

COMPANY REGISTRATION NUMBER: 09111421

**Alvarium Investments Limited (Formerly LJ GP Partnership Limited)**

**Financial Statements**

**31 December 2018**

THURSDAY



\*L86KNØXC\*

LD4

30/05/2019

#199

COMPANIES HOUSE

**Alvarium Investments Limited (Formerly LJ GP Partnership Limited)**

**Financial Statements**

**Year ended 31 December 2018**

<b>Contents</b>	<b>Page</b>
Officers and professional advisers	1
Strategic report	2
Directors' report	4
Independent auditor's report to the members	7
Consolidated statement of comprehensive income	10
Consolidated statement of financial position	11
Company statement of financial position	13
Consolidated statement of changes in equity	14
Company statement of changes in equity	16
Consolidated statement of cash flows	17
Notes to the financial statements	19

mans



# **Alvarium Investments Limited (Formerly LJ GP Partnership Limited)**

## **Officers and Professional Advisers**

### **The board of directors**

Mr A De Meyer  
Mr A C Williams  
Mr T Yeung  
Mr K J Costa  
Mr A Bouzarif

### **Company secretary**

G Hardcastle

### **Registered office**

10 Old Burlington Street  
London  
England  
W1S3AG

### **Auditor**

BDO LLP  
Chartered Accountants & statutory auditor  
55 Baker Street  
London  
UK  
W1U 7EU

### **Solicitors**

Brown Rudnick LLP  
8 Clifford Street  
London  
UK  
W1S 2LQ

mans

# **Alvarium Investments Limited (Formerly LJ GP Partnership Limited)**

## **Strategic Report** *(continued)*

### **Year ended 31 December 2018**

The directors present their strategic report for the group for the year ended 31 December 2018.

#### **Principal activities**

The principal activities of the group are that of the following four core services:

- i) Co-Investment: Sourcing alternative investment and providing advisory and brokerage services in relation to such transactions.
- ii) Investment Advisory: Providing bespoke investment advice to private clients, family offices, charitable foundations and institutions. Such activities are regulated by the FCA and respective regulatory authorities in Switzerland, USA, Hong Kong and Portugal.
- iii) Merchant Banking: A corporate advisory practise focused on media, consumer and technology sectors.
- iv) Trust & Administration: Providing fiduciary, trust, corporate, financial and related management services centred on the wealth planning, investment, business structuring requirements of clients and providing family office and concierge services.

#### **Fair review of the groups business**

Over the past few years the group has put together an appropriate corporate and governance structure to allow the business to grow and achieve advantageous synergies following the merger of group companies at the end of 2014. The group continues to grow both organically and through strategic acquisitions. The intention is to continue this trajectory in future years.

During 2018 the group brought in a new strategic shareholder through a rights issue and secondary share sale, following regulatory approval in appropriate jurisdictions, to assist in the continued growth of the business. The transaction completed between the parties in May 2018. The transaction resulted in 198,702 new ordinary shares being issued at £173.37 per share, providing a further £34.4m of share capital which was used to retire all debt and provide further working capital.

In the first quarter of 2019 the group completed further acquisitions, as detailed in post balance sheet event note 35 and also underwent a complete corporate rebranding, relaunching as 'Alvarium'.

The consolidated results show total revenues of £32.5m (2017 £33m). After exceptional cost items including refinancing & restructuring costs, director share grants, employee share scheme tax payments and equity share based payments, the group can report an adjusted EBITDA of £14.7m (2017 £6.5m).

Consolidated results after tax were a loss of £0.4m, compared to £4.7m a year earlier. This is after the recognition of significant amortisation charges (circa £7m including £1.5m amortisation arising on the group's interests in JV's and associates) as a result of the 2014 merge and recent acquisitions.

Closing net assets are £65m, compared to £39m a year earlier.

#### **Principal risks and uncertainties**

1) The group presence in Switzerland, Spain, Hong Kong, USA, Australia and New Zealand leave them exposed to fluctuations in the foreign currency market. The directors monitor this risk and retain cash reserves in all currencies to help mitigate this risk. They do not consider it necessary to formally hedge against this risk.

2) The group is exposed to competitive pressure and the risk of losing key clients to competitors. The directors monitor this risk through maintaining excellent client service and relationships, across multiple partners within the business.

# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Strategic Report *(continued)*

Year ended 31 December 2018

3) The nature of the group's activities leave them exposed to possible regulatory penalties, which would have a negative impact in an industry where reputation is key. The directors monitor this risk with stringent group wide procedures, led by a qualified compliance team based in the London office. The Chief Compliance Officer oversees this function for the group globally.

This report was approved by the board of directors on 22/5/19 and signed on behalf of the board by:



Mr A De Meyer  
Director

Registered office:  
10 Old Burlington Street  
London  
England  
W1S3AG

mans

# **Alvarium Investments Limited (Formerly LJ GP Partnership Limited)**

## **Directors' Report**

### **Year ended 31 December 2018**

The directors present their report and the financial statements of the group for the year ended 31 December 2018.

#### **Directors**

The directors who served the company during the year were as follows:

Mr A De Meyer	
Mr A C Williams	
Mr T Yeung	
Mr K J Costa	(Appointed 25 May 2018)
Mr A Bouzarif	(Appointed 25 May 2018)
Mr E P Shave	(Retired 25 May 2018)
Mr E Lawson Johnston	(Retired 25 May 2018)
Mr H Lawson Johnston	(Retired 18 April 2018)
Mr J Elkington	(Retired 25 May 2018)
Mr A Champalimaud	(Retired 25 May 2018)
Mr S Shambayati	(Retired 25 May 2018)
Mr J Ball	(Retired 25 May 2018)
Mr P Stalman	(Retired 25 May 2018)
Mr A S Davies	(Retired 25 May 2018)
Mr C M Hamilton	(Retired 25 May 2018)
Mr N Beaton	(Retired 25 May 2018)
Mr C Filmer	(Retired 25 May 2018)
Mrs A Filmer	(Retired 25 May 2018)
Ms C Bullrich	(Retired 25 May 2018)
Mr R De La Serna	(Retired 25 May 2018)
Mr J Remy	(Retired 25 May 2018)
Mr A A M A Fakhroo	(Served from 24 July 2018 to 25 October 2018)

#### **Dividends**

Particulars of recommended dividends are detailed in note 14 to the financial statements.

#### **Future developments**

The directors consider the state of the group's affairs to be encouraging, and anticipate results for the coming year to improve further.

# **Alvarium Investments Limited (Formerly LJ GP Partnership Limited)**

## **Directors' Report** *(continued)*

**Year ended 31 December 2018**

### **Financial instruments**

#### **Financial risk management objectives and policies**

The group's operations expose it to a variety of financial risks that include the effects of price risk, credit risk, liquidity risk and interest rate risk. The group has in place a risk management programme that seeks to limit the adverse effects of financial performance of the group by monitoring levels of debt finance and the related finance costs. The group does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

The group operates systems and controls to mitigate any adverse effects across the range of risks it faces. The group will use financial instruments to manage exposure to price risk, liquidity risk and cash flow risk as appropriate. These risks are managed by the directors' assessment of the exposure of the group to each of those factors.

#### *Credit risk*

The group has implemented policies that require appropriate credit checks on potential clients before on boarding.

#### *Liquidity risk*

The group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the group has sufficient available funds for operations and planned expansions.

#### *Interest rate cash flow risk*

The group has both interest bearing assets and interest bearing liabilities. Interest bearing assets include cash and loan balances, all of which earn interest at fixed rates. The group has borrowings which have been used to fund its expansion. The group has a policy of agreeing fixed interest rates on its borrowing facilities to ensure certainty of future cash outflows.

### **Events after the end of the reporting period**

Particulars of events after the reporting date are detailed in note 35 to the financial statements.

### **Disclosure of information in the strategic report**

The group has included within the strategic report an indication of the group's principal activities and a fair review of the group's business.

The strategic report also includes the principal risks and uncertainties faced by the group, along with an assessment of the group's exposure to those risks.

### **Directors' responsibilities statement**

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and the profit or loss of the group for that period.

# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Directors' Report *(continued)*

Year ended 31 December 2018

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 22/5/19 and signed on behalf of the board by:



Mr A De Weyer  
Director

Registered office:  
10 Old Burlington Street  
London  
England  
W1S3AG



# **Alvarium Investments Limited (Formerly LJ GP Partnership Limited)**

## **Independent Auditor's Report to the Members of Alvarium Investments Limited (Formerly LJ GP Partnership Limited) (continued)**

**Year ended 31 December 2018**

### **Opinion**

We have audited the financial statements of Alvarium Investment Limited (formerly LJ GP Partnership Limited) ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2018 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity and consolidated statement of cash flows, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice)

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2018 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or Parent 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 Strategic 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

# **Alvarium Investments Limited (Formerly LJ GP Partnership Limited)**

## **Independent Auditor's Report to the Members of Alvarium Investments Limited (Formerly LJ GP Partnership Limited) (continued)**

### **Year ended 31 December 2018**

we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and 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 Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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' Report, 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 Group's and the Parent 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 Group or the Parent 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.



**Alvarium Investments Limited (Formerly LJ GP Partnership Limited)**

**Independent Auditor's Report to the Members of Alvarium Investments Limited (Formerly LJ GP Partnership Limited) (continued)**

**Year ended 31 December 2018**

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 at the Financial Reporting Council's website at:

<https://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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

John Perry (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, UK

22 May 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

mans

# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Consolidated Statement of Comprehensive Income

Year ended 31 December 2018

	Note	2018 £	2017 £
<b>Turnover</b>	<b>4</b>	<b>32,372,217</b>	33,145,653
Cost of sales		<u>28,396,574</u>	<u>23,243,663</u>
<b>Gross profit</b>		<b>3,975,643</b>	9,901,990
Administrative expenses		13,047,590	8,651,781
Gain on impairment or disposal of operations		(391,917)	–
(Gain)/loss on disposal and restructuring of interests in joint ventures and associates		(1,599,223)	(1,427,754)
Amortisation of intangible assets	15	<u>5,416,765</u>	<u>5,122,678</u>
<b>Operating loss</b>	<b>5</b>	<b>(12,497,572)</b>	(2,444,715)
Share of profit of associates	17	738,122	180,157
Share of profit/(loss) of joint ventures	17	367,151	(375,897)
Income from other fixed asset investments	9	12,986,950	249,985
Interest receivable	10	423,012	276,584
Amounts written back to investments	11	–	30,429
Interest payable	12	<u>1,724,848</u>	<u>2,844,706</u>
<b>Profit/(loss) before taxation</b>		<b>292,815</b>	(4,989,021)
Taxation on ordinary activities	13	<u>682,298</u>	<u>(310,807)</u>
<b>Loss for the financial year</b>		<b>(389,483)</b>	(4,678,214)
Share of other comprehensive income of joint ventures		87,852	(29,454)
Foreign currency retranslation		<u>1,151,572</u>	<u>(1,336,670)</u>
<b>Other comprehensive income for the year</b>		<b>1,239,424</b>	(1,366,124)
<b>Total comprehensive income for the year</b>		<b><u>849,941</u></b>	<b><u>(6,044,338)</u></b>
Loss for the financial year attributable to:			
The owners of the parent company		(914,179)	(4,887,166)
Non-controlling interests		<u>524,696</u>	<u>208,952</u>
		<b>(389,483)</b>	<b>(4,678,214)</b>
Total comprehensive income for the year attributable to:			
The owners of the parent company		325,779	(6,253,789)
Non-controlling interests		<u>524,162</u>	<u>209,451</u>
		<b><u>849,941</u></b>	<b><u>(6,044,338)</u></b>

All the activities of the group are from continuing operations.

The notes on pages 19 to 60 form part of these financial statements.

# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Consolidated Statement of Financial Position

31 December 2018

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Intangible assets	15	33,447,460	38,341,597
Tangible assets	16	1,145,973	267,794
Investments:	17		
Investments in associates		3,118,484	3,398,945
Investments in joint-ventures		12,834,480	13,511,062
Other fixed asset investments		1,687,188	84,073
		<u>52,233,585</u>	<u>55,603,471</u>
<b>Current assets</b>			
Debtors	18	24,177,368	19,334,086
Investments	19	2,018	3,012
Cash at bank and in hand		13,133,369	6,255,890
		<u>37,312,755</u>	<u>25,592,988</u>
<b>Creditors: amounts falling due within one year</b>	20	<u>21,195,690</u>	<u>41,127,582</u>
<b>Net current assets/(liabilities)</b>		<u>16,117,065</u>	<u>(15,534,594)</u>
<b>Total assets less current liabilities</b>		<u>68,350,650</u>	<u>40,068,877</u>
<b>Creditors: amounts falling due after more than one year</b>	21	3,136,453	569,335
<b>Provisions</b>			
Taxation including deferred tax	23	2,012	2,510
Other provisions	23	—	442,730
		<u>2,012</u>	<u>445,240</u>
<b>Net assets</b>		<u>65,212,185</u>	<u>39,054,302</u>
<b>Capital and reserves</b>			
Called up share capital	28	5,873	3,886
Share premium account	29	—	53,829,286
Reserve for own shares	29	—	(507,748)
Profit and loss account	29	65,092,695	(14,118,934)
<b>Equity attributable to the owners of the parent company</b>		<u>65,098,568</u>	<u>39,206,490</u>
<b>Non-controlling interests</b>		<u>113,617</u>	<u>(152,188)</u>
		<u>65,212,185</u>	<u>39,054,302</u>

The consolidated statement of financial position  
continues on the following page.

The notes on pages 19 to 60 form part of these financial statements.

**Alvarium Investments Limited (Formerly LJ GP Partnership Limited)**

**Consolidated Statement of Financial Position** *(continued)*

**31 December 2018**

These financial statements were approved by the board of directors and authorised for issue on 22/5/19, and are signed on behalf of the board by:



Mr A De Meyer  
Director

Company registration number: 09111421

The notes on pages 19 to 60 form part of these financial statements.

# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

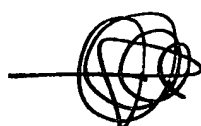
## Company Statement of Financial Position

31 December 2018

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	16	869,266	—
Investments	17	50,336,875	50,984,930
		<u>51,206,141</u>	<u>50,984,930</u>
<b>Current assets</b>			
Debtors	18	21,059,742	22,552,326
Cash at bank and in hand		5,862,207	32,179
		<u>26,921,949</u>	<u>22,584,505</u>
<b>Creditors: amounts falling due within one year</b>	20	15,914,920	31,592,370
<b>Net current assets/(liabilities)</b>		<u>11,007,029</u>	<u>(9,007,865)</u>
<b>Total assets less current liabilities</b>		<u>62,213,170</u>	<u>41,977,065</u>
<b>Creditors: amounts falling due after more than one year</b>	21	2,790,302	—
<b>Net assets</b>		<u>59,422,868</u>	<u>41,977,065</u>
<b>Capital and reserves</b>			
Called up share capital	28	5,873	3,886
Share premium account	29	—	53,829,286
Reserve for own shares	29	—	(507,748)
Profit and loss account	29	59,416,995	(11,348,359)
<b>Shareholders funds</b>		<u>59,422,868</u>	<u>41,977,065</u>

The loss for the financial year of the parent company was £8,120,495 (2017: £6,460,615).

These financial statements were approved by the board of directors and authorised for issue on 22/5/19, and are signed on behalf of the board by:



Mr A De Meyer  
Director

Company registration number: 09111421

The notes on pages 19 to 60 form part of these financial statements.

# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Consolidated Statement of Changes in Equity

Year ended 31 December 2018

	Called up share capital £	Share premium account £	Reserve for own shares £	Profit and loss account £	Equity attributable to the owners of the parent company £	Non- controlling interests £	Total £
<b>At 1 January 2017</b>	3,886	53,829,286	(507,748)	(8,104,956)	45,220,468	(107,552)	45,112,916
Loss for the year				(4,887,166)	(4,887,166)	208,952	(4,678,214)
Other comprehensive income for the year:							
Share of other comprehensive income of joint ventures	-	-	-	(29,454)	(29,454)	-	(29,454)
Foreign currency retranslation	-	-	-	(1,337,169)	(1,337,169)	499	(1,336,670)
<b>Total comprehensive income for the year</b>	-	-	-	(6,253,789)	(6,253,789)	209,451	(6,044,338)
Issue of convertible debt	-	-	-	94,557	94,557	-	94,557
Equity-settled share-based payments	-	-	-	145,254	145,254	-	145,254
Distributions to other members in LLP controlled by the group	-	-	-	-	-	(254,087)	(254,087)
<b>Total investments by and distributions to owners</b>	-	-	-	239,811	239,811	(254,087)	(14,276)
<b>At 31 December 2017</b>	3,886	53,829,286	(507,748)	(14,118,934)	39,206,490	(152,188)	39,054,302

The consolidated statement of changes in equity  
continues on the following page.

The notes on pages 19 to 60 form part of these financial statements.

# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Consolidated Statement of Changes in Equity *(continued)*

Year ended 31 December 2018

	Called up share capital £	Share premium account £	Reserve for own shares £	Profit and loss account £	Equity attributable to the owners of the parent company £	Non- controlling interests £	Total £
Loss for the year				(914,179)	(914,179)	524,696	(389,483)
Other comprehensive income for the year:							
Share of other comprehensive income of joint ventures	—	—	—	87,852	87,852	—	87,852
Foreign currency retranslation	—	—	—	1,152,106	1,152,106	(534)	1,151,572
<b>Total comprehensive income for the year</b>	—	—	—	325,779	325,779	524,162	849,941
Issue of shares	1,987	34,446,979	—	—	34,448,966	—	34,448,966
Dividends paid and payable	14	—	—	(9,030,214)	(9,030,214)	—	(9,030,214)
Equity-settled share-based payments	—	—	—	147,547	147,547	—	147,547
Distributions to other members in LLP controlled by the group	—	—	—	—	—	(258,357)	(258,357)
Beneficial ownership of shares transferred	—	—	507,748	(507,748)	—	—	—
Capital reduction	—	(88,276,265)	—	88,276,265	—	—	—
<b>Total investments by and distributions to owners</b>	1,987	(53,829,286)	507,748	78,885,850	25,566,299	(258,357)	25,307,942
<b>At 31 December 2018</b>	<u>5,873</u>	<u>—</u>	<u>—</u>	<u>65,092,695</u>	<u>65,098,568</u>	<u>113,617</u>	<u>65,212,185</u>

The notes on pages 19 to 60 form part of these financial statements.

mans

# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Company Statement of Changes in Equity

Year ended 31 December 2018

	Called up share capital £	Share premium account £	Reserve for own shares £	Profit and loss account £	Total £
<b>At 1 January 2017</b>	3,886	53,829,286	(507,748)	(5,127,555)	48,197,869
Loss for the year				(6,460,615)	(6,460,615)
<b>Total comprehensive income for the year</b>	–	–	–	(6,460,615)	(6,460,615)
Issue of convertible debt	–	–	–	94,557	94,557
Equity-settled share-based payments	–	–	–	145,254	145,254
<b>Total investments by and distributions to owners</b>	–	–	–	239,811	239,811
<b>At 31 December 2017</b>	3,886	53,829,286	(507,748)	(11,348,359)	41,977,065
Loss for the year				(8,120,496)	(8,120,496)
<b>Total comprehensive income for the year</b>	–	–	–	(8,120,496)	(8,120,496)
Issue of shares	1,987	34,446,979	–	–	34,448,966
Dividends paid and payable	–	–	–	(9,030,214)	(9,030,214)
Equity-settled share-based payments	–	–	–	147,547	147,547
Beneficial ownership of shares transferred	–	–	507,748	(507,748)	–
Capital reduction	–	(88,276,265)	–	88,276,265	–
<b>Total investments by and distributions to owners</b>	1,987	(53,829,286)	507,748	78,885,850	25,566,299
<b>At 31 December 2018</b>	5,873	–	–	59,416,995	59,422,868

The notes on pages 19 to 60 form part of these financial statements.



# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Consolidated Statement of Cash Flows

Year ended 31 December 2018

	2018 £	2017 £
<b>Cash flows from operating activities</b>		
Loss for the financial year	(389,483)	(4,678,214)
<i>Adjustments for:</i>		
Depreciation of tangible assets	285,535	104,207
Amortisation of intangible assets	5,416,765	5,122,678
Amounts written back to investments	–	30,429
Share of profit of associates	(738,122)	(180,157)
Share of profit of joint ventures	(367,151)	375,897
Income from other fixed asset investments	(12,986,950)	(249,985)
Interest receivable	(423,012)	(276,584)
Interest payable	1,724,848	2,844,706
Loss on impairment or disposal of operations	(391,917)	–
Equity-settled share-based payments	147,547	145,254
Unrealised foreign currency loss/(gains)	133,414	(132,888)
Taxation on ordinary activities	682,298	(310,807)
(Gain)/loss on disposal and restructuring of interests in joint ventures	(1,599,223)	(1,427,754)
<i>Changes in:</i>		
Trade and other debtors	2,359,192	(5,826,871)
Trade and other creditors	619,675	5,381,587
Provisions and employee benefits	(244,014)	51,288
Cash generated from operations	(5,770,598)	972,786
Tax paid	(62,873)	(32,699)
Net cash (used in)/from operating activities	<u>(5,833,471)</u>	<u>940,087</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(1,183,257)	(74,097)
Purchase of intangible assets	–	(52,395)
Cash advances and loans granted	(1,587,099)	(204,000)
Cash receipts from the repayment of advances and loans	777,052	1,125,604
Acquisition of subsidiaries	–	151,908
Proceeds from sale of subsidiaries	(389,792)	–
Acquisition of interests in associates and joint ventures	(8,912)	(10,151)
Proceeds from sale of interests in associates and joint ventures	1,199,922	1,388,747
Purchases of other investments	(1,652,601)	(8,869)
Proceeds from sale of other investments	26,576	–
Dividends received	9,119,881	1,332,315
Interest received	262,378	24,525
Deferred consideration paid on acquisition	(412,909)	(420,238)
Net cash from investing activities	<u>6,151,239</u>	<u>3,253,349</u>

The consolidated statement of cash flows  
continues on the following page.

The notes on pages 19 to 60 form part of these financial statements.

# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Consolidated Statement of Cash Flows *(continued)*

Year ended 31 December 2018

	Note	2018 £	2017 £
<b>Cash flows from financing activities</b>			
Proceeds from issue of ordinary shares		34,448,966	–
Proceeds from borrowings		2,200,000	442,675
Repayments of borrowings		(28,738,966)	–
Proceeds from loans from participating interests		500,000	300,000
Repayments of loans from participating interests		(556,615)	–
Payments of finance lease liabilities		796,832	–
Interest paid		(1,842,965)	(2,834,400)
Dividends paid		(103,100)	–
Distribution of profits to minority interests in LLP		(258,357)	(254,087)
Net cash from/(used in) financing activities		<u>6,445,795</u>	<u>(2,345,812)</u>
<b>Net increase in cash and cash equivalents</b>		<b>6,763,563</b>	<b>1,847,624</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>6,255,890</b>	<b>4,493,400</b>
Exchange gains/(losses) on cash and cash equivalents		<u>113,916</u>	<u>(85,134)</u>
<b>Cash and cash equivalents at end of year</b>		<b><u>13,133,369</u></b>	<b><u>6,255,890</u></b>

The notes on pages 19 to 60 form part of these financial statements.

# **Alvarium Investments Limited (Formerly LJ GP Partnership Limited)**

## **Notes to the Financial Statements**

**Year ended 31 December 2018**

### **1. General information**

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 10 Old Burlington Street, London, W1S3AG, England.

### **2. Statement of compliance**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

### **3. Accounting policies**

#### **Basis of preparation**

The financial statements have been prepared on a going concern basis, under the historical cost basis, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss. They have been prepared in accordance with applicable accounting standards.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group and company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

The company has taken advantage of the exemption in section 408 of the companies act from disclosing its individual profit and loss account.

The financial statements are prepared in sterling, which is the functional currency of the group.

#### **Employee benefits**

##### *Annual bonus plan*

The company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

##### *Short term benefits*

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

# **Alvarium Investments Limited (Formerly LJ GP Partnership Limited)**

## **Notes to the Financial Statements *(continued)***

**Year ended 31 December 2018**

### **3. Accounting policies *(continued)***

#### **Disclosure exemptions**

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102 in relation to the company results:

- (a) No cash flow statement has been presented for the company on the basis that the consolidated statement of cashflows includes the company cashflows.
- (b) Disclosures in respect of financial instruments have not been presented.
- (c) Disclosures in respect of share-based payments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

#### **Consolidation**

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings together with the Group's share of the results of associates and joint ventures made up to 31 December 2018.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the Group owns less than 50% of the voting powers of an entity but controls the entity by virtue of an agreement with other investors which give it control of the financial and operating policies of the entity it accounts for that entity as a subsidiary.

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the Group holds a long-term interest and where the Group has significant influence. The Group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate. The results of associates are accounted for using the equity method of accounting.

Any subsidiary undertakings or associates sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively.

Where control of a subsidiary is lost, the gain or loss is recognised in the consolidated income statement. The cumulative amounts of any exchange differences on translation, recognised in equity, are not included in the gain or loss on disposal and are transferred to retained earnings. The gain or loss also includes amounts included in other comprehensive income that are required to be reclassified to profit or loss but excludes those amounts that are not required to be reclassified.

Where control of a subsidiary is achieved in stages, the initial acquisition that gave the Group control is accounted for as a business combination. Thereafter where the Group increases its controlling interest in the subsidiary the transaction is treated as a transaction between equity holders. Any difference between the fair value of the consideration paid and the carrying amount of the non-controlling interest acquired is recognised directly in equity. No changes are made to the carrying value of assets, liabilities or provisions for contingent liabilities.

Where the Group has established an employee share ownership plan (in this case LJ GP Nominee Limited) and is the sponsoring entity, notwithstanding the legal duties of the trustees, the Group considers that it has 'de facto' control of such entities. Such arrangements are accounted for as

# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 3. Accounting policies *(continued)*

assets and liabilities of the sponsoring company and included in the consolidated financial statements as appropriate. The Company's equity instruments held by LJ GP Nominee Limited are accounted for as if they were the Company's own equity and are treated as treasury shares. No gain or loss is recognised in profit or loss or other comprehensive income on the purchase, sale or cancellation of the Company's own equity held by LJ GP Nominee Limited.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the Group's interest in the entity.

#### Non-controlling interests

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination.

The proportions of profit or loss and changes in equity allocated to the owners of the parent and to the minority interests are determined on the basis of existing ownership interests and do not reflect the possible exercise or conversion of options or convertible instruments.

#### Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Significant judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

##### *Limited economic rights over entities controlled by the group*

In the case of LJ Maple Limited, LJ Maple Circus Limited, LJ Maple Hamlet Limited, LJ Maple Hill Limited, LJ Maple Belgravia Limited, LJ Maple St Johns Wood Limited, LJ Maple Kew Limited, LJ Maple Chelsea Limited, LJ Maple Toft Limited, LJ Capital (RL) Limited, LJ Greenwich Sarl, LJ Green Lanes Holdings Limited, LJ Maple Kensington Limited, LJ Maple Nine Elms Limited, LJ Maple Duke Limited, LJ Maple Abbey Limited and LJ Capital (Woody) Limited, the group control 100% of the voting rights (aside from reserved matters) (80% of LJ Capital (Woody) Limited) by virtue of their holding of a certain class of shares.

These entities have all issued a separate class of share to third party investors and raised finance from them, which has then been invested in property deals (except LJ Capital (Woody) Limited). These class of shares do not have any voting rights, but are entitled to the vast majority of economic returns. The group is entitled to a small 'promote fee' based on a percentage of the total profits from each deal, but does not invest any money into the deals at any point.

While the group controls the voting rights of the entities, it considers the restrictions to entitlement of profit from these entities to demonstrate a severe long term restriction. It does not therefore consider the voting rights in determining whether each entity is a subsidiary, associate or joint venture.

Each entity has therefore been classified as a fixed asset investment at cost less impairment, with



# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 3. Accounting policies *(continued)*

any dividends recognised as income upon receipt. Details concerning the financial performance and position of these entities can be found in the notes to the financial statements.

#### *Limited economic rights over entities owned by the group*

The group owns 100% of the share capital of LJ London Holdings Limited. The company was incorporated to invest in a property joint venture. To fund this, loan funding was obtained by LJ London Holdings Limited from a third party. Under the terms of the loan the vast majority of the profits from the venture revert to the lender, with the group entitled to a promote fee at conclusion. The group had no financial exposure to the venture.

The group considers the terms of the loan to demonstrate a severe long term restriction over rights to income from LJ London Holdings Limited. It has therefore been classified as a fixed asset investment at cost less impairment, with any dividends recognised upon receipt. In the absence of the terms of the loan, it would otherwise have been classified as a subsidiary.

#### **Key sources of estimation uncertainty**

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

#### *Useful economic lives and impairment of intangible assets*

The annual amortisation charge for intangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually.

The group also considers whether intangible assets are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows. See note 15 for the carrying amount of the intangible assets, and note 3 for the useful economic lives for each class of asset.

#### *Provisions*

Provision is made for onerous contracts and contingencies. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

#### *Useful economic lives of tangible fixed assets*

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 16 for the carrying amount of the land and buildings, fixtures and fittings and equipment, and note 3 for the useful economic lives for each class of assets.

# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 3. Accounting policies *(continued)*

#### Revenue recognition

*Corporate finance engagements, long term contracts and promotes/carries on property sales*

Invoices raised for the provision of annual or quarterly services are taken to the statement of comprehensive income on a pro rata basis over the period from the date of the invoice or renewal. The resulting accrued or deferred income is included within debtors or creditors respectively. This would include corporate finance engagements, management support and office space.

In respect of long term contracts, turnover is calculated by reference to the value of work performed to date as a proportion of the total estimated contract value. To the extent that the total contract value is not known owing to the final returns on the real estate funds being variable, the directors best estimates of future revenue is used in calculating the total contract value. The assumptions behind these estimates are reviewed annually taking into account market conditions.

Placement fees are recognised as invoiced at point of transaction closing.

Income from other fixed asset investments relating to promotes/carries on property sales are recognised at point of sale.

#### *Interest and investment income*

Interest income is recognised using the effective interest rate method.

Dividend income is recognised when the right to receive payment is established.

#### *UK Investment advisory revenue*

The turnover shown in the accounts represents amounts due to the group for services rendered in the year, exclusive of Value Added Tax. Consultancy Fees are invoiced on a quarterly basis in arrears and therefore at any point in time there is a level of accrued income pro-rata to the currently engaged client annual fee list or if known the actual invoiced amounts.

The majority of Advisory fees are received from the Pershing Platform quarterly in arrears. At any point in time there is a level of accrued income pro-rata to the expected annual revenues from Pershing. All other Advisory Fees are recognised on date of receipt.

#### *Overseas Investment advisory revenue*

Portfolio management and performance fees generally consist of percentage fees based upon client's portfolio size and performance and are billed to clients following the close of each calendar quarter. At the end of each month there is an income accrual provided for pro rata quarterly fees which are billed post quarter end.

#### *Trust and fiduciary revenue*

Turnover comprises revenue (exclusive of Value Added Tax) recognised by the group in respect of services supplied. Invoices raised for the provision of annual services are taken to the profit and loss account on a pro rata basis over the year from the date of the invoice or renewal. The resulting deferred income is included within creditors. Work in Progress is carried at 70% of recorded time as historical evidence indicates this being the level of recorded time converted to invoice. Any agent fees are booked as income when they are invoiced.

# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Notes to the Financial Statements *(continued)*

### Year ended 31 December 2018

#### 3. Accounting policies *(continued)*

##### *Private and family office revenue*

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Invoicing is completed monthly in arrears, with any resulting accrued income included in debtors at the year end.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

##### **Income tax**

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.



# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 3. Accounting policies *(continued)*

#### Foreign currencies

##### *Functional and presentational currency*

The group financial statements are presented in pound sterling. Pound sterling is considered to be the group's functional currency.

The company's functional and presentation currency is the pound sterling.

##### *Foreign currency transactions*

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss account.

##### *Foreign operations*

The trading results of Group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in 'Other comprehensive income' and allocated to non-controlling interest as appropriate.

#### Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

#### Goodwill

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Subsidiaries, joint ventures and associates - 10 years straight line.

#### Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 3. Accounting policies *(continued)*

#### Intangible assets *(continued)*

Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

#### Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	10 years straight line
Start-up costs	-	10 years straight line
Brands and licences	-	Between 2 and 10 years straight line
Customer list	-	10 years straight line
Negative goodwill	-	In the periods in which the non-monetary assets acquired are recovered

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

#### Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

#### Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Short leasehold property improvements	-	Various - straight line over remaining term on property lease, the maximum term of which is 4 year's
Fixtures and fittings	-	Between 3 and 5 years straight line
Office equipment	-	Between 3 and 5 years straight line

#### Investments

Fixed asset investments are initially recorded at cost and subsequently stated at cost less any accumulated impairment losses. Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

# **Alvarium Investments Limited (Formerly LJ GP Partnership Limited)**

## **Notes to the Financial Statements *(continued)***

**Year ended 31 December 2018**

### **3. Accounting policies *(continued)***

#### **Investments in associates**

Investments in associates are accounted for using the equity method of accounting, whereby the investment is initially recognised at the transaction price and subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate.

Goodwill arising on acquisition of associates is included within the investment cost. This is amortised over 10 years and included in the share of profits/losses included in the income statement.

#### **Investments in joint ventures**

Investments in joint ventures are accounted for using the equity method of accounting, whereby the investment is initially recognised at the transaction price and subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the joint venture.

Goodwill arising on acquisition of joint ventures is included within the investment cost. This is amortised over 10 years and included in the share of profits/losses included in the income statement.

#### **Impairment of fixed assets**

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

#### **Finance leases and hire purchase contracts**

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 3. Accounting policies *(continued)*

#### Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

#### Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

#### *Compound instruments*

Compound instruments comprise both a liability and an equity component. At date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar debt instrument. The liability component is accounted for as a financial liability.

The residual is the difference between the net proceeds of issue and the liability component (at time of issue). The residual is the equity component, which is accounted for as an equity instrument.

The interest expense on the liability component is calculated applying the effective interest rate for the liability component of the instrument. The difference between this amount and any repayments is added to the carrying amount of the liability in the balance sheet.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 3. Accounting policies *(continued)*

#### Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

#### Share-based payments

During 2015, 10,495 ordinary shares in the company were issued to certain employees of the company as part of a long term incentive scheme. The shares were granted to the employees on 24 September 2015 and are held in trust by LJ GP Nominee Limited, a company which is controlled by Alvarium Investments Limited. Unconditional rights to the shares do not pass to the employees until a certain period of service has been completed (between 1 and 3 years from the date of grant). The expense of shares granted is being recognised by the group over the period of service. They are deemed to be equity settled share based payments. All shares have now vested.

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based upon the group's estimate of the shares that will eventually vest, which involves making assumptions about the number of leavers over the vesting period. The vesting period is determined by the period of time the employees must remain in the group's employment before the rights to the shares transfer unconditionally to them.

Fair value has been determined with reference to recent transactions with external investors in the company's shares.

Where the terms of an equity-settled transaction are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled transaction is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the transaction is recognised immediately. However, if a new transaction is substituted for the cancelled transaction and designated as a replacement transaction on the date that it is granted, the cancelled and new transactions are treated as if they were a modification of the original transaction, as described in the previous paragraph.

The group has no-cash settled arrangements.

The charge is recognised around the group based on a reasonable allocation of the total charge. The allocation is the total charge for the group pro-rated for the number of participating employees of each subsidiary. In the parent company, a portion of the charge has therefore been recognised as an increase in the cost of investment in subsidiaries.



# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 4. Turnover

Turnover arises from:

	2018 £	2017 £
Rendering of services	<u>32,372,217</u>	<u>33,145,653</u>

The turnover is attributable to the principal activities of the group. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2018 £	2017 £
United Kingdom	17,853,865	18,155,149
Switzerland	7,357,130	7,298,677
Portugal	180,280	459,296
USA	3,823,662	3,267,313
Hong Kong	2,832,962	3,603,124
Spain	324,318	362,094
	<u>32,372,217</u>	<u>33,145,653</u>

### 5. Operating profit

Operating profit or loss is stated after charging/crediting:

	2018 £	2017 £
Depreciation of tangible assets	285,535	104,207
Equity-settled share-based payments expense	147,547	145,254
Foreign exchange differences	122,943	(53,143)
Payments made under operating leases	<u>–</u>	<u>1,567,170</u>

### 6. Auditor's remuneration

	2018 £	2017 £
Fees payable for the audit of the financial statements	<u>31,930</u>	<u>31,000</u>

Fees payable to the company's auditor and its associates for other services:

Audit of the financial statements of associates	203,244	190,973
Audit-related assurance services	27,711	10,545
Other assurance services	18,866	60,000
Other non-audit services	<u>31,173</u>	<u>2,965</u>
	<u>312,924</u>	<u>264,483</u>

# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 7. Particulars of employees

The average number of persons employed by the group during the year, including the directors, amounted to:

	2018 No.	2017 No.
Administrative staff	136	122
Management staff	30	21
	<u>166</u>	<u>143</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2018 £	2017 £
Wages and salaries	19,551,446	14,110,850
Social security costs	1,842,067	831,071
Other pension costs	401,162	236,011
	<u>21,794,675</u>	<u>15,177,932</u>

### 8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2018 £	2017 £
Remuneration	9,895,662	4,641,621
Company contributions to defined contribution pension plans	82,951	13,630
Sums paid to third parties in respect of directors' services	2,063,331	1,739,369
	<u>12,041,944</u>	<u>6,394,620</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2018 No.	2017 No.
Defined contribution plans	<u>8</u>	<u>1</u>

Remuneration of the highest paid director in respect of qualifying services:

	2018 £	2017 £
Aggregate remuneration	<u>2,553,328</u>	<u>1,580,530</u>

### 9. Income from other fixed asset investments

	2018 £	2017 £
Income from other fixed asset investments	<u>12,986,950</u>	<u>249,985</u>

# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 10. Interest receivable

	2018 £	2017 £
Interest on loans and receivables	391,293	123,482
Interest on cash and cash equivalents	2,402	5,051
Interest receivable on mezzanine financing arrangements	–	144,065
Interest receivable from participating interests	29,337	3,989
Gain on financial instruments	(20)	(3)
	<u>423,012</u>	<u>276,584</u>

The total income recognised in respect of financial assets measured at amortised cost is £423,012 (2017 - £276,584).

The total interest income in respect of financial assets which are not measured at fair value through profit or loss is £423,012 (2017 - £276,584).

### 11. Amounts written back to investments

	2018 £	2017 £
Impairment of other fixed asset investments	–	30,429

### 12. Interest payable

	2018 £	2017 £
Interest on banks loans and overdrafts	487,960	–
Interest on obligations under finance leases and hire purchase contracts	48,165	–
Unwinding of discount on provisions	15,659	14,342
Other interest payable and similar charges	1,173,064	2,830,364
	<u>1,724,848</u>	<u>2,844,706</u>

The total expense recognised in relation to financial liabilities measured at amortised cost is £1,724,848 (2017 - £2,844,706).

The group does not have any financial liabilities measured at fair value through profit or loss.

The total interest expense for financial liabilities which are not measured at fair value through profit or loss is £1,724,848 (2017 - £2,844,706).



# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 13. Taxation on ordinary activities

#### Major components of tax income

	2018 £	2017 £
<b>Current tax:</b>		
UK current tax income	5,408	–
Foreign current tax income	116,440	141,185
Total current tax	<u>121,848</u>	<u>141,185</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	560,450	57,383
Impact of change in tax rate	–	55,899
Recognition of prior period timing differences	–	(565,274)
Total deferred tax	<u>560,450</u>	<u>(451,992)</u>
<b>Taxation on ordinary activities</b>	<u><b>682,298</b></u>	<u><b>(310,807)</b></u>

#### Reconciliation of tax expense/(income)

The tax assessed on the profit/(loss) on ordinary activities for the year is higher than (2017: higher than) the standard rate of corporation tax in the UK of 19% (2017: 19.25%).

	2018 £	2017 £
Profit/(loss) on ordinary activities before taxation	<u>292,815</u>	<u>(4,989,021)</u>
Profit/(loss) on ordinary activities by rate of tax	55,635	(960,387)
Adjustment to tax charge in respect of prior periods	5,408	(565,274)
Effect of expenses not deductible for tax purposes	538,098	381,808
Effect of capital allowances and depreciation	(7,067)	3,878
Effect of revenue exempt from tax	(2,565,683)	(72,096)
Effect of different tax rates on some foreign earnings	(261,151)	(194,487)
Utilisation of tax losses	(34,929)	(395,798)
Unused tax losses	1,989,195	534,877
Adjustment to tax charge in respect of chargeable gains	(150,861)	62,898
Amortisation arising on consolidation	993,563	950,779
Minority interest in LLP not taxable in group	(54,186)	(47,862)
Effect of change in US tax rates	–	55,899
Specific tax allowance in US subsidiary	(94,499)	(99,197)
Income from associates and JV's not taxable in group	268,776	34,155
Tax on loss	<u><b>682,299</b></u>	<u><b>(310,807)</b></u>

# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Notes to the Financial Statements *(continued)*

**Year ended 31 December 2018**

### 14. Dividends

Dividends proposed before the year end (4 December 2018) and recognised as a liability:

	2018 £	2017 £
Dividends on equity shares	<u><b>9,030,214</b></u>	<u><b>–</b></u>

### 15. Intangible assets

Group	Goodwill £	Start-up costs £	Patents, trademarks and licences £	Client lists £	Negative goodwill £	Total £
<b>Cost</b>						
At 1 Jan 2018	38,115,536	52,395	9,957,496	7,373,297	(397,490)	<b>55,101,234</b>
Disposals	–	(643)	–	–	–	<b>(643)</b>
Acquisitions through business combinations	226,183	–	–	–	–	<b>226,183</b>
Disposals through business combinations	(385,155)	–	(165,619)	(299,565)	–	<b>(850,339)</b>
Translation gains/(losses)	536,723	3,122	98,491	169,869	–	<b>808,205</b>
<b>At 31 Dec 2018</b>	<u><b>38,493,287</b></u>	<u><b>54,874</b></u>	<u><b>9,890,368</b></u>	<u><b>7,243,601</b></u>	<u><b>(397,490)</b></u>	<u><b>55,284,640</b></u>
<b>Amortisation</b>						
At 1 Jan 2018	10,967,199	3,400	4,009,428	2,177,100	(397,490)	<b>16,759,637</b>
Charge for the year	3,833,850	7,484	847,082	728,349	–	<b>5,416,765</b>
Disposals through business combinations	(129,876)	–	(108,891)	(101,015)	–	<b>(339,782)</b>
Translation gains/(losses)	–	560	–	–	–	<b>560</b>
<b>At 31 Dec 2018</b>	<u><b>14,671,173</b></u>	<u><b>11,444</b></u>	<u><b>4,747,619</b></u>	<u><b>2,804,434</b></u>	<u><b>(397,490)</b></u>	<u><b>21,837,180</b></u>
<b>Carrying amount</b>						
<b>At 31 Dec 2018</b>	<u><b>23,822,114</b></u>	<u><b>43,430</b></u>	<u><b>5,142,749</b></u>	<u><b>4,439,167</b></u>	<u><b>–</b></u>	<u><b>33,447,460</b></u>
At 31 Dec 2017	<u><b>27,148,337</b></u>	<u><b>48,995</b></u>	<u><b>5,948,068</b></u>	<u><b>5,196,197</b></u>	<u><b>–</b></u>	<u><b>38,341,597</b></u>

The company has no intangible assets.

During the previous year negative goodwill of £397,490 arose on the acquisition of LJ Capital (HPGL) Limited. The total value of the negative goodwill was recognised in the income statement during the previous year.

# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Notes to the Financial Statements *(continued)*

**Year ended 31 December 2018**

### 16. Tangible assets

Group	Land and buildings £	Fixtures and fittings £	Equipment £	Total £
<b>Cost</b>				
At 1 January 2018	122,248	258,919	1,010,862	<b>1,392,029</b>
Additions	702,837	246,298	234,122	<b>1,183,257</b>
Disposals	(93,385)	(22,809)	(79,083)	<b>(195,277)</b>
Disposals through business combinations	—	(2,282)	(136,551)	<b>(138,833)</b>
Translation gains/(losses)	10,287	5,863	25,531	<b>41,681</b>
<b>At 31 December 2018</b>	<b>741,987</b>	<b>485,989</b>	<b>1,054,881</b>	<b>2,282,857</b>
<b>Depreciation</b>				
At 1 January 2018	99,349	180,912	843,974	<b>1,124,235</b>
Charge for the year	94,896	76,899	113,740	<b>285,535</b>
Disposals	(93,385)	(22,809)	(79,083)	<b>(195,277)</b>
Disposals through business combinations	—	(190)	(111,757)	<b>(111,947)</b>
Translation (gains)/losses	8,580	3,869	21,889	<b>34,338</b>
<b>At 31 December 2018</b>	<b>109,440</b>	<b>238,681</b>	<b>788,763</b>	<b>1,136,884</b>
<b>Carrying amount</b>				
<b>At 31 December 2018</b>	<b>632,547</b>	<b>247,308</b>	<b>266,118</b>	<b>1,145,973</b>
At 31 December 2017	22,899	78,007	166,888	267,794
<b>Company</b>				
	Land and buildings £	Fixtures and fittings £	Equipment £	Total £
<b>Cost</b>				
At 1 January 2018	—	—	—	—
Additions	668,526	210,726	130,606	<b>1,009,858</b>
<b>At 31 December 2018</b>	<b>668,526</b>	<b>210,726</b>	<b>130,606</b>	<b>1,009,858</b>
<b>Depreciation</b>				
At 1 January 2018	—	—	—	—
Charge for the year	83,566	35,360	21,666	<b>140,592</b>
<b>At 31 December 2018</b>	<b>83,566</b>	<b>35,360</b>	<b>21,666</b>	<b>140,592</b>
<b>Carrying amount</b>				
<b>At 31 December 2018</b>	<b>584,960</b>	<b>175,366</b>	<b>108,940</b>	<b>869,266</b>
At 31 December 2017	—	—	—	—

# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Notes to the Financial Statements *(continued)*

**Year ended 31 December 2018**

### 16. Tangible assets *(continued)*

#### Obligations under finance leases

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

#### Group and company

	Short leasehold property £	Fixtures and fittings £	Equipment £	Total £
<b>At 31 December 2018</b>	<u>579,269</u>	<u>129,941</u>	<u>63,686</u>	<u><b>772,896</b></u>
At 31 December 2017	<u>—</u>	<u>—</u>	<u>—</u>	<u><b>—</b></u>

### 17. Investments

#### Group

	Interests in associates £	Joint ventures £	Loans to participating interests £	Other investments other than loans £	Other loans £	Total £
<b>Share of net assets/cost</b>						
At 1 Jan 2018	3,398,945	13,511,062	22,372	92,130	—	<b>17,024,509</b>
Additions	181,099	8,908	—	52,600	1,600,000	<b>1,842,607</b>
Disposals	—	(23,897)	(22,372)	(27,113)	—	<b>73,382</b>
Share of profit or loss	765,295	367,151	—	—	—	<b>1,132,446</b>
Dividends received	(1,228,430)	(1,123,824)	—	—	—	<b>(2,352,254)</b>
Movements in equity	—	87,852	—	—	—	<b>87,852</b>
Gains/(losses) on translation	1,575	7,228	—	—	—	<b>8,803</b>
<b>At 31 Dec 2018</b>	<u>3,118,484</u>	<u>12,834,480</u>	<u>—</u>	<u>117,617</u>	<u>1,600,000</u>	<u><b>17,670,581</b></u>
<b>Impairment</b>						
At 1 Jan 2018 and 31 Dec 2018	<u>—</u>	<u>—</u>	<u>—</u>	<u>30,429</u>	<u>—</u>	<u><b>30,429</b></u>
<b>Carrying amount</b>						
<b>At 31 Dec 2018</b>	<u>3,118,484</u>	<u>12,834,480</u>	<u>—</u>	<u>87,188</u>	<u>1,600,000</u>	<u><b>17,640,152</b></u>
At 31 Dec 2017	<u>3,398,945</u>	<u>13,511,062</u>	<u>22,372</u>	<u>61,701</u>	<u>—</u>	<u><b>16,994,080</b></u>

# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Notes to the Financial Statements (continued)

Year ended 31 December 2018

### 17. Investments (continued)

Company	Class of share				Percentage of shares held
	Shares in group undertakings £	Loans to group undertakings £	Shares in participating interests £	Other investments other than loans £	Total £
<b>Cost</b>					
At 1 January 2018	42,234,906	363,915	8,750,001	23	<b>51,348,845</b>
Additions	119,423	—	—	—	<b>119,423</b>
Disposals	(947,157)	(363,915)	—	—	<b>(1,311,072)</b>
Transfers	179,679	—	—	—	<b>179,679</b>
<b>At 31 December 2018</b>	<b>41,586,851</b>	<b>—</b>	<b>8,750,001</b>	<b>23</b>	<b>50,336,875</b>
<b>Impairment</b>					
At 1 January 2018	—	363,915	—	—	<b>363,915</b>
Disposals	—	(361,595)	—	—	<b>(361,595)</b>
Reversal of impairment losses	—	(2,320)	—	—	<b>(2,320)</b>
<b>At 31 December 2018</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Carrying amount</b>					
<b>At 31 December 2018</b>	<b>41,586,851</b>	<b>—</b>	<b>8,750,001</b>	<b>23</b>	<b>50,336,875</b>
At 31 December 2017	42,234,906	—	8,750,001	23	50,984,930

The share of profit or loss from associates and joint ventures includes amortisation relating to the acquisition of those associates and joint ventures totalling £291,830 and £1,219,419 respectively.

### Subsidiaries, associates and other investments

Details of the investments in which the group and the parent company have an interest of 20% or more are as follows:

	Country of incorporation	Class of share	Percentage of shares held
<b>Subsidiary undertakings</b>			
Alvarium RE Limited	United Kingdom	Ordinary	100
Alvarium Investment Management Limited	United Kingdom	Ordinary Ordinary*	75 25
Alvarium PO (Payments) Limited*	United Kingdom	Ordinary*	100
LJ GP Carry Sarl	Luxembourg	Ordinary	100
Alvarium Investment Advisors (UK) Limited*	United Kingdom	Ordinary	100
Guggenheim Partners Latin America Inc.	USA	Ordinary	100
Guggenheim Investment Advisors (Suisse) SA	Switzerland	Ordinary	100
Guggenheim Investment Advisers (Hong Kong)	Hong Kong	Ordinary	100

# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 17. Investments *(continued)*

		Class of share	Percentage of shares held
Limited			
LJ GP International Limited*	Isle of Man	Ordinary	100
LJ Trust and Fiduciary Holdings Limited*	Isle of Man	Ordinary	100
LJ Group Holdings Limited*	Isle of Man	Ordinary	100
LJ Management (Suisse) SA*	Switzerland	Ordinary	100
LJ Management (IOM) Limited*	Isle of Man	Ordinary	100
LJ Capital (IOM) Limited*	Isle of Man	Ordinary	100
LJ Luxembourg SA*	Luxembourg	Ordinary	100
Alvarium Investment Managers (UK) LLP*	United Kingdom	LLP Interest	98
Alvarium PO Limited*	United Kingdom	Ordinary	100
Alvarium Private Client Limited*	United Kingdom	Ordinary	100
Alvarium Pradera Holdings Limited*	United Kingdom	Ordinary	100
LJ Capital (IOM) Hadley Limited*	Isle of Man	Ordinary	100
Alvarium Investment Management Holdings Corp	USA	Ordinary	100
LJ Sports and Entertainment LLC*	USA	Ordinary	100
Alvarium Investment Managers LLC*	USA	Partnership interest	100
LJ Administration (UK) Limited*	United Kingdom	Ordinary	100
LJ Capital (HPGL) Limited*	United Kingdom	Ordinary A and B	100
Alvarium MB (US) LLC	USA	Partnership interest	100
Alvarium Investments (AUS) Pty Limited	Australia	Ordinary	100
Alvarium Group Operations Limited	United Kingdom	Ordinary	100
LJ Advisors Singapore Pte. Limited	Singapore	Ordinary	100
Alvarium MB Limited	United Kingdom	Ordinary	100
Alvarium MB (UK) Limited*	United Kingdom	Ordinary	100
LJ Pankow I Feeder GP Limited*	Isle of Man	Ordinary	100
LJ Pankow II Feeder GP Limited*	Isle of Man	Ordinary	100
Puffin Agencies Limited*	Gibraltar	Ordinary	100
Clambake Limited*	British Virgin Islands	Ordinary	100
Clambake Inc.*	Marshall Islands	Ordinary	100
Dubois Services Limited*	British Virgin Islands	Ordinary	100
Cellar Limited*	British Virgin Islands	Ordinary	100
LJ Management (BVI) Limited*	British Virgin Islands	Ordinary	100
LJ Skye Services Limited*	British Virgin Islands	Ordinary	100



# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Notes to the Financial Statements (continued)

Year ended 31 December 2018

### 17. Investments (continued)

		Class of share	Percentage of shares held
Cellar Inc.*	Islands Turks and Caicos British Virgin	Ordinary	100
LJ Capital Partners Limited*	Islands	Ordinary	100
Triptych Holdings (Gibraltar) Limited*	Gibraltar	Ordinary	100
LJ Skye Trustees Limited*	Isle of Man	Ordinary	100
Waterstreet One Limited*	Isle of Man	Ordinary	100
Waterstreet Two Limited*	Isle of Man	Ordinary	100
Park Limited*	Isle of Man	Ordinary	100
Lake Limited*	Isle of Man	Ordinary	100
Harbour Limited*	Isle of Man	Ordinary	100
Stone Limited*	Isle of Man	Ordinary	100
Whitebridge Limited*	Isle of Man	Ordinary	100
LJ QG Bow Limited*	Isle of Man	Ordinary	100
CF I Feeder GP Limited*	Cayman Islands	Ordinary	100
KF I Feeder GP Limited*	Cayman Islands	Ordinary	100
LJ Ardstone Spain S.L.*	Spain	Ordinary	70
LJ Cresco Holdco Limited*	Isle of Man	Ordinary	100
LJ Directors (UK) Limited*	United Kingdom	Ordinary	100
LJ Management Nominees (UK) Limited*	United Kingdom	Ordinary Partnership	100
LJ UK Cities Carry LP Inc.*	Isle of Man	interest	65
LJ Cresco GP Holdings Limited*	Isle of Man	Ordinary	100
LJ Capital (IOM) T4 Limited*	Isle of Man	Ordinary	100
Loire Services Limited*	Isle of Man	Ordinary	100
Southwood Limited*	Isle of Man	Ordinary	100
Mooragh (BVI) Limited*	British Virgin Islands	Ordinary	100
Whitebridge (BVI) Limited*	British Virgin Islands	Ordinary	100
LJ Skye 2 (PTC) Limited*	British Virgin Islands	Ordinary	100
Ecne Holdings Limited*	Turks and Caicos	Ordinary	100

### Other significant holdings (refer to note 3 for accounting treatment)

LJ Capital (Woody) Limited*	United Kingdom	A Shares B Shares	80 16
LJ Capital (RL) Limited*	British Virgin Islands	A Shares Ordinary	100
LJ London Holdings Limited	Isle of Man	shares	100
LJ Maple Limited*	Guernsey	A Shares	100
LJ Greenwich Sarl*	Luxembourg	A Shares	0.19

# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Notes to the Financial Statements (continued)

Year ended 31 December 2018

### 17. Investments (continued)

		Class of share	Percentage of shares held
		B Shares	100
LJ Maple Belgravia Limited*	British Virgin Islands	A Shares	100
LJ Maple Circus Limited*	British Virgin Islands	A Shares	100
LJ Maple Hamlet Limited*	British Virgin Islands	A Shares	100
LJ Maple Hill Limited*	British Virgin Islands	A Shares	100
LJ Maple St. Johns Wood Limited*	British Virgin Islands	A Shares	100
LJ Maple Kew Limited*	British Virgin Islands	A Shares	100
LJ Maple Kensington Limited*	British Virgin Islands	A Shares	100
LJ Maple Chelsea Limited*	British Virgin Islands	A Shares	100
LJ Maple Tofty Limited*	British Virgin Islands	A Shares	100
LJ Maple Duke Limited*	British Virgin Islands	A Shares	100
LJ Maple Abbey Limited*	British Virgin Islands	A Shares	100
LJ Maple Nine Elms Limited*	British Virgin Islands	A Shares	100
LJ Green Lanes Holdings Limited*	Isle of Man	A Shares	100
LJ T4 GP Limited*	British Virgin Islands	A Shares	100
PMD Finance Sarl	Luxembourg	A Shares	60

### Associates

Queensgate Investments LLP	United Kingdom	LLP Interest	50
Queensgate Investments II GP LLP	United Kingdom	LLP Interest	30
Queensgate Investment Management Limited	United Kingdom	Ordinary A Shares	30 100
Cellar Holdings Limited	Ireland	Ordinary Partnership	50
Queensgate Mayfair Carry LP	Isle of Man	Interest Partnership	50
Queensgate Carry Partner SCS	Luxembourg	Interest	29.1
Queensgate Investments I Sarl	Luxembourg	Ordinary Shares	37.5
Queensgate Mayfair Carry GP Ltd	Isle of Man	Ordinary Shares	50
Queensgate Mayfair Co-Invest GP Ltd	Isle of Man	Ordinary Shares	33.33
Queensgate Investments II Carry GP LLP	United Kingdom	Partnership Interest	33.33

# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Notes to the Financial Statements (continued)

Year ended 31 December 2018

### 17. Investments (continued)

		Class of share	Percentage of shares held
Queensgate Carry Partner GP Coop SA	Luxembourg	Ordinary Shares	50
Queensgate Investments II Carry LP	United Kingdom	Partnership Interest	24
Queensgate Bow Co-Invest Carry LP	United Kingdom	Partnership Interest	25.5
Queensgate Bow Co-Invest Carry GP LLP	United Kingdom	LLP Interest	33.33
Queensgate Bow GP LLP	United Kingdom	LLP interest	16.67
Queensgate Investments II AIV LLP	United Kingdom	LLP Interest	16.67
Queensgate Fusion Co-Invest Carry LP	United Kingdom	Partnership interest	25.5
Queensgate Fusion Co-Invest Carry GP LLP	United Kingdom	Partnership interest	25
Leander Capital Partners Limited	United Kingdom	Ordinary Shares	35
Sustainable Income Advisors Limited*	United Kingdom	Ordinary Shares	35
<b>Joint ventures</b>			
Osprey Equity Partners Limited*	United Kingdom	Ordinary	50
Cresco Capital Urban Yurt Holdings Sarl*	Luxembourg	Ordinary	33.33
Cresco Urban Yurt Sarl*	Luxembourg	Ordinary	33.33
Cresco Urban Yurt S.L.P.*	Luxembourg	Partnership interest	33.33
Cresco Capital Advisors LLP*	United Kingdom	LLP Interest	33.33
Cresco Capital Group Fund I GP Limited*	Guernsey	Ordinary	33.33
Cresco Immobilien Verwaltungs Gmbh	Germany	Ordinary	33.33
Cresco Terra Holdings Sarl*	Luxembourg	Ordinary Shares	30
Cresco Terra 2 S.C.A.	Luxembourg	Partnership interest	30
Osprey Aldgate Advisors Limited*	United Kingdom	Ordinary	50
Kuno Investments Limited*	British Virgin Islands	Ordinary	49.9
Lxi Reit Advisors Limited*	United Kingdom	Ordinary	35
Alvarium Investment (NZ) Limited*	New Zealand	Ordinary	50
Cresco Capital Urban Yurt Holdings 2 Sarl*	Luxembourg	Ordinary	33.33
HPGL Holdings Limited*	Hong Kong	Ordinary	50
Hadley Property Group Holdings Limited*	United Kingdom	Ordinary	35
LJ Management (Mauritius) Limited*	Mauritius	Ordinary	50

The results and capital and reserves for group undertakings not included in the consolidated financial statements are as follows:

# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Notes to the Financial Statements (continued)

Year ended 31 December 2018

### 17. Investments (continued)

	Capital and reserves		Class of share	Percentage of shares held
	2018	2017	Profit/(loss) for the year	
	£	£	2018	2017
			£	£
<b>Other significant holdings</b>				
LJ Capital (Woody) Limited*	6,445	19,528	(17,259)	70,266
LJ Capital (RL) Limited*	4,787	5,716	366,291	(3,058)
LJ London Holdings Limited	(12,721)	(7,204)	(5,517)	(5,636)
LJ Maple Limited*	(17,753)	144,521	(162,269)	(26,849)
LJ Greenwich Sarl*	(50,623)	(30,734)	(19,889)	(51,391)
LJ Maple Chelsea Limited*	194,942	225,894	(30,952)	(13,516)
LJ Maple Hamlet Limited*	(162,041)	(152,224)	(9,817)	33,299
LJ Maple Circus Limited*	(216,962)	(180,060)	(36,901)	956
LJ Maple Belgravia*	(7,251)	(1,327)	(5,923)	(7,213)
LJ Maple Tofty Limited*	(145,838)	(114,198)	(31,639)	(20,792)
LJ Maple St Johns Wood Limited*	(116,917)	(99,668)	(17,249)	(22,972)
LJ Maple Kew Limited*	(15,346)	(5,069)	(10,277)	(7,422)
LJ Maple Kensington Limited	(59,745)	(50,835)	(8,910)	(10,286)
LJ Maple Hill Limited*	(173,682)	(176,680)	2,997	9,159
LJ Maple Nine Elms Limited*	(147,187)	(18,476)	(128,711)	1,664
LJ Maple Duke Limited*	(441,898)	(467,584)	25,685	(331,778)
LJ Maple Abbey Limited*	(139,891)	(113,022)	(26,869)	(23,851)
LJ T4 GP Limited*	23,859,780	23,106,138	753,642	707,342
LJ Green Lanes Holdings Limited*	15,675	18,350	(2,675)	26,374

\* denotes investments not held directly by the parent company

### 18. Debtors

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	4,272,155	3,092,943	–	–
Amounts owed by group undertakings	–	–	19,251,719	19,356,704
Amounts owed by undertakings in which the company has a participating interest	2,455,834	626,902	18,629	–
Deferred tax asset	118,563	672,950	–	–
Prepayments and accrued income	14,750,732	10,531,960	25,051	140,625
Corporation tax repayable	12,557	5,368	12,557	–
Directors loan account	325,795	2,638,555	299,876	2,624,910
Deferred consideration receivable	520,021	–	520,021	–
Other debtors	1,721,711	1,765,408	931,889	430,087
	<u>24,177,368</u>	<u>19,334,086</u>	<u>21,059,742</u>	<u>22,552,326</u>

Amounts due from group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 19. Investments

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Other investments	<u>2,018</u>	<u>3,012</u>	<u>–</u>	<u>–</u>

### 20. Creditors: amounts falling due within one year

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Convertible 6% loan note	–	5,089,355	–	5,089,355
Short term borrowings and overdrafts	<b>57,891</b>	23,908,966	<b>57,891</b>	23,466,291
Deferred consideration payable on acquisition	<b>379,902</b>	309,147	–	–
Trade creditors	<b>1,497,400</b>	1,507,269	<b>523,866</b>	362,383
Amounts owed to group undertakings	–	–	<b>2,269,537</b>	2,098,682
Amounts owed to undertakings in which the company has a participating interest	<b>437,649</b>	479,681	<b>249,010</b>	5,625
Accruals and deferred income	<b>7,904,434</b>	8,343,457	<b>2,997,899</b>	566,634
Corporation tax	<b>85,993</b>	114,066	–	–
Social security and other taxes	<b>971,645</b>	172,663	<b>665,241</b>	–
Obligations under finance leases and hire purchase contracts	<b>206,530</b>	–	<b>206,530</b>	–
Dividends payable	<b>8,927,114</b>	–	<b>8,927,114</b>	–
Other creditors	<b>727,132</b>	1,202,978	<b>17,832</b>	3,400
	<u><b>21,195,690</b></u>	<u>41,127,582</u>	<u><b>15,914,920</b></u>	<u>31,592,370</u>

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

The deferred consideration payable is due for payment in March 2019.

### 21. Creditors: amounts falling due after more than one year

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Short term borrowings and overdrafts	<b>2,200,000</b>	–	<b>2,200,000</b>	–
Deferred consideration payable on acquisition	<b>346,151</b>	535,790	–	–
Accruals and deferred income	–	33,545	–	–
Obligations under finance leases and hire purchase contracts	<b>590,302</b>	–	<b>590,302</b>	–
	<u><b>3,136,453</b></u>	<u>569,335</u>	<u><b>2,790,302</b></u>	<u>–</u>

# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Notes to the Financial Statements *(continued)*

### Year ended 31 December 2018

The deferred consideration is payable March 2020. Further details regarding the measurement of this liability are included in note 32 to the financial statements.

The bank loan accrues interest at LIBOR plus 4.75%. It is due for repayment at the maturity date in August 2022.

#### 22. Obligations under finance leases

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Not later than 1 year	<b>260,018</b>	–	<b>260,018</b>	–
Later than 1 year and not later than 5 years	<b>650,046</b>	–	<b>650,046</b>	–
	<b>910,064</b>	–	<b>910,064</b>	–
Less: future finance charges	<b>(113,232)</b>	–	<b>(113,232)</b>	–
Present value of minimum lease payments	<b>796,832</b>	–	<b>796,832</b>	–

#### 23. Provisions

<b>Group</b>	<b>Onerous contracts</b>	<b>Deferred tax (note 24)</b>	<b>Net liabilities of associate</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2018	227,517	2,510	215,213	<b>445,240</b>
Charge against provision	(118,980)	(617)	–	<b>(119,597)</b>
Unused amounts reversed	(125,034)	–	–	<b>(125,034)</b>
Disposals	–	–	(242,386)	<b>(242,386)</b>
Share of associates (profit)/loss for year	–	–	27,173	<b>27,173</b>
Foreign exchange difference	838	119	–	<b>957</b>
Unwinding of discount	15,659	–	–	<b>15,659</b>
<b>At 31 December 2018</b>	<b>–</b>	<b>2,012</b>	<b>–</b>	<b>2,012</b>

The company does not have any provisions.



# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Notes to the Financial Statements *(continued)*

### Year ended 31 December 2018

#### 23. Provisions *(continued)*

##### *Provision for net liabilities of associate*

The provision for net liabilities of an associate relates to an associate which was in a net liability position.

In the opinion of the directors, the group had a constructive obligation to continue supporting the entity in order to recover a loan it had advanced to the associate, and therefore its results continued to be equity accounted.

The loss of £27,173 includes amortisation of the goodwill which arose on acquisition totalling £26,755. The associate was disposed of on 31 December 2018.

##### *Provision for onerous contract - Maidenhead office*

Alvarium PO (Payments) Limited, a wholly owned subsidiary, vacated its office in November 2016. The lease on the premises did not expire until June 2021..

Initially full provision was made for all future rents, service charge and council tax due under the terms of the lease. The best estimate of the future payments due, assuming efforts to sub let the premises were unsuccessful, was £275,982. This was discounted using the groups cost of capital giving a net present value of £165,648. This amount was provided for in full. The discount unwound as a finance charge. The provision was reviewed annually.

To date payments of £103,590 have been charged against the provision and discount of £24,683 has unwound. In February 2019, the lease was successfully assigned to a third party. As a result. the unused portion of the provision totalling £86,741 was released.

##### *Provision for onerous contract - Neuchatel office*

LJ Management Suisse SA, a wholly owned subsidiary vacated its office in March 2017. The lease on the premises did not expire until October 2019. From June 2018, the vacant property was partially sublet.

Initially full provision was made for all future rents, service charge and council tax due under the terms of the lease. The best estimate of the future payments due, assuming efforts to sub let the remaining vacant portion of the premises were unsuccessful, was £106,318. This was discounted using the groups cost of capital giving a net present value of £98,560. This amount was provided for in full. The discount unwound as a finance charge. The provision was reviewed annually.

To date payments of £101,052 have been charged against the provision and discount of £5,318 has unwound. The lease has subsequently been successfully assigned to a third party. As a result the unused portion of the provision totalling £38,293 was released.

# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 24. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Included in debtors (note 18)	<b>118,563</b>	672,950	—	—
Included in provisions (note 23)	<b>(2,012)</b>	(2,510)	—	—
	<b><u>116,551</u></b>	<u>670,440</u>	<u>—</u>	<u>—</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Accelerated capital allowances	<b>2,012</b>	2,510	—	—
Unused tax losses	—	(565,274)	—	—
Accrued expenses not yet tax deductible	<b>(118,563)</b>	(107,676)	—	—
	<b><u>(116,551)</u></b>	<u>(670,440)</u>	<u>—</u>	<u>—</u>

The net reversal of deferred tax assets and liabilities in the 12 months following the reporting period is not expected to be material.

### Unrecognised deferred tax

#### *Group*

The group has cumulative UK tax losses of £18,805,164, which if realised at the 2019 UK main corporation tax rate of 19% would generate a tax saving of £3,572,981. No deferred tax asset has been recognised in respect of these tax losses due to the uncertain timing of sufficient profits being generated to utilise them.

The group also has cumulative US tax losses relating to two US subsidiaries totalling \$4,227,344, which if realised at the USA 2019 federal corporation tax rate of 21% would generate a tax saving of \$887,742. At the USD:GBP exchange rates as of 31 December 2018, this amounts to an unrecognised deferred tax asset of £696,487. No deferred tax asset has been recognised in respect of these tax losses due to the uncertain timing of sufficient profits being generated to utilise them.

The group also has an immaterial unprovided deferred tax liability in respect of timing differences relating to the purchase of fixed assets.

#### *Company*

The company has cumulative UK tax losses of £17,615,329 which if realised at the 2019 main UK corporation tax rate of 19% would generate a tax saving of £3,346,913. No deferred tax asset has been recognised in respect of these tax losses due to the uncertain timing of sufficient profits being generated to utilise them.

# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 25. Employee benefits

#### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £401,162 (2017: £236,011).

### 26. Share-based payments

During 2015, the group set up an employee share scheme. 10,495 ordinary shares were issued to LJ GP Nominee Limited to fulfil the requirements of the scheme. LJ GP Nominee Limited is a subsidiary of LJ GP Nominee Limited and holds the shares on trust for the employees. All of these shares were transferred to other shareholders in January 2019.

The intention of the scheme was to reward and provide incentive for staff/management to be rewarded financially for helping to build and grow the Group successfully.

Full rights to the shares do not pass to employees until a certain period of service has been completed, which is between 1 and 3 years from the date of grant. If an employee is a bad leaver in that period, the shares remain with LJ GP Nominee Limited and the employee is not entitled to any payment or reward. Whether an employee is a good or bad leaver is determined at the discretion of the directors. There are no other market or non-market vesting conditions. The vesting period is therefore treated as being between 1 and 3 years, and the fair value of the shares granted is therefore expensed over that period. All shares have now vested.

Once the shares have vested, no further payment is required to be made by the employee for the shares, and unconditional rights pass to them.

In determining the expense to recognise, management has had to consider the number of shares that will eventually vest, and therefore make a number of assumptions on the number of bad leavers throughout the vesting period. Management has assumed that there will be staff turnover of 15% throughout the vesting period and the cost has been discounted accordingly. This assumption will be reviewed annually.

The total expense recognised in profit or loss for the year is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Equity-settled share-based payments	<u><b>147,547</b></u>	<u><b>145,254</b></u>	<u><b>28,181</b></u>	<u><b>21,570</b></u>

# **Alvarium Investments Limited (Formerly LJ GP Partnership Limited)**

## **Notes to the Financial Statements *(continued)***

### **Year ended 31 December 2018**

#### **26. Share-based payments *(continued)***

Fair value of the equity instruments granted was determined with reference to two recent transactions in the company's ordinary shares with external investors. Each involved two previously unconnected investors each purchasing/subscribing for shares equal to 20% of the issued share capital of the company. The price per share paid was £119 and £129 respectively in March and June 2015.

Each of these transactions were for shares totalling 20% of the total share capital. The purchasers were both appointed directors of the company, and received the benefit of a number of warranties under the terms of their investment agreements. Both had significant influence over the group as a result, although one has subsequently disposed of their investment.

In May 2018, a subsequent transaction saw a new shareholder subscribe/purchase for shares totalling 46% of the issued share capital for a price of £173.37 per share.

The shares which have been granted as part of the employee share plan do not benefit from the same conditions. They are also for minority holdings, with the total shares issued representing less than 3% of the total share capital of the company. Of this, the highest percentage of shares awarded to an individual is less than 0.3% of the total share capital of the company. For this reason, the directors have applied a 50% discount to the price paid in the transactions described above in estimating the fair value of the equity instruments granted. This resulted in an estimated unrestricted market value of the shares granted of £64.50.

The shares granted also have a number of restrictions attached to them (aside from vesting conditions) concerning the ability to transfer the shares to another party. For this reason, a further 25% discount has been applied to the unrestricted market value. This has resulted in an estimated fair value of the equity instruments granted of £48.38 per share.

# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 27. Financial instruments

The carrying amount for each category of financial instrument is as follows:

#### Financial assets that are debt instruments measured at amortised cost

	Group	
	2018	2017
	£	£
Trade debtors	4,272,155	3,092,943
Other debtors	1,721,711	1,765,408
Amounts owed by undertakings in which the company has a participating interest	2,455,834	626,902
Directors loan account	325,795	2,638,555
	<u>8,775,495</u>	<u>8,123,808</u>

#### Financial liabilities measured at amortised cost

	Group	
	2018	2017
	£	£
Trade and other creditors	2,224,532	1,507,269
Short term borrowings, overdrafts and convertible 6% loan note	57,891	28,998,321
Long term borrowings	2,200,000	-
Deferred consideration payable on acquisition (current and non current)	726,053	844,937
Amounts owed to undertakings in which the company has a participating interest	437,649	479,681
Finance lease liabilities	796,832	-
	<u>64,442,957</u>	<u>31,830,208</u>

# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 28. Called up share capital

#### Issued, called up and fully paid

	2018		2017	
	No.	£	No.	£
Ordinary class E shares of £0.01 each	2,145	21	2,145	21
Ordinary class E1 shares of £0.01 each	1	–	1	–
Ordinary class E2 shares of £0.01 each	1	–	–	–
Ordinary shares of £0.01 each	585,157	5,852	386,455	3,865
	<u>587,304</u>	<u>5,873</u>	<u>388,601</u>	<u>3,886</u>

#### Share movements

	No.	£
Ordinary		
At 1 January 2018	386,455	3,865
Issue of shares	198,702	1,987
<b>At 31 December 2018</b>	<u>585,157</u>	<u>5,852</u>
E2		
At 1 January 2018	–	–
Issue of shares	1	–
<b>At 31 December 2018</b>	<u>1</u>	<u>–</u>

The 198,702 ordinary shares with a nominal value of £0.01 each were issued in June 2018 for a total consideration of £34,448,966.

The E2 share with a nominal value of £0.01 was issued in June 2018 for a total consideration of £0.01.

The number of shares outstanding at the year end date for all other classes of shares is consistent with the prior year.

Ordinary shareholders are entitled to receive notice of, attend, speak at and vote at general meetings. They are entitled to receive distributions of profits other than those distributable to E and E1 shareholders.

E shareholders are not entitled to receive notice of, attend, speak at and vote at general meetings. They are entitled to receive distributions of profits in relation to specific deals and transactions as defined in the shareholders agreement and articles of association.

E1 shareholders are not entitled to receive notice of, attend, speak at and vote at general meetings. They are entitled to receive distributions of profits in relation to specific deals and transactions as defined in the shareholders agreement and articles of association.



# **Alvarium Investments Limited (Formerly LJ GP Partnership Limited)**

## **Notes to the Financial Statements** *(continued)*

**Year ended 31 December 2018**

### **29. Reserves**

#### *Share premium account*

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

#### *Profit and loss account*

This reserve records retained earnings and accumulated losses.

mans

# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 30. Analysis of changes in net debt

	At 1 Jan 2018 £	Cash flows £	Other changes £	At 31 Dec 2018 £
Cash at bank and in hand	6,255,890	6,763,539	113,940	13,133,369
Debt due within one year	(29,307,467)	29,672,171	(1,009,027)	(644,323)
Debt due after one year	(535,790)	(2,200,000)	(400,663)	(3,136,453)
	<u>(23,587,367)</u>	<u>34,235,710</u>	<u>(1,295,750)</u>	<u>9,352,593</u>

### 31. Reconciliation of net cash flow to movement in net debt

	2018 £	2017 £
Increase in cash and cash equivalents in the year	6,763,539	1,847,624
Proceeds from borrowings	(2,200,000)	(442,675)
Repayments of borrowings	29,161,720	—
Payments of finance lease liabilities	97,542	—
Payment of deferred consideration payable	412,909	420,238
Other non-cash movements	(1,295,750)	(532,948)
Change in net funds/(debt)	<u>32,939,960</u>	<u>1,292,239</u>
Net debt at 1 January 2018	<u>(23,587,367)</u>	<u>(24,879,606)</u>
Net funds/(debt) at 31 December 2018	<u>9,352,593</u>	<u>(23,587,367)</u>

### 32. Capital commitments

Capital expenditure contracted for but not provided for in the financial statements is as follows:

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Intangible assets	<u>17,216,557</u>	<u>—</u>	<u>—</u>	<u>—</u>

#### *Asset purchase agreement*

In December 2018 the group signed an asset purchase agreement to acquire the trade and assets of an unrelated company. The total due for payment under this agreement amounts to £12,500,000. The completion of the purchase was subject to approval from the group's senior lender, and this was received in February 2019. The £12,500,000 consideration is for the purchase of the seller's client bank and relationships, and hence constitutes an intangible asset.

#### *Acquisition of subsidiary*

In October 2018 the group signed a share purchase agreement to acquire 100% of the share capital of a European company for a total consideration of EUR 5,250,000. EUR3,675,000 is payable at completion and three instalments of EUR 525,000 payable 6, 18 and 30 months post completion. Completion was subject to regulatory approval from the relevant authorities, and this was received in March 2019. At the year end exchange rate, the total amount payable is £4,716,557. The company acquired has minimal net assets and hence the majority of the purchase consideration is likely to be goodwill.

# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 33. Commitments under operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Not later than 1 year	1,562,093	933,220	646,531	–
Later than 1 year and not later than 5 years	4,094,460	1,447,996	1,685,969	–
Later than 5 years	474,437	805,140	–	–
	<u>6,130,990</u>	<u>3,186,356</u>	<u>2,332,500</u>	<u>–</u>

### 34. Contingencies

#### *Acquisition of a 49.9% share in Kuno Investments Limited*

On 31 May 2016 the group completed the acquisition of a minority stake in Kuno Investments Limited.

As part of the agreement relating to the acquisition of Kuno Investments Limited during the period, there is a potential earn out payment with a maximum value of £2,150,526. This is dependent on the consolidated financial results of Kuno Investments Limited in the years ended 31 December 2018 and 31 December 2019.

Based on the information currently available, the directors do not view it as probable that any further payment will be made, and therefore no provision has been made for this contingent consideration. The directors will continue to review the likelihood of making an earn out payment moving forward. Final confirmation of whether a earn out payment will be made and the quantum of any such payment will not be available until the financial statements for the year ended 31 December 2019 are finalised.

#### *Acquisition of Salisbury Partners LLP*

A deferred contingent consideration is payable in three further annual instalments through to March 2020.

The amount payable is contingent on the average annual assets under management of Salisbury Partners LLP across the earn out period. The current estimate of the remaining total future outflows is £773,163 and will be reviewed annually. This has been discounted using the group's market rate of interest and the present value is £726,052. The discount is released as a finance charge.

This is presented in creditors on the statement of financial position. The total purchase consideration will not exceed £3,000,000. Payments to date total £1,459,245. Based on the current assumptions, the total expected payments are £2,232,407.

#### *Senior loan facility*

The company has a revolving loan facility with Natwest with a limit of £15,000,000. At the year-end £2,200,000 has been drawn from the facility. The loan is subject to various financial covenants and is secured over the assets of the group.

# **Alvarium Investments Limited (Formerly LJ GP Partnership Limited)**

## **Notes to the Financial Statements** *(continued)*

### **Year ended 31 December 2018**

#### **35. Events after the end of the reporting period**

##### *Acquisitions*

In February and March 2019, the capital commitments disclosed in note 32 were realised when the acquisitions completed.

As part of the asset purchase, 28,410 ordinary A shares were issued to the seller for a consideration of £5,558,985.

In March 2019, the group acquired an additional 24% of the ordinary share capital of one its associated companies for a total consideration of £4,700,000. This further investment gives the group a controlling stake in the company.

##### *Name change*

In March 2019, the company changed its name to Alvarium Investments Limited.

##### *Rights issue*

In March 2019 the parent company issued 51,540 new ordinary shares for a total consideration of £10,500,244.

##### *Investment in associate*

In March 2019 the group completed a 30% investment in a company based in Switzerland for an initial payment of CHF667,571. A deferred payment calculated based on the results in the 2018 audited accounts is due in March 2020. The current best estimate of this payment is CHF597,158.

mans

# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 36. Directors' advances, credits and guarantees

During the year the directors entered into the following advances and credits with the company and its subsidiary undertakings:

	2018			
	Balance brought forward	Advances/ (credits) to the directors	Amounts repaid	Balance outstanding
	£	£	£	£
Mr E P Shave	350,305	7,617	(357,922)	–
Mr A De Meyer	379,416	8,253	(387,669)	–
Mr A C Williams	342,851	7,456	(350,307)	–
Mr E Lawson Johnston	342,851	7,456	(350,307)	–
Mr H Lawson Johnston	342,851	7,455	(350,306)	–
Mr J Elkington	350,305	7,617	(357,922)	–
Mr S Shambayati	97,824	2,128	(99,952)	–
Mr A S Davies	97,824	2,135	–	99,959
Mr C M Hamilton	97,824	2,135	–	99,959
Mr N Beaton	97,824	2,135	–	99,959
Mr C Filmer	138,680	15,301	(128,063)	25,918
	<u>2,638,555</u>	<u>69,688</u>	<u>(2,382,448)</u>	<u>325,795</u>

	2017			
	Balance brought forward	Advances/ (credits) to the directors	Amounts repaid	Balance outstanding
	£	£	£	£
Mr E P Shave	332,870	17,435	–	350,305
Mr A De Meyer	361,137	18,279	–	379,416
Mr A C Williams	332,870	9,981	–	342,851
Mr E Lawson Johnston	332,870	9,981	–	342,851
Mr H Lawson Johnston	332,870	9,981	–	342,851
Mr J Elkington	332,870	17,435	–	350,305
Mr S Shambayati	94,976	2,848	–	97,824
Mr A S Davies	94,976	2,848	–	97,824
Mr C M Hamilton	94,976	2,848	–	97,824
Mr N Beaton	94,976	2,848	–	97,824
Mr C Filmer	121,464	17,216	–	138,680
	<u>2,526,855</u>	<u>111,700</u>	<u>–</u>	<u>2,638,555</u>

# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Notes to the Financial Statements *(continued)*

### Year ended 31 December 2018

#### 36. Directors' advances, credits and guarantees *(continued)*

During 2015 Mr E Lawson Johnston, Mr A C Williams and Mr H Lawson Johnston each subscribed for shares with a total value of £350,336. The consideration was not due for payment until a sale of the shares or until the above individuals leave the employment of the group. The outstanding purchase consideration was interest free. The consideration for each was discounted at a rate of 3% with an assumed 3 year repayment period, resulting in a present value each of £320,592. Discount of £7,456 (2017 - £9,981) was released during the year. The loans were repaid in full during the year. A balance of £nil (2017 - £342,851) is outstanding from each of the above individuals at the balance sheet date.

During 2015 Mr E Shave and Mr J Elkington each subscribed for shares with a total value of £350,336. The consideration was not due for payment until a sale of the shares or until the above individuals leave the employment of the group. The outstanding purchase consideration was interest free. During the previous year, Mr E Shave and Mr J Elkington were each transferred additional shares worth £7,616 by another individual. Mr E Shave and Mr J Elkington assumed the outstanding purchase consideration of £7,616. The consideration for each was discounted at a rate of 3% with an assumed 3 year repayment period, resulting in a present value each of £327,652. Discount of £7,617 (2017 - £10,198) was released during the year. The loans were repaid in full during the year. A balance of £nil (2017 - £350,305) is outstanding from each of the above individuals at the balance sheet date.

During 2015 Mr A De Meyer subscribed for shares with a total value of £380,086. The consideration was not due for payment until a sale of the shares or until Mr A De Meyer leaves the employment of the group. During the current year, Mr A De Meyer was transferred additional shares worth £7,616 by another individual. Mr A De Meyer assumed the outstanding purchase consideration of £7,616. The total outstanding purchase consideration was interest free. The consideration has been discounted at a rate of 3% with an assumed 3 year repayment period, resulting in a present value of £354,786. Discount of £8,253 (2017 - £11,046) was released during the year. The loan was repaid in full during the year. A balance of £nil (2017 - £379,416) is outstanding at the balance sheet date.

During 2015, Mr S Shambayati subscribed for shares with a total value of £99,960. The consideration was not due for payment until a sale of the shares or until Mr S Shambayati leaves the employment of the group. The outstanding purchase consideration was interest free. The consideration has been discounted at a rate of 3% with an assumed 3 year repayment period, resulting in a present value of £91,473. Discount of £2,128 (2017 - £2,848) was released during the year. The loan was repaid in full during the year. A balance of £nil (2017 - £97,824) is outstanding at the balance sheet date.

During 2015, Mr A S Davies, Mr C M Hamilton and Mr N Beaton subscribed for shares with a total value of £99,960. The consideration is not due for payment until a sale of the shares or until Mr A S Davies leaves the employment of the group. The outstanding purchase consideration is interest free. The consideration has been discounted at a rate of 3% with an assumed 3 year repayment period, resulting in a present value of £91,473. Discount of £2,135 (2017 - £2,848) was released during the year. A balance of £99,959 (2017 - £97,824) is outstanding at the balance sheet date.

During the previous year, Mr C Filmer subscribed for shares with a total value of £74,970. The consideration was not due for payment until a sale of the shares or until Mr C Filmer leaves the employment of the group. The outstanding purchase consideration was interest free. The consideration was discounted at a rate of 3% with an assumed 3 year repayment period, resulting in a present value of £68,605. Discount of £1,602 (2017 - £2,136) was released during the year. The loan was repaid in full during the year. A balance of £nil (2017 - £73,368) is outstanding at the balance sheet date.



# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Notes to the Financial Statements *(continued)*

### Year ended 31 December 2018

#### **36. Directors' advances, credits and guarantees *(continued)***

Separately, Mr C Filmer had previously been loaned £48,790 by the group. Further loans of £12,273 (2017 - £13,645) were made during the year. Interest accrued at 3% per annum, and totalled £1,436 (2017 - £1,435) during the year. Repayments of £53,100 were received during the year. A balance of £25,918 (2017 - £65,309) was outstanding at the year-end in respect of this loan.

mans

# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Notes to the Financial Statements (continued)

Year ended 31 December 2018

### 37. Related party transactions

#### Group

During the year the group entered into the following transactions with related parties:

	Transaction value		Balance owed by/(owed to)	
	2018 £	2017 £	2018 £	2017 £
Whitebridge Hospitality Ltd - loan advanced/(repayments received)	–	(40,292)	303,075	303,075
Whitebridge Hospitality Ltd - interest on loan at 8% p.a.	–	–	71,005	71,005
Whitebridge Hospitality Ltd - administrative expenses recharged	–	–	217,266	217,266
Whitebridge Hospitality Ltd - (provisions made)/written back	–	–	(506,884)	(506,884)
LJ Capital (Woody) Ltd - loan advanced/(repaid)	613	1,000	168,113	167,500
LJ Capital (Woody) Ltd - interest on loan	13,320	12,821	101,389	88,069
LJ Group Partnership LLP - rent received	–	116,400	–	–
LJ Group Partnership LLP - profit share received	–	2,176	–	–
LJ Group Partnership LLP - consultancy expenses payable	(4,364,404)	(3,101,803)	–	(178,686)
Cresco Capital Urban Yurt Holdings Sarl - Advisory fees	911,217	738,746	52,145	140,342
Osprey Equity Partners Ltd - loan payable	300,000	(300,000)	–	(300,000)
Osprey Equity Partners Ltd - administrative expense recharges	–	–	32	4,393
Alvarium Investments (NZ) Limited - Fees	172,491	–	172,491	–
Alvarium Investments (NZ) Limited – Loan	194,509	3,652	198,161	3,652
Cresco Capital Advisors LLP - Fees and administrative expenses	–	121,444	–	4,945
Hadley Property Group (Holdings) Ltd - Loan receivable	995,934	–	995,934	–
Hadley Property Group (Holdings) Ltd - Interest receivable	25,326	–	25,326	–
Ms S Rowney - loan advanced	–	84,717	–	179,694
Queensgate Investments II GP LLP - loan creditor	–	–	(178,149)	(178,149)
Cellar Holdings Limited - Fees charged	–	13,338	–	649
Rich Shanghai Limited - £25m loan facility	993,991	2,287,992	–	23,013,152
Leander Capital Partners Limited – Loan payable	(243,385)	–	(243,385)	–
Cresco Urban Yurt Sarl, Cresco Urban Yurt SLP and Cresco Immobilien – Loans receivable	194,656	192,712	501,077	268,858
Cresco Urban Yurt Sarl, Cresco Urban Yurt SLP and Cresco Immobilien – Interest accrued on loans receivable	30,895	5,806	–	–

# Alvarium Investments Limited (Formerly LJ GP Partnership Limited)

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 37. Related party transactions

#### *Other transactions*

In addition to the transactions disclosed above, the group also entered the following transactions with related parties:

During the previous year the group acquired the remaining 74.8% of ordinary B shares in LJ Capital (HPGL) Limited during the year for a consideration of £725,125. Mr E P Shave, Mr E Lawson Johnston, Mr J R Elkington, Mr A C Williams, Mr A De Meyer and Mr H Lawson Johnston, all directors of the company, are all members of LJ MT LLP.

During the year, the group partially disposed of an investment in Cresco Capital Urban Yurt Holdings Sarl (a company in which the group has a 33.33% interest) realising a profit of £1,198,124 (2017 - £1,384,417). The investment was disposed of to Cresco Capital Urban Yurt Holdings 2 Sarl, a company in which the group also has a 33.33% interest.

During the previous year, the group also disposed of a 40% investment in Hadley Property Group Limited, realising a profit of £173,230. The investment was disposed of to HPGL Holdings Limited, a company in which the group has a 50% interest.

#### *Description of relationships*

The group had a 50% shareholding in Whitebridge Hospitality Limited until 31 December 2018, at which point it disposed of its investment. The group has previously advanced working capital loans to Whitebridge Hospitality Limited which attract interest at 8% per annum. They also invoice Whitebridge Hospitality Limited in respect of administrative support services. Full provision has been made against all balances due from Whitebridge Hospitality Limited, as included in the table above.

The group has a 50% shareholding in Osprey Equity Partners Limited.

Mr E P Shave, Mr E Lawson Johnston, Mr J R Elkington, Mr A C Williams, Mr A De Meyer, Mr H Lawson Johnston, Mr N Beaton, Mr A Davies and Mr C Hamilton, all directors of the company, are all members of LJ Group Partnership LLP. The LLP provides consultancy services to the group under a service agreement, as shown in the table above.

The company indirectly has a significant shareholding in LJ Capital (Woody) Limited. It owns 80% of the ordinary A shares and 16.6% of the ordinary B shares. The group has previously provided working capital loans to the company.

Ms S Rowney is a member of key management personnel. They were previously provided with loans to subscribe for shares in the company. A discount charge of 3% p.a. is being released on these balances. The balances have now been repaid in full.

The group is a designated member of Cresco Capital Advisers LLP and Queensgate Investments LLP.

The group has a 30% interest in Queensgate Investments II GP LLP.

Cellar Holdings Limited is a company in which the group has a 50% interest. The group charged fees for services to the entity during the year.

Rich Shanghai Limited is a company in which a director and shareholder of the group has a significant shareholding. Rich Shanghai Limited previously provided the group with a £25,000,000 loan facility which accrued interest at 9.75% per annum. It was settled in full during the year.

# **Alvarium Investments Limited (Formerly LJ GP Partnership Limited)**

## **Notes to the Financial Statements** *(continued)*

### **Year ended 31 December 2018**

#### **37. Related party transactions**

Cresco Capital Urban Yurt Holdings Sarl is a joint venture in which the group has a 33.33% interest. The group has provided investment advisory services to the company during the year.

The group has an indirect 50% interest in Hadley Property Group Limited.

The group has a 35% interest in Hadley Property Group (Holdings) Limited.

The group has a 35% interest in Leander Capital Partners Limited.

The group has a 33% joint venture interest in Cresco Urban Yurt Sarl, Cresco Urban Yurt SLP and Cresco Immobilien

See note 8 for disclosure of the directors remuneration.

See note 36 for details of advances, credits and guarantees with directors.

The group is exempt from disclosing transactions with companies wholly owned by the group. Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the group was £14,849,092 (2017: £8,498,826).

#### **Company**

Other than transactions disclosed above and in notes 8 and 36, the company's other related party transactions were with wholly owned subsidiaries and so have not been disclosed.

#### **38. Controlling party**

In the opinion of the directors, the company is not under the control of any single individual or entity.