GVQ

INVESTMENT MANAGEMENT

GVQ Investment Management Limited

Registered Number - 4493500

Annual Report and Financial Statements For the year ended 31 December 2018

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REGISTERED OFFICE: 16 BERKELEY STREET LONDON W1J 8DZ REGISTERED IN ENGLAND: NO.4493500 AUTHORISED AND REGULATED BY THE FINANCIAL CONDUCT AUTHORITY

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Strategic Report for the year ended 31 December 2018

Principal activities and strategy
GVQ Investment Management Limited (the 'Company' or the 'Firm') is a London based specialist fund manager and advisor, created with the objective of adopting private equity investment techniques and adapting them for use in the public equity markets. The registered office of the Company is 16 Berkeley Street, London, W1J 8DZ. The Company is a Limited Company (by shares) and incorporated in the United Kingdom.

The Company was authorised as a full scope AIFM on 22 July 2014 and currently offers three investment strategies that follow the same distinctive investment process and are driven by a single research platform:

GVQ UK Focus Fund
GVQ UK Focus Fund ('UKFF') invests in the equity of UK publicly listed companies where our private equity based research indicates they are undervalued and where we have identified a specific catalyst that should lead to an increase in shareholder value. This is a focused portfolio typically made up of up to 35 holdings, offering full liquidity and transparency.

GVQ Opportunities Fund
GVQ Opportunities Fund ('OPPS') invests in the equity of up to 45 UK quoted companies which have been identified as undervalued using private equity based valuation techniques. The Fund may also invest in up to 20% of its net asset value in non-UK domiciled companies.

Strategic Equity Capital plc
Strategic Equity Capital plc ('SEC') is a London-listed Investment Trust which seeks to create shareholder value through constructive corporate engagement with publicly quoted UK companies. SEC listed on the London Stock Exchange on 19 July 2005, having raised funds from a wide range of investors including institutions, pension funds and private banks.

Key performance indicators
The Directors consider the key performance indicators for the Company to be as follows:

Measure	2018	2017	Change
Management Fee income (£)	4,458,190	5,234,080	(775,890)
Performance Fee income (£)	-	1,856,185	(1,856,185)
Profit before tax (£)	838,891	2,508,224	(1,669,333)
Funds Under Management (£'m)	492	705	(213)

During the year funds under management decreased from £705m as at 31 December 2017 to £492m as at 31 December 2018. During the year UKFF generated a total return of -17.7% (2017: 8.0%), OPPS generated a total return of -17.1% (2017: 9.6%) and SEC generated a total return of -14.1% (2017: 21.7%). Management fee income decreased from £5,234,080 in 2017 to £4,458,190 in 2018 as a result of decreased funds under management. Additionally, the Company did not earn a performance fee for the year (2017: £1,856,185). Therefore, the total fee income decreased from £7,090,265 in 2017 to £4,458,190 in 2018.

Likely future developments
The Company aims to increase funds under management through positive fund performance and net fund inflows.

Strategic Report for the year ended 31 December 2018 (continued)

Principal risks and uncertainties

The Directors are responsible for the risk management of the Company from a strategic, business and process risk perspective. The Directors have assessed the currency risk, operational risk, client risk, price risk, credit risk and liquidity risk exposure of the Company based on underlying activity performed.

Market Price risk

The Company is exposed to market price risk as management fee income is calculated as a percentage of net asset value of the managed funds.

Credit risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Company is exposed to credit risk in relation to management fee payments, and deposits held with the bank.

Liquidity risk

The Firm does not maintain any credit, overdraft or loan facilities. For this reason, the Directors consider any liquidity risk to be negligible.

Ultimate parent undertaking

On 16 December 2017, GVQIM Holdings Limited entered into an agreement to acquire the Company from RIT Capital Partners plc, subject to regulatory approval. Regulatory approval was received on 25 January 2018. The deal completed on 27 February 2018.

On behalf of the Board, 25 March 2019

Ben Russell
Director

Report of the Directors for year ended 31 December 2018

The Directors submit their report together with the audited financial statements of the Company for the year ended 31 December 2018.

Directors
The Directors in office during the year and as at the date of this report were:

Ben Russell
Jamie Seaton
Aron Balas (resigned 27 February 18)
Jonathan Kestenbaum (resigned 27 February 18)
Jonathan Morgan (appointed 14 March 18)

Results and dividends
During the year the Company made a profit after tax for the year of £675,011 (restated 2017: profit of £2,508,490). A dividend of £1,500,000 was paid during the year (2017: £2,000,000) to the former owner, RIT Capital Partners plc.

As disclosed in notes 6 and 19 to these financial statements, the Company has restated its comparative figures for the year ended 31 December 2017. This adjustment has been made in respect of a corporation tax charge recognised in 2017 of £484,128. The Directors consider that as at 31 December 2017 based on historical experience there was a reasonable expectation that the 2017 corporation tax liability would not be paid due to the availability of group relief and accordingly no such liability should have been recognised in the 2017 financial statements.

The effect of the prior year restatement is to decrease the tax payable and increase equity in 2017 by £484,128. The profit after tax for 2017 has also increased by £484,128 as a result of this restatement.

Directors and directors' interests
Jamie Seaton is a 50% shareholder of GVQIM Holdings Limited and Jonathan Morgan is a 50% shareholder of GVQIM Holdings Limited. On 16 December 2017, GVQIM Holdings Limited entered into an agreement to acquire the Company from RIT Capital Partners plc, subject to regulatory approval. Regulatory approval was received on 25 January 2018. The deal completed on 27 February 2018.

Directors' and officers' liability insurance
The Company maintains its own directors' and officers' liability insurance policy. The policy includes a qualifying third party indemnity provision which was in force during the financial year and also at the date of approval of the financial statements.

Financial instruments and risk profile
The Company's financial instruments are discussed in note 1 and note 16. The main financial risks faced by the Company and the management of those risks are set out in note 16.

Going concern
The Directors believe that the Company is positioned to manage its business risks successfully and, after making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Company made a profit after tax in the year of £675,011 (restated 2017: £2,508,490) and had a cash balance of £3,031,921 as at 31 December 2018 (2017: £4,435,407). Therefore, the Company has adequate financial resources to continue in operational existence. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Report of the Directors for year ended 31 December 2018 (continued)

Independent Auditors
PricewaterhouseCoopers LLP resigned as auditors on 6 July 2018 and were replaced by Rawlinson and Hunter Audit LLP and were appointed auditors on 12 July 2018

Provision of information to auditors
With regard to the preparation of the Annual Report and Financial Statements of the Company for the year ended 31 December 2018, the Directors have confirmed to the auditors that:

- so far they are aware, there is no relevant audit information of which the auditors are unaware; and
- they have taken the steps appropriate as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

On behalf of the Board, 25 March 2019

Pillar 3 Disclosures
The Company's Pillar 3 disclosures are published on the Company's website www.gvqim.com

Ben Russell
Director

Statement of Directors' responsibilities in respect of the financial statements for year ended 31 December 2018

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The Directors 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 auditors' report to the members of GVQ Investment Management Limited

Opinion
We have audited the financial statements of GVQ Investment Management Limited ("the Company") for the year ended 31 December 2018, which comprise the Statement of comprehensive income, the Statement of financial position, the Cash flow statement, the Statement of changes in equity and the related notes, 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 ("IFRS") as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS 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 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 United Kingdom, including the Financial Reporting Council'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 included in the Annual Report and Financial Statements, other than the financial statements and our Auditors' 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.

Independent auditors' report to the members of GVQ Investment Management Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have 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 Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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 Directors' Responsibilities Statement on page 7, 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.

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 an Auditors' 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 Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Independent auditors' report to the members of GVQ Investment Management Limited (continued)

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 Auditors' 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.

Rawlinson & Hunter Audit LLP

Kulwarn Nagra
Senior Statutory Auditor
for and on behalf of

Rawlinson & Hunter Audit LLP
Statutory Auditor & Chartered Accountants
Eighth Floor
6 New Street Square
New Fetter Lane
London
EC4A 3AQ

25 March 2019

GVQ Investment Management Limited

Statement of comprehensive income for the year ended 31 December 2018

	Notes	For the year ended 31 December 2018 £	*As restated** For the year ended 31 December 2017 £
Operating income			
Fee income		4,458,190	7,090,265
Total revenue	2	4,458,190	7,090,265
Operating expenses			
Administrative expenses	3	(3,619,348)	(4,582,267)
Operating profit		838,842	2,507,998
Other operating income		6,559	5,932
Exchange loss		(6,510)	(5,706)
Profit before tax		838,891	2,508,224
Tax	6	(163,880)	266
Profit for the year and total comprehensive income		675,011	2,508,490

*Refer to note 19 for details of the prior year restatement

All items in the above statement derive from continuing operations.

The notes on pages 15 to 27 form an integral part of these financial statements.

GVQ Investment Management Limited

Statement of changes in equity for the year ended 31 December 2018

	Called up Share capital £	Share Premium £	Capital contribution reserve £	Profit and loss reserve £	Total equity £
For the year ended 31 December 2018					
Balance as at 1 January 2018 (as restated)	799,999	672,800	500,000	2,074,818	4,047,617
Profit for the year and total comprehensive income	-	-	-	675,011	675,011
Dividend paid	-	-	-	(1,500,000)	(1,500,000)
Balance at 31 December 2018	799,999	672,800	500,000	1,249,829	3,222,628
For the year ended 31 December 2017					
Balance as at 1 January 2017	799,999	672,800	500,000	1,566,328	3,539,127
Profit for the year and total comprehensive income	-	-	-	2,024,362	2,024,362
Dividend paid	-	-	-	(2,000,000)	(2,000,000)
Prior year adjustment (Note 19)	-	-	-	484,128	484,128
Balance at 31 December 2017 (as restated)	799,999	672,800	500,000	2,074,818	4,047,617

The notes on pages 15 to 27 form an integral part of these financial statements.

GVQ Investment Management Limited

Statement of financial position as at 31 December 2018

	Notes	As at 31 December 2018 £	*As restated** As at 31 December 2017 £
Non-current assets			
Property, plant and equipment	7	-	21,071
Deferred tax asset	10	11,105	11,743
		11,105	32,814
Current assets			
Trade and other receivables	8	1,111,002	1,397,885
Cash and cash equivalents	8	3,031,921	4,435,407
		4,142,923	5,833,292
Total assets		4,154,028	5,866,106
Current liabilities	9	(931,400)	(1,818,489)
Net assets		3,222,628	4,047,617
Equity			
Called up share capital	11	799,999	799,999
Share Premium	11	672,800	672,800
Capital contribution reserve		500,000	500,000
Profit and loss reserve	12	1,249,829	2,074,818
Total equity		3,222,628	4,047,617

*Refer note 19 for details of the prior year restatement

The financial statements on pages 11 to 27 were approved by the Board of Directors on 25 March 2019 and were signed on its behalf by:

Ben Russell
Director

GVQ Investment Management Limited

Cash flow statement for the year ended 31 December 2018

	Notes	2018 £	2017 £
Net cash generated from operating activities	14	104,257	2,530,213
Investing activities			
Purchase of property, plant and equipment		(1,233)	(4,820)
Net cash used in investing activities		(1,233)	(4,820)
Financing activities			
Dividend paid		(1,500,000)	(2,000,000)
Net cash used in financing activities		(1,500,000)	(2,000,000)
Net (decrease)/increase in cash and cash equivalents		(1,396,976)	525,393
Cash and cash equivalents at beginning of year		4,435,407	3,915,720
Effect of foreign exchange on cash and cash equivalents		(6,510)	(5,706)
Cash and cash equivalents at end of year		3,031,921	4,435,407

The notes on pages 15 to 27 form an integral part of these financial statements.

Notes to the financial statements for the year ended 31 December 2018

1. Accounting policies

Basis of accounting
The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ('IFRS'), which comprise standards and interpretations approved by the International Accounting Standards Board ('IASB'), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee ('IASC') that remain in effect, and to the extent that they have been adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006.

International Financial Reporting Standards as adopted by the EU differ in certain respects from International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB'). References to International Financial Reporting Standards hereafter should be construed as references to International Financial Reporting Standards as adopted by the EU.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

The financial statements have been prepared on a going concern basis, in accordance with the Companies Act 2006 as applicable to companies using IFRS and interpretations issued by the IFRS Interpretations Committee (IFRS IC).The accounting policies have been applied consistently.

Critical accounting estimates and judgements
The preparation of financial statements requires the Company to select accounting policies and make estimates and assumptions that affect items reported in the income statement, statement of financial position, other primary statements and notes to the financial statements.

All estimates are based on management's knowledge of current facts and circumstances, assumptions based on that knowledge and their predictions of future events and actions. The Directors do not consider there to be any critical accounting estimates and judgements in the preparation of these financial statements.

Financial instruments
Financial assets and financial liabilities are made up of accounts receivable, accounts payable and cash and cash equivalents. The Directors consider the fair values of accounts receivable and accounts payable approximate their carrying value. The Directors do not believe that the Company is exposed to significant credit risk, liquidity risk, currency risk or interest rate risk and have not taken any specific actions to mitigate these financial risks. There are no other financial instruments.

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

Management fees are calculated as a percentage of the net asset value of the funds. Management fees are invoiced quarterly in arrears.

Notes to the financial statements for the year ended 31 December 2018 (continued)

1. Accounting policies (continued)

Revenue recognition (continued)
Performance fees accrued by Strategic Equity Capital plc are only recognised once they become payable. GVQ UK Focus Fund and GVQ Opportunities Fund do not pay performance fees.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Interest income is classified within operating activities in the cash flow statement.

Operating Expenses
Costs are recognised on an accruals basis which means they are recorded when the service is performed regardless of when the expense is settled.

Foreign currencies
The functional currency of the Company is pounds sterling. Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Gains and losses arising on retranslation are included in net profit or loss for the period.

Trade and other receivables
Trade and other receivables are measured on recognition at fair value and are subsequently measured at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the Statement of comprehensive income based on the expected loss model at recognition in accordance with IFRS 9.

Trade and other payables
Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Property, plant and equipment
Fixtures and equipment are stated at cost, including direct acquisition costs, less accumulated depreciation and any recognised impairment loss.

Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life. The rates used for calculation of depreciation are as follows:

Furniture and Fixtures	20%
Office Equipment	33%

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Notes to the financial statements for the year ended 31 December 2018 (continued)

1. Accounting policies (continued)

Property, plant and equipment (continued)
The carrying values of property, plant and equipment are reviewed for impairment when events or circumstances indicate the carrying value may not be recoverable.

Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement 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 Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Cash and cash equivalents
Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment purposes. Assets are classified as cash equivalents if they are readily convertible to cash and are not subject to significant changes in value.

Notes to the financial statements for the year ended 31 December 2018 (continued)

1. Accounting policies (continued)

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Summary of new standards and interpretations not applied

Accounting policies have been consistently applied other than where new policies have been adopted. The following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2019:

IFRS 16 Leases

No Material impact is expected as the Company has no material long term contracts with suppliers in place.

Other future developments include the International Accounting Standards Board ('IASB') undertaking a comprehensive review of existing IFRSs. The Company will consider the financial impact of these standards as they are finalised.

2. Total Revenue

	For the year ended 31 December 2018 £	For the year ended 31 December 2017 £
Income from investment management services	4,458,190	5,234,080
Income from performance fees	-	1,856,185
	4,458,190	7,090,265

3. Administrative expenses

	For the year ended 31 December 2018 £	For the year ended 31 December 2017 £
Auditors' remuneration for statutory audit	20,000	23,270
Depreciation	22,304	12,323
Staff costs (note 4)	2,592,939	3,609,877
General expenses	984,105	936,797
	3,619,348	4,582,267

4. Staff costs (including Directors' emoluments)

	For the year ended 31 December 2018 £	For the year ended 31 December 2017 £
Wages and salaries	2,032,831	2,939,867
Social security costs	269,934	392,733
Other pension costs	224,495	196,704
Other staff costs	65,679	80,573
	2,592,939	3,609,877

The Company has a total of 12 employees which were divided into 6 employees performing investment management activities and 6 employees performing support activities (2017: 12 employees – 6 investment management and 6 support). The monthly average number of staff employed by the Company was 12 (2017: 12).

5. *Directors' emoluments*

The emoluments owing to the Directors of the Company are as follows:

	For the year ended 31 December 2018 £	For the year ended 31 December 2017 £
Aggregate remuneration in respect of qualifying services	672,434	1,424,486
Aggregate amounts paid into defined contribution pension schemes	60,000	58,000
In respect of the highest paid director:		
Aggregate remuneration	354,955	979,740
Company contributions to defined contribution pension schemes	30,000	30,000

Notes to the financial statements for the year ended 31 December 2018 (continued)

6. Tax

Analysis of charge/(credit) in year

Major components of the income tax expense/(credit) for the years ended 31 December 2018 and 31 December 2017:

	2018 £	As restated 2017 £
Current tax charge		
Current tax on profits for the year	163,242	-
Total current tax	163,242	-
Adjustments in respect of prior years	-	2,231
Deferred tax:		
Current year	638	(524)
Adjustments in respect of prior years	-	(1,973)
Effect of changes in tax rates	-	-
Total deferred tax	638	(2,497)
Tax per income statement	163,880	(266)

The tax assessed for the year is higher (2017: lower) than the standard rate of corporation tax in the UK for a large company. The differences are explained below:

	For the year ended 31 December 2018 £	For the year ended 31 December 2017 £
Profit before tax	838,891	2,508,224
Tax calculated at the UK rate of 19.00% (2017: 19.25%)	159,389	482,747
Effect of:		
Adjustments in respect of prior years	341	258
Expenses not deductible	1,080	850
Tax rate changes	-	7
Group relief claimed	(475)	(484,128)
Deferred tax not recognized & rounding	3,545	-
Tax charge/(credit) for the year	163,880	(266)

Notes to the financial statements for the year ended 31 December 2018 (continued)

7. Property, plant and equipment

	Office Equipment	Furniture and Fixtures	Total
	£	£	£
Cost			
At 1 January 2018	8,703	49,808	58,511
Additions	1,233	-	1,233
Disposals	-	-	-
At 31 December 2018	9,936	49,808	59,744
Accumulated Depreciation			
At 1 January 2018	7,011	30,429	37,440
Charge for the year	2,925	19,379	22,304
Disposals	-	-	-
At 31 December 2018	9,936	49,807	59,744
Net book value			
At 31 December 2018	-	-	-
At 31 December 2017	1,692	19,379	21,071

8. Current assets

Trade and other receivables	31 December 2018	31 December 2017
	£	£
Amounts owed by group companies	13	-
Prepayments and other debtors	130,212	85,439
Accrued investment management fee income	980,777	1,312,446
	1,111,002	1,397,885

Cash and Cash Equivalents	31 December 2018	31 December 2017
	£	£
Cash at Bank	3,031,921	4,435,407

Cash at bank earns interest at floating rates.

9. Current liabilities

Trade and Other payables	31 December 2018	*As restated* 31 December 2017
	£	£
Tax payable	163,242	-
Other creditors and accruals	768,158	1,818,489
	931,400	1,818,489

9. Current liabilities (continued)

Tax Payable	For the year ended 31 December 2018 £	For the year ended 31 December 2017 £
Balance brought forward	-	129,535
Adjustments in respect of prior years	-	2,231
Group relief paid	-	(131,766)
Corporation tax charged	163,242	-
Balance carried forward	163,242	-

10. Deferred tax asset

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 17%, reflecting the rate expected to be applicable at the time the net deferred tax asset is realised (2017: 19%). The deferred tax asset relates to non trading losses brought forward to be utilised against future non trade interest receivable.

£1,250 of the deferred tax asset is expected to be recovered or settled no more than 12 months after the reporting period and £9,855 is expected to be recovered or settled more than 12 months after the reporting period.

The movement on deferred tax account is as shown below:

	For the year ended 31 December 2018 £	For the year ended 31 December 2017 £
Balance brought forward	11,743	9,246
Income statement (debit)/credit	(638)	2,497
Adjustments in respect of prior years	-	-
Balance carried forward	11,105	11,743

Deferred tax assets	Accelerated capital allowances £	Temporary differences & Tax losses £	Total £
Balance at 1 January 2018	(2,073)	13,816	11,743
Charge to income statement	2,073	(2,711)	(638)
Balance at 31 December 2018	-	11,105	11,105

GVQ Investment Management Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

11. Called up Share capital and Share Premium

	Ordinary Shares	Ordinary Shares	Share Premium
		£	£
At 1 January 2018	80,000,001	799,999	672,800
Issue of shares in 2018	-	-	-
At 31 December 2018	80,000,001	799,999	672,800
At 1 January 2017	80,000,001	799,999	672,800
Issue of shares in 2017	-	-	-
At 31 December 2017	80,000,001	799,999	672,800

The par value of ordinary shares is £0.01.

12. Profit and loss reserve

	31 December 2018	31 December 2017
	£	£
Balance brought forward (as previously stated)	1,590,690	1,566,328
Prior year restatement (note 18)	484,128	-
Balance brought forward (as restated)	2,074,818	1,566,328
Dividend Paid (note 13)	(1,500,000)	(2,000,000)
Profit for the year	675,011	2,024,362
Balance carried forward	1,249,829	1,590,690

13. Dividends

	31 December 2018	31 December 2017
	£	£
Equity - ordinary		
Interim Paid: 1.875p (2017: 2.500p) per 1p share	1,500,000	2,000,000
	1,500,000	2,000,000

14. Reconciliation of profit before tax to net cash inflow/outflow from operating activities

	Year ended 31 December 2018	Year ended 31 December 2017
	£	£
Profit before tax	838,891	2,508,224
Adjustments for:		
Exchange loss	6,510	5,706
Depreciation of property, plant and equipment	22,304	12,323
Operating cash flows before movements in working capital	867,705	2,526,253
Decrease/(Increase) in receivables	286,883	(127,306)
(Decrease)/Increase in payables	(1,050,331)	263,032
Cash generated from operations	104,257	2,661,979
Taxes paid	-	(131,766)
Net cash generated from operating activities	104,257	2,503,213

15. Related party transactions

The Company had a lease and service agreement with RIT Capital Partners plc, the Company's former ultimate parent undertaking, relating to part of 12-13 St. James's Place, London, SW1A 1NX, the Company's former registered address. The Company was charged £71,463 by RIT Capital Partners plc for rent, rates and service charge for the year to 31 December 2018 (2017: £172,355).

Jamie Seaton is 50% shareholder of GVQIM Holdings Limited and Jonathan Morgan is a 50% shareholder of GVQIM Holdings Limited. On 16 December 2017, GVQIM Holdings Limited entered into an agreement to acquire the Company from RIT Capital Partners plc, subject to regulatory approval. Regulatory approval was received on 25 January 2018. The deal completed on 27 February 2018.

16. Risk and Capital Management Policies

Client risk

The main risk faced by the Company is the potential loss of investment management fee contracts. In certain circumstances, investors may be able to terminate these contracts. This could arise because of poor investment advice, significant errors, negligence, fraud or other matters. These risks are mitigated by implementing a rigorous investment process for approving investment decisions. The potential for significant errors is also reduced by using well established third party administrators to deal with the day-to-day operations of the Firm.

Financial assets of the Company

The financial assets of the Company are as follows:

	Floating Rate 2018 £	Fixed Rate 2018 £	Non interest Bearing 2018 £	Total 2018 £
Currency denomination of assets as at 31 December 2018:				
Sterling	3,031,921	-	1,111,002	4,142,923

	Floating Rate 2017 £	Fixed Rate 2017 £	Non interest Bearing 2017 £	Total 2017 £
Currency denomination of assets as at 31 December 2017:				
Sterling	4,435,407	-	1,397,885	5,833,292

The financial liabilities of the Company are as follows:

	Floating Rate 2018 £	Fixed Rate 2018 £	Non Interest Bearing 2018 £	Total 2018 £
Currency denomination of liabilities as at 31 December 2018:				
Sterling	-	-	931,400	931,400

16. Risk and Capital Management Policies (continued)

	Floating Rate 2017 £	Fixed Rate 2017 £	Non Interest Bearing 2017 £	Total 2017 £
Currency denomination of liabilities as at 31 December 2017:				
Sterling	-	-	1,818,489	1,818,489

Maturity analysis

Financial assets (maturity)
The analysis into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity date or if earlier the expected date the assets will be realised.

Financial liabilities (maturity)
The analysis into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity date. When a counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Company can be required to pay.

2018:

	<1 month £	1-3 months £	3-12 months £	1-5 years £	>5 years £	Total £
Financial assets						
Deferred tax	-	-	-	11,105	-	11,105
Cash and cash equivalents	3,031,921	-	-	-	-	3,031,921
Prepayments and other debtors	10,868	91,477	27,880	-	-	130,225
Accrued investment management fee income	-	980,777	-	-	-	980,777
	3,042,789	**1,072,254**	**27,880**	**11,105**	**-**	**4,154,028**
Financial liabilities						
Other creditors and accruals	(660,129)	(95,179)	(176,092)	-	-	(931,400)
	(660,129)	**(95,179)**	**(176,092)**	**-**	**-**	**(931,400)**
Available liquidity	**2,382,660**	**977,075**	**(148,212)**	**11,105**	**-**	**3,222,628**

16. Risk and Capital Management Policies (continued)

2017:

	<1 month	1-3 months	3-12 months	1-5 years	>5 years	Total
	£	£	£	£	£	£
Financial assets						
Deferred tax	-	-	-	11,743	-	11,743
Cash and cash equivalents	4,435,407	-	-	-	-	4,435,407
Prepayments and other debtors	10,169	47,521	27,749	-	-	85,439
Accrued investment management fee income	-	1,312,446	-	-	-	1,312,446
	4,445,576	**1,359,967**	**27,749**	**11,743**	**-**	**5,845,035**
Financial liabilities						
Other creditors and accruals	(1,757,640)	(53,347)	(7,502)	-	-	(1,818,489)
	(1,757,640)	**(53,347)**	**(7,502)**	**-**	**-**	**(1,818,489)**
Available liquidity	**2,687,936**	**1,306,620**	**20,247**	**11,743**	**-**	**4,026,546**

Interest rate risk

Bank deposits are subject to interest rate risk. At 31 December 2018, the Company held cash of £3.0 million (2017: £4.4 million) earning interest at market rates.

If the interest rates on cash deposits had been 200 basis points higher during the year, the profit for the year would have increased by £74,673 (2017: increased by £17,728). If the interest rates on cash deposits had been 200 basis points lower, the profit for the year would have decreased by £6,559 (2017: decreased by £5,932).

Credit risk

Accrued investment management fees amounting to £980,777 (2017: £1,312,446) and other receivables amounting to £130,212 (2017: £85,439) were exposed to credit risk as at 31 December 2018, although the Directors consider such risk to be negligible.

Currency risk

The Company has some suppliers who invoice in USD but the Directors consider currency risk to be negligible.

Market price risk

The Company is exposed to market price risk as management fee income is calculated as a percentage of net asset value of the managed funds.

If market prices had been 10% higher, the profit for the year would have increased by £445,819 (2017: £523,408). If market prices had been 10% lower, the profit for the year would have decreased by £445,819 (2017: £523,408).

16. Risk and Capital Management Policies (continued)

Regulatory risk

As an entity regulated by the Financial Conduct Authority ("FCA"), the Company is subject to various regulatory requirements. A risk exists that the Company could fail to satisfy the obligations under the FCA regime. A breach of the Company's regulatory requirements could have adverse financial consequences and could be damaging in terms of the Company's reputation. The Company employs a Compliance Officer in order to mitigate this risk.

Capital Management

The Company's primary objective in relation to management of capital is to ensure its ability to continue as a going concern.

In addition, the company is subject to capital requirements imposed by the FCA and must ensure that there is adequate capital to meet the requirements as set out by the FCA. The Company was in compliance with those capital requirements throughout the year.

The Company's capital as at 31 December 2018 and 31 December 2017 (as restated):

£	2018	2017
Equity Share Capital	799,999	799,999
Retained Earnings and other reserves	2,422,629	3,247,618
Total Capital	3,222,628	4,047,617

17. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases ending as follows:

£	2018	2017
Not later than 1 year	169,527	-
Later than 1 year end not later than 5 years	84,065	-
Total commitments	253,592	-

18. Ultimate parent undertaking

On 16 December 2017, GVQIM Holdings Limited entered into an agreement to acquire the Company from RIT Capital Partners plc, subject to regulatory approval. Regulatory approval was received on 25 January 2018. The deal completed on 27 February 2018. Accordingly, GVQIM Holdings Limited became the ultimate parent undertaking as of that date.

19. Prior year restatement

A prior year restatement has been made in respect of a corporation tax charge recognised in 2017 of £484,128. The Directors consider that as at 31 December 2017 based on historical experience there was a reasonable expectation that the 2017 corporation tax liability would not be paid due to the availability of group relief and accordingly no such liability should have been recognised in the 2017 financial statements.

The effect of the prior year restatement is to decrease tax payable and increase equity in 2017 by £484,128. The profit after tax for 2017 has also increased by £484,128 as a result of this restatement.