improvements to IFRSs 2014-2016 Cycle: In December 2016, the IASB issued 'Annual Improvements to IFRSs 2014-2016 cycle' (Improvements to IFRSs 2014-2016). The adoption of the Improvements to IFRSs 2014-2016 on 1 January 2017, did not have a material impact on the Company financial position, results of operation or cash flows.

Standards and Interpretations endorsed by the EU and not yet effective

The company is not yet required to adopt the following standards and interpretations which are issued by IASB but not yet effective.

- IFRS 9 Financial Instruments: IFRS 9 Financial Instruments: In November 2009 the IASB issued IFRS 9 'Financial Instruments' (IFRS 9) covering the classification and measurement of financial assets which introduces new requirements for classifying and measuring financial assets. In October 2010, the IASB reissued IFRS 9, which incorporated new requirements on the accounting for financial liabilities. In July 2014, the IASB issued IFRS 9 as a complete standard. The Standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. The amendments to IFRS 7 resulting from IFRS 9 also require new disclosures as well as the revision of current disclosure requirements. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. In October 2017, the IASB issued Prepayments Features with Negative Compensation (Amendments to IFRS 9). The amendments are effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

  Under the new impairment guidance there will be no change to the write-off policy compared to IAS 39.

  The adoption of IFRS 9 on 1 January 2018 did not have any material impact on the entity's financial position, results of operations or cash flows.

- IFRS 16 Leases: In January 2016 the IASB issued IFRS 16 'Leases' (IFRS 16) which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. IFRS 16 includes disclosure requirements to provide more information about the amount, timing and uncertainty of cash flows arising from leases. Lessor accounting is substantially unchanged compared to the current accounting guidance. Under the current lessee accounting model the Company is required to distinguish between finance leases, which are recognised on balance sheet, and operating leases, which are not. IFRS 16 will require lessees to present a right-of-use asset and a corresponding lease liability on the balance sheet for all leases with a lease term of greater than twelve months, unless the underlying asset is of low value. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Company has established a cross-functional implementation team and governance structure for the project. The Company is currently reviewing its existing contracts to determine the impact of the adoption of IFRS 16. The Company expects an increase in total assets and total liabilities as a result of recognising right-of-use assets and lease liabilities for all leases under the new guidance and is currently evaluating the extent of the impact of the adoption of IFRS 16 on the Company's results of operations and cash flows.

Standards and Interpretations not endorsed by the EU and not yet effective

The Company is not yet required to adopt the following standards and interpretations which are issued by the IASB but not yet effective and have not yet been endorsed by the EU.

- Amendments to IFRS 2: Share-based Payment: In June 2016, the IASB issued narrow scope amendments to IFRS 2 Share based payments (Amendments to IFRS 2). The Amendments clarify how to account for certain types of share-based payment transactions. The Amendments to IFRS 2 are effective for annual periods beginning on or after 1 January 2018, with early application permitted.

The Company does not expect the adoption of the Amendments to IFRS 2 to have a material impact to the Company's financial position, results of operation or cash flows.

- IFRIC 23: In June 2017, the IASB issued IFRIC 23 "Uncertainty over Income Tax Treatments" (IFRIC 23). FRIC 23 clarifies the accounting for uncertainties in income taxes and is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. IFRIC 23 is effective for annual periods beginning on or after 1 January 2019. The Company is currently evaluating the impact of adopting IFRIC 23 on the Company's financial position, results of operations and cash flows.

c) Dividends

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are declared.

d) Cash at bank

For the purpose of preparation and presentation of statement of cash flows, cash and cash equivalents comprise the components of cash at bank that are short term, highly liquid instruments with original maturities of three months or less which are subject to an insignificant risk of change in their fair value, and that are held or utilised for the purpose of cash management.

e) Income tax

Income tax recognised in the Statement of Income for the year comprises current tax and deferred tax.

Income tax is recognised in the Statement of Income except to the extent that it relates to items recognised directly in equity, in which case the income tax is recognised in equity. For items initially recognised in equity and subsequently recognised in the Statement of Income, the related income tax initially recognised in equity is also subsequently recognised in the Statement of Income.

Current tax is the expected tax payable on the taxable income for the year and includes any adjustment to tax payable in respect of previous years. Current tax is calculated using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is provided using the Statement of Financial Position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax-base. The amount of deferred tax provided is based on the amount at which it is expected to recover or settle the carrying amount of assets and liabilities in the Statement of Financial Position, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Information as to the calculation of income tax on the profit or loss for the years presented is included in Note 6.

f) Investment in the LLPs

Investment in the LLPs is carried at cost and is reviewed for impairment on an annual basis to determine whether there is any indication that the carrying amount may no longer be recoverable. If such an indication exists, the carrying amount of the investment is written down to its recoverable amount (i.e. the higher of the fair value less costs to sell and the value in use).

Any charges relating to the impairment of investment in the LLPs are recognised in the statement of income in the year in which the impairment occurs. When an investment is disposed, the profit or loss resulting from the disposal is recognised in the statement of income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Where an impairment loss subsequently reverses, the carrying amount of the investment is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment loss been recognised for the investment in prior years. A reversal of an impairment loss is recognised immediately in the statement of income.

g) Foreign currency

The Company's functional currency is GBP. Transactions denominated in currencies other than GBP are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to GBP at the foreign exchange rate ruling at that date. Foreign exchange differences arising from translation are recognised in the Statement of Income. Non-monetary assets and liabilities denominated in foreign currencies at Statement of Financial Position date are not revalued for movements in foreign exchange rates.

h) Interest income and expense

Interest income and expense is recognised for all financial assets and liabilities measured at amortised cost using the effective interest method.

i) Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date. The fair value measurement guidance establishes a single authoritative definition of fair value and sets out a framework for measuring fair value. Fair value can be based on quoted market prices (unadjusted); observable inputs other than quoted prices or unobservable inputs. The inputs that are used to calculate the fair value, determine which level of the fair value hierarchy the instrument is categorised in.

3. Critical accounting estimates and judgements

In order to prepare the financial statements in accordance with IFRS, management is required to make certain accounting estimates to ascertain the value of assets and liabilities. These estimates are based upon judgement and the information available at the time, and actual results may differ materially from these estimates. Management believes that the estimates and assumptions used in the preparation of the financial statements are prudent, reasonable and consistently applied.

Management believes that the critical accounting estimates discussed below involve the most significant judgements and assessments. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements.

Tax contingencies

Significant judgement is required in determining the effective tax rate and in evaluating certain tax positions. The Company may accrue for tax contingencies despite the belief that positions taken in tax returns are always fully supportable. Tax contingency accruals are adjusted due to changing facts and circumstances, such as case law, progress of audits or when an event occurs requiring a change to the tax contingency accruals. Management regularly assesses the appropriateness of provisions for income taxes. Management believes that it has appropriately accrued for any contingent tax liabilities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

4. General and administrative expenses

	2017 £000	2016 £000
Director's Fees	(22)	(22)
Auditor's remuneration - audit services	(5)	(5)
VAT expenses	-	(1)
Other outsourced services	(1)	(1)
Total general & administrative expenses	**(28)**	**(29)**

5. Employees

The Company did not have any employees during the year. The Company receives a range of administrative services from related companies within the Credit Suisse Group. Credit Suisse Group companies have borne the cost of these services.

6. Taxation

	2017 £000	2016 £000
Current tax		
Current tax charge for the year	(15)	(25)
Adjustment in respect of previous year	24	-
Total current tax benefit / (expense)	**9**	**(25)**
Income tax benefit /(expense)	**9**	**(25)**
Loss Before Tax	**310**	**973**
Loss before tax multiplied by the UK statutory rate of corporation tax at the rate of 19.25% (2016: 20%)	60	195
Tax effect of loss/(income) allocated from LLP	(46)	(31)
Utilization of unrecognised losses	25	-
Non-deductible impairment of investment in LLP	(54)	(189)
Adjustments to current tax in respect to previous periods	24	-
Income tax benefit / (expense)	**9**	**(25)**
Current tax receivable / (payable)	**(15)**	**(25)**

Deferred tax assets of £124k have not been recognised as at 31 December 2017 (2016: £185k).

Legislation has been enacted which reduces the UK corporation tax rate to 19% with effect from 1 April 2017 and then 17% with effect from 1 April 2020.

There are restrictions on the use of tax losses carried forward. However, these are not expected to have a material impact on the recoverability of the net deferred tax asset.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

7. Cash at bank

	2017	2016
	£000	£000
Cash at bank	254	254
Total cash at bank	**254**	**254**

Cash at bank earns interest at floating rates based on daily bank deposit rates. The book value of cash at bank approximates to their fair value.

8. Called-up share capital

	2017	2016
	£000	£000
Allotted, called up and fully paid:		
6,250,001 Ordinary shares of £1 each	6,250	6,250
Total allotted, called up and fully paid share capital	**6,250**	**6,250**

The authorised capital of the Company is unlimited.

Capital management

The Board's policy is to maintain an adequate capital base so as to enable smooth operation of the Company's activities. The capital structure of the Company consists of equity attributable to equity holders of the Company comprising issued capital and accumulated losses. The Company funds its operations and growth through equity. This includes assessing the need to raise additional equity where required.

The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year.

9. Investment in the LLPs

Name of the LLPs	Nature of business	Status
Aventicum Capital Management UK LLP	Asset Management	Going concern
Aventicum Real Estate LLP	Investment Advisory	Going concern

	2017	2016
	£000	£000
Carrying value as at 1 January	1,713	1,507
Add: Investment made during the year	-	1,150
Less: Impairment recognised	(282)	(944)
Carrying value as at 31 December	**1,431**	**1,713**

The Company is a Corporate Member of both LLPs and has contributed 50% towards the Members' equity amounting £5.95m (£5.80m in ACM LLP and £0.15m in RE LLP) as at 31 December 2016. The recoverable amount of investment in both LLPs is estimated based on their net asset value.

The investment in ACM LLP was reviewed for impairment in the year. Based on the assessment in 2017, the net asset value of ACM LLP is lower than the carrying value of the investment. The Directors believe that its recoverable amount amounts to £1.43m and accordingly an impairment loss of £0.28m has been recognised for the year ended 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

The investment in RE LLP was reviewed for impairment. It was concluded that no impairment is needed as the entity made a profit in 2017.

Pursuant to section 401 of the Companies Act 2006, the Company is exempt from preparing and delivering Group financial statements as the Company is an indirect subsidiary of Credit Suisse Group AG, incorporated in Switzerland, which prepares consolidated financial statements.

10. Other liabilities

	2017	**2016**
	£000	**£000**
Amount payable for audit services	5	5
Amounts owed to CS Group companies	41	12
Total other liabilities	**46**	**17**

11. Related party transactions

The Company is wholly owned by Aventicum Capital Management Holding AG, incorporated in Switzerland. The ultimate parent company is Credit Suisse Group AG, which is incorporated in Switzerland. Copies of Group financial statements of Credit Suisse AG and Credit Suisse Group AG, which are those of the smallest and largest groups in which the results of the Company are consolidated, are available to the public and may be obtained from Credit Suisse Group AG, Paradeplatz 8, 8070 Zurich, Switzerland and UK Companies House, Crown Way, Cardiff CF14 3UZ, United Kingdom. The following table sets forth the Company's related party balances and transactions:

a) Related party assets and liabilities

		2017
		£000
	LLPs	**Fellow group Companies**
Assets		
Cash at bank	-	254
Investment in the LLPs	1,431	-
Total assets	**1,431**	**254**
Liabilities		
Other creditors and accruals	41	-
Total liabilities	**41**	**-**

		2016
		£000
	LLPs	**Fellow group Companies**
Assets		
Cash at bank	-	254
Investment in the LLPs	1,713	-
Total assets	**1,713**	**254**
Liabilities		
Other creditors and accruals	12	-
Total liabilities	**12**	**-**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

b) Remuneration of Directors

The Directors did not receive any remuneration in respect of their services as Directors of the Company apart from the Independent Director (refer note 4 for aggregate amount of remuneration paid to or receivable by the Independent Director in respect of qualifying services). The Directors apart from the Independent Director are employees of its related companies and the Company does not reimburse its related companies for the services rendered by these Directors.

c) Loans and advances to Directors

There were no loans or advances made to Directors during the year.

d) Liabilities due to pension funds

The Company has no employees and therefore does not have any liabilities with regard to pension funds.

12. Financial instruments

The disclosure of the Company's financial instruments below includes the following sections:

- Analysis of financial instruments by categories; and
- Fair value of financial instruments not carried at fair value.

a) Analysis of financial instruments by categories

Financial instruments are measured on an ongoing basis either at fair value or at amortised cost. The following table sets out the carrying amounts and fair values of the Company's financial instruments.

The following table presents the financial assets and liabilities by categories.

	Other amortised cost	**2017 £000 Total**
Financial assets		
Cash at bank	254	254
Total	**254**	**254**
Financial liabilities		
Other liabilities	46	46
Total	**46**	**46**

	Other amortised cost	**2016 £000 Total**
Financial assets		
Cash at bank	254	254
Total	**254**	**254**
Financial liabilities		
Other liabilities	17	17
Total	**17**	**17**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Fair value hierarchy

The financial instruments carried at fair value were categorised under the three levels of the fair value hierarchy as follows:

Level 1: Quoted market prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. This level of the fair value hierarchy provides the most reliable evidence of fair value and is used to measure fair value whenever available.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. These inputs include: (i) quoted prices for similar assets or liabilities in active markets; (ii) quoted prices for identical or similar assets or similar liabilities in markets that are not active, that is, markets in which there are few transactions for the asset and liability, the prices are not current or price quotations vary substantially either over time or among market makers, or in which little information is publicly available; (iii) input other than quoted prices that are observable for the asset or liability; or (iv) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). These inputs reflect the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available in the circumstances, which include the Company's own data. The Company's own data used to develop unobservable inputs is adjusted if information indicates that market participants would use different assumptions.

b) Fair value of financial instruments not carried at fair value

IFRS requires the disclosure of the fair value of financial instruments not carried at fair value in the Statement of Financial Position. IFRS also requires the disclosure of the fair values of these financial instruments within the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

The following table presents the carrying value of the financial instruments that are not held at fair value across the three levels of the fair value hierarchy.

As at 31 December 2017

£000	**Level 1**	**Level 2**	**Level 3**	**Total at fair value**
Financial assets				
Cash at bank	254	-	-	254
Total financial assets at fair value	**254**	**-**	**-**	**254**

	Level 1	**Level 2**	**Level 3**	**Total at fair value**
Financial liabilities				
Other liabilities	-	46	-	46
Total financial liabilities at fair value	**-**	**46**	**-**	**46**

As at 31 December 2016

£000	**Level 1**	**Level 2**	**Level 3**	**Total at fair value**
Financial assets				
Cash at bank	254	-	-	254
Total financial assets at fair value	**254**	**-**	**-**	**254**

	Level 1	**Level 2**	**Level 3**	**Total at fair value**
Financial liabilities				
Other liabilities	-	17	-	17
Total financial liabilities at fair value	**-**	**17**	**-**	**17**

13. Financial risk management

a) Overview

The Company is part of CS Group and its risks are managed as part of the global CS Group of entities. The Company's risk management process is designed to ensure that there are sufficient independent controls to measure, monitor and control risks in accordance with the Company's control framework and in consideration of industry best practices.

Risk governance

The Company's risk management framework is based on transparency, management accountability and independent oversight. As a consequence of the increased complexity of risks, the Company has defined its risk perspective broadly. Risk management plays an important role in the Company's business planning process and is strongly supported by senior management and the Board of Directors. The primary objectives of risk management are to protect the Company's financial strength and reputation, while ensuring that capital is well deployed to support business activities and grow shareholder value.

Risk organisation

Risks arise in all of CS Group business activities and cannot be completely eliminated, but they are managed through its internal control environment. CS Group risk management organisation reflects the specific nature of various risks in order to ensure that risks are managed within limits set in a transparent and timely manner. The Company has exposure to the following financial risks:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

- Credit risk; and
- Liquidity risk.

b) Credit risk

Overview

Credit risk is the possibility of loss incurred as a result of a borrower or counterparty failing to meet its financial obligations or as a result of deterioration in the credit quality of the borrower or counterparty. The Company only deposits cash with other CS Group entities.

Maximum exposure to Credit Risk:	**2017**	**2016**
	£000	**£000**
Cash at bank	254	254
Total financial assets	**254**	**254**

No collateral or credit enhancements are held against Cash and Cash equivalents. The amounts in the above table are based on carrying value.

c) Liquidity risk

Liquidity risk is the risk that a Company is unable to fund assets and meet obligations as they fall due under both normal and stressed market conditions. Liquidity, as with funding, capital and foreign exchange exposures, is centrally managed by Treasury. The ultimate responsibility for the liquidity and funding strategy resides with the Board of Directors. The implementation and execution of the funding and liquidity strategy is managed by Treasury for adherence to the funding policy and the efficient coordination of the secured funding desks. The liquidity and funding profile is regularly reported to the Board of Directors, who defines the Company's risk tolerance and set parameters for the balance sheet usage of business.

The following table sets out details of the remaining undiscounted contractual maturity for financial liabilities.

2017

	On demand £000	**Total £000**
Other liabilities at amortised cost	46	46
Total financial liabilities	**46**	**46**

2016

	On demand £000	**Total £000**
Other liabilities at amortised cost	17	17
Total financial liabilities	**17**	**17**

14. Subsequent events

There were no events to disclose subsequent to 31 December 2017.