

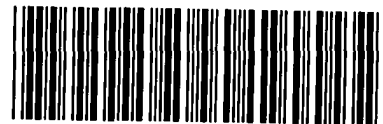
Company Registration No. 2597752

**Charles Taylor Investment
Management Company Limited**

Report and Financial Statements

31 December 2019

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Charles Taylor Investment Management Company Limited

Report and financial statements 2019

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Charles Taylor Investment Management Company Limited

Report and financial statements 2019

Officers and professional advisers

Directors

D I H Jones
R O Yerbury
N Jelley (resigned 31 July 2020)
A King
J Grose (appointed on 20 April 2020, resigned 31 July 2020)

Secretary

Charles Taylor Administration Services Limited

Compliance Officer

A Salamat (resigned 5 December 2020)
A King (appointed 1 March 2020)

Money Laundering Reporting Officer

A Salamat (resigned 5 December 2019)
H Patel (appointed 7 March 2020)

Registered Office

The Minster Building
21 Mincing Lane
London
EC3R 7AG

Bankers

National Westminster Bank plc
116 Fenchurch Street
London
EC3M 5AN

Solicitors

Freshfields Bruckhaus Deringer
65 Fleet Street
London
EC4Y 1HS

Independent auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Charles Taylor Investment Management Company Limited

Strategic report

The directors present their strategic report and the audited financial statements of Charles Taylor Investment Management Company Limited (the 'Company') for the year ended 31 December 2019.

The directors in preparing this strategic report have complied with s414C of the Companies Act 2006.

Principal activities

The principal activity of the Company is the provision of investment management services to Mutual Insurance Associations via intercompany arrangements where lead contracts are with group undertakings. The Company is regulated by the Financial Conduct Authority ('FCA'). The disclosures under Pillar 3 are available for inspection on the Company's website.

Review of business

In 2019 funds under management increased to \$2.153 billion from \$1.991 billion at the previous year end. Returns for clients were satisfactory. The directors are satisfied with the results for the year and expect the Company to continue trading profitably for the foreseeable future.

Results and financial position

The Company has net assets of £673,213 as at 31 December 2019 (2018: £1,096,437). The results of the Company for the year are set out in the Statement of comprehensive income on page 7. The profit for the financial year was £739,776 (2018: £433,376). An interim dividend of £763,000 was paid on the ordinary shares during the year (2018: £390,000). A final 2019 dividend of £400,000 (2018: £250,000) was also paid during the year.

Key performance indicators

The Company monitors its key performance indicators ('KPI's') at a legal entity level. In addition to monitoring financial performance against budget, KPI's include revenue, profit, new business wins and business expansion. Further information about these KPI's can be found in the financial statements of Charles Taylor Limited (previously registered as Charles Taylor plc).

Principal risks and uncertainties

The Company is exposed to legal and regulatory risk. Non-compliance with regulation could give rise to fines or restrictions on approvals which might impair the Company's profitability or financial position. The Company is also exposed to commercial risks. The failure to achieve satisfactory investment performance or to carry out the provision of services with care and efficiency could cause financial loss through loss of contracts or claims for damages. Professional indemnity insurance provides some protection and there are comprehensive policies, procedures and training to minimise the risk.

Lack of business continuity risks and/or the failure of information technology systems are further risks faced by the Company and these are managed by business continuity plans and having appropriate support arrangements in place. The Company utilises specialist senior staff who may be difficult to replace and their loss could result in adverse financial consequences for the Company. Suitable measures exist to encourage staff retention, for example relating to career opportunities, remuneration and working conditions.

The UK's exit from the EU on 31 January 2020 and the start of the transitional period introduced considerable volatility to UK markets however Brexit does not have a significant operational impact for the Company as the majority of the business activities of the Company is with Bermuda with little or no interaction with the EU.

Covid-19

At the time of writing this report, the Company has not been significantly impacted by the pandemic and the Directors continue to monitor developments very carefully, and will take prompt, appropriate action as required. In response to the Covid-19 pandemic which became evident during the first quarter of 2020, Charles Taylor Limited (the 'Group') has taken swift action on behalf of all group undertakings as a whole to ensure the safe working of employees and clients, whilst maintaining operational continuity and efficiency. The Group, on the whole, has performed robustly in terms of financial performance during the post balance sheet events period. In April 2020, a detailed, bottom up reforecast was performed with each individual business unit in order to assess the expected impact of the pandemic and to identify the key risks areas.

Charles Taylor Investment Management Company Limited

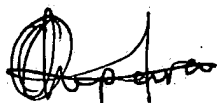
Strategic report (continued)

In order to monitor the impact, the Group focussed on short term key performance indicators that influence business performance. A 'likely scenario' and a 'worst case scenario' were considered for each business which were closely reported upon and monitored by the Board on a weekly basis. Year to date trading performance against the detailed reforecast continues to be closely monitored by both the Board and the Executive Committee.

Despite the pandemic, the Group remains in strong financial health, coupled with full support and excellent relationship with our new owners, LMP, we remain confident that the Group is in a position to deliver continued growth.

Approval

Approved by the Board and signed by order of the Board:

A handwritten signature in black ink, appearing to be 'Charles Taylor', written over a horizontal line.

Charles Taylor Administration Services Limited
24 September 2020

Charles Taylor Investment Management Company Limited

Directors' report

Events after the balance sheet date

On 19 September 2019, the boards of the ultimate parent company Charles Taylor plc and Lovell Minnick Partners LLC announced that they had reached agreement on terms of a recommended all cash acquisition of the entire issued and to be issued share capital of Charles Taylor by Jewel Bidco Limited (the "Acquisition"), to be implemented by way of a Court sanctioned Scheme of Arrangement under Part 26 of the Companies Act. Following the approval of the Scheme of Arrangement on 22 January 2020, the ultimate parent company Charles Taylor plc was successfully acquired by Lovell Minnick Partners LLC (by its subsidiary Jewel BidCo Limited), a US based private equity firm, resulting in Charles Taylor plc being delisted from the London Stock Exchange shortly after the year-end 31 December 2019. Charles Taylor plc was re-registered and renamed Charles Taylor Limited on 31 January 2020. Refer to Note 10 for details of other events after the balance sheet date.

On 29 May 2020, the Standard Club announced the intention to insource and manage its day-to-day operations. On 20 August 2020, the Standard Club and Charles Taylor entered into a framework agreement which sets out the terms of the new relationship between the parties. Refer to the future developments section below for further details.

Going concern

The Group is managed by operating businesses rather than legal entities. The results, position, liquidity and financial resources of the Group are therefore relevant in this context. The directors of Charles Taylor Limited have prepared and considered cash flow forecasts and projections for the Group, and these show that the Group has adequate resources to meet its liabilities as they fall due, further detailed as follows:

Banking facilities and Covenants

Following the acquisition of the Group and refinancing post year end, the Group's new Senior Facilities Agreement ('SFA') comprises:

- A £150m term loan, repayable in full after seven years, provided by Kohlberg Kravis Roberts ('KKR');
- A £27.5m RCF, provided by the Royal Bank of Canada and the Royal Bank of Scotland, and
- A £2.5m UK overdraft facility provided by the Royal Bank of Scotland.

The SFA financial covenant comprises a leverage ratio – total debt not more than 6.6 times EBITDA for each quarter from 30 September 2020, falling to 6.35 times for each quarter ended 30 September 2022 until the quarter ended 30 June 2023, and then 6.1 times for each quarter ended 30 September 2023 until the maturity of the facility.

Downside Sensitivities

The Group has carried out a sensitivity analysis involving flexing a number of the key underlying assumptions, both individually and collectively. In addition, significant stress testing surrounding the impact of Covid-19 on the remainder of 2020 and throughout 2021 has been modelled, in terms of both underlying trading performance, most notably continued travel disruption across CT Assistance, and materially adverse (double-digit downside) working capital collections, primarily across the CT Adjusting business.

Further mitigating actions not included in the sensitised Going Concern model include: further reducing operational and capital expenditure, additional redundancies and broader pay reductions, plus deferring significant spend on new hires (assumed within the model) and not replacing leavers (not forecasted in the model). These mitigating actions provide the Directors with additional comfort over the significantly stress-tested cash flow forecast, demonstrating that the Group is in a position to be able to weather an extreme, continued impact of Covid-19 on the rest of 2020 through to the end of 2021 in addition to any expected, reasonable downsides.

Based on the going concern assessment performed at a Group level as set out above, the Directors of the Company are satisfied that it is appropriate for these financial statements to be prepared on a going concern basis.

Future developments

On 29 May 2020, the Standard Club announced the intention to insource and manage its day-to-day operations. On 20 August 2020, the Standard Club and Charles Taylor entered into a framework agreement which sets out the terms of the new relationship between the parties. From 21 August 2021, Charles Taylor will no longer be a manager of all Club operations but will provide a range of support services, including the Club's technology infrastructure and services, investment management, internal audit and other support services under multi-year contracts. The Charles Taylor Group will also be a key provider to the Club and its members for loss adjusting, medical assistance, marine technical and club correspondent services. The Club will continue to be one of Charles Taylor's largest clients, and the terms of the investment management services provided by the Company to the Club, whilst awaiting finalisation in line with the framework agreement, are expected to remain unchanged.

Charles Taylor Investment Management Company Limited

Directors' report (continued)

Financial risk management

The Company is exposed to financial risk through its financial assets and its financial liabilities. The most important components of financial risk are interest rate risk, currency risk, credit risk and liquidity risk. The Company does not use hedging or adopt hedge accounting for any type of transactions.

Interest rate risk

The Company is exposed to interest rate risk in relation to its bank balances however the risk is not considered to be material to the Company.

Currency risk

The Company is exposed to currency risk in respect of fees it issues to clients in currencies other than Sterling as the rate of exchange can fluctuate between the date the fees are earned and payment is ultimately received. The most significant currency to which the Company is exposed to is the US Dollar which is managed with close monitoring and periodic conversion to GBP.

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The main area where the Company is exposed to credit risk is in relation to the amounts due from group companies, majority of which are linked to contracts with external parties. The Company seeks to minimise this risk by the Group having appropriate engagement acceptance procedures and agreed terms of engagement and payment and also by maintaining credit control processes for external parties. There is no significant impact as a result of Coronavirus due to creditors being group undertakings and therefore more flexible arrangements in respect of repayments are in place.

Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due. The Company seeks to mitigate this risk by maintaining sufficient cash to meet its obligations as they fall due either from its own resources or, if not sufficient, by way of funding from other group companies. There is no significant impact as a result of Coronavirus due to creditors being group undertakings. The Company is regulated by the FCA and has a minimum capital requirement which the Company have met and therefore have sufficient liquidity to manage the risks mentioned.

Directors

The directors who served throughout the year, and the present membership of the board are shown on page 1.

Dividends

The directors paid dividends of £1,163,000 during the year ended 31 December 2019 (2018: £640,000), as set out further in Note 8.

Directors' indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors which were made during the year and remain in force as at the date of this report.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

Charles Taylor Investment Management Company Limited

Statement of directors' responsibilities (continued)

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.

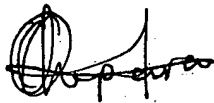
Statement of disclosure of information to auditors

In the case of each director in office at the date the Directors' Report is approved:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006. PricewaterhouseCoopers LLP has expressed its willingness to be reappointed for another term and appropriate arrangements have been put in place for PricewaterhouseCoopers LLP to be reappointed as auditor in the absence of an annual general meeting.

Approved by the Board and signed by order of the Board:



Charles Taylor Administration Services Limited

24 September 2020

Charles Taylor Investment Management Company Limited

Independent auditors' report to the members of Charles Taylor Investment Management Company Limited

Report on the audit of the financial statements

Opinion

In our opinion, Charles Taylor Investment Management Company Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2019; the Statement of comprehensive income for and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Charles Taylor Investment Management Company Limited

Reporting on other information (continued)

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

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 year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 5-6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Darryl Phillips (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 September 2020

Charles Taylor Investment Management Company Limited

Statement of comprehensive income for the year ended 31 December 2019

| | | 2019 £ | 2018 £ |
|----------------------------------------------------|------|----------------|----------------|
| | Note | | |
| Revenue from contracts with customers | | 3,150,083 | 2,814,613 |
| Operating expenses | | (2,210,122) | (2,257,439) |
| Operating profit | 2 | 939,961 | 557,174 |
| Interest income | | 2,112 | 1,427 |
| Profit before taxation | | 942,073 | 558,601 |
| Tax on profit | 4 | (202,297) | (125,225) |
| Profit and total comprehensive income for the year | | <u>739,776</u> | <u>433,376</u> |

All activities derive from continuing operations.

The notes on pages 12 to 17 form an integral part of these financial statements.

Charles Taylor Investment Management Company Limited

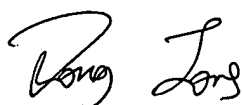
Balance Sheet as at 31 December 2019

| | Note | 2019 £ | 2018 £ |
|---------------------------------|------|------------------|------------------|
| Current assets | | | |
| Trade and other receivables | 5 | 3,113,585 | 1,232,742 |
| Cash at bank | | 628,716 | 774,108 |
| | | <u>3,742,301</u> | <u>2,006,850</u> |
| Current liabilities | | | |
| Trade and other payables | 6 | (3,069,088) | (910,413) |
| Net current assets | | <u>673,213</u> | <u>1,096,437</u> |
| Capital and reserves | | | |
| Called up share capital | 7 | 85,000 | 85,000 |
| Profit and loss account | | 588,213 | 1,011,437 |
| Total shareholders funds | | <u>673,213</u> | <u>1,096,437</u> |

The notes on pages 12 to 17 form an integral part of these financial statements.

The financial statements of Charles Taylor Investment Management Company Limited (registered number 2597752) on pages 9 to 17 were approved by the board of directors and authorised for issue on 24 September 2020.

They were signed on its behalf by



D Jones
Director
24 September 2020

Charles Taylor Investment Management Company Limited

Statement of changes in equity for the year ended 31 December 2019

| | Share capital £ | Profit & loss account £ | Total £ |
|--------------------------------------------------------------|-----------------------|-------------------------------|----------------|
| At 1 January 2019 | 85,000 | 1,011,437 | 1,096,437 |
| Profit and total comprehensive income for the financial year | - | 739,776 | 739,776 |
| Dividends paid to group undertakings (Note 8) | - | (1,163,000) | (1,163,000) |
| At 31 December 2019 | <u>85,000</u> | <u>588,213</u> | <u>673,213</u> |

| | Share capital £ | Profit & loss account £ | Total £ |
|--------------------------------------------------------------|-----------------------|-------------------------------|------------------|
| At 1 January 2018 | 85,000 | 1,218,061 | 1,303,061 |
| Profit and total comprehensive income for the financial year | - | 433,376 | 433,376 |
| Dividends paid to group undertakings (Note 8) | - | (640,000) | (640,000) |
| At 31 December 2018 | <u>85,000</u> | <u>1,011,437</u> | <u>1,096,437</u> |

The notes on pages 12 to 17 form an integral part of these financial statements.

Charles Taylor Investment Management Company Limited

Notes to the financial statements

1. Accounting policies

General information

The Company is a private limited company and is incorporated and domiciled in London, United Kingdom.

Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows),
 - 16 (statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 111 (cash flow statement information), and
 - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 'Revenue from Contracts with Customers'.
- The requirements of IFRS 7 'Financial Instruments: Disclosures'.
- The requirements of paragraphs 52 and 58 of IFRS 16 'Leases', which require all lease obligations to be disclosed in a separate note and the presentation of maturity analysis for lease obligations respectively

New and amended standards adopted by the Company

IFRS 16 'Leases' is applicable for accounting periods beginning on or after 1 January 2019. The Company has adopted the standard in the current year; it does not have any impact on the financial statements of the Company as it does not have any lease agreements.

Going concern

The financial statements have been prepared on a going concern basis, as discussed in the directors' report on page 4.

Revenue from contracts with customers

In accordance with IFRS 15, a five-step approach is taken for recognising revenue from contracts with customers. The Company generates revenue from customers from the supply of investment management services. These services relate to contracts that have variable fee arrangements where the fee is calculated as a percentage of "Assets under management" ('AUM') at the end of each quarter. Revenue is recognised over the contract period as the performance obligation is satisfied over a period of time.

Charles Taylor Investment Management Company Limited

Notes to the financial statements

1. Accounting policies (continued)

Foreign currency

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency). Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Pension costs

For defined contribution schemes the amount charged to the statement of comprehensive income in respect of pension costs, is the contribution payable in the year.

Taxation

The tax expense represents the sum of current and deferred tax expenses.

The current tax is based on taxable profit for the year, after any adjustments in respect of prior years. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using statutory tax rates that have been enacted or substantively enacted at the statement of financial position date.

Deferred tax expense is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the statement of financial position liability method. Deferred tax liabilities are recognised for taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each Balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax expense is calculated at tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the statement of financial position date. Deferred tax is charged or credited in the statement of comprehensive income.

Trade receivables

Trade receivables are measured at amortised cost less any impairment provision, calculated using the simplified approach of measuring expected credit losses, in accordance with IFRS 9. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

Charles Taylor Investment Management Company Limited

Notes to the financial statements

2. Operating profit

| | 2019 | 2018 |
|---------------------------------------------------------------|------------------|------------------|
| | £ | £ |
| Operating profit is stated after charging/(crediting): | | |
| Auditors remuneration | 15,000 | 15,000 |
| Gains/(losses) on foreign exchange | 28,723 | (191) |
| Staff costs (Note 3) | <u>1,476,986</u> | <u>1,309,382</u> |

3. Information regarding directors and employees

All directors and employees engaged in the activities of the Company are employed by Charles Taylor Administration Services Limited. Information regarding directors and employees for the current and prior year is available in the financial statements of Charles Taylor Administration Services Limited and Charles Taylor Limited. The amounts recharged and the average number of staff is shown below.

| | 2019 | 2018 |
|----------------------------------------------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries including benefits | 1,193,023 | 1,034,497 |
| Social security costs | 116,333 | 122,751 |
| Other pension costs | 54,532 | 54,854 |
| Recharge for share-based payments from group undertaking | <u>113,098</u> | <u>97,280</u> |
| | <u>1,476,986</u> | <u>1,309,382</u> |

| | | |
|------------------------------------------------------------------------------|----------|----------|
| The monthly average number of staff employed by the company for the year was | No. | No. |
| | <u>8</u> | <u>8</u> |

The recharge relating to share-based payments above relates to a number of different share award schemes made to employees, including three-year retention awards and three-year deferred share bonus awards. The various scheme exercise dates were all accelerated in terms of vesting due to the de-listing of the ultimate parent company on of 22 January 2020, refer to Note 10. The accounting requirements of IFRS 2 'Share-based payments' in relation to shares issued by the ultimate parent company Charles Taylor Limited, have been applied in the employing company for the entity, Charles Taylor Administration Services Limited.

Charles Taylor Investment Management Company Limited

Notes to the financial statements

3. Information regarding directors and employees (continued)

Directors' remuneration

One director (2018: one) provides services to both this company and other companies within the Charles Taylor group, and it is not considered practical to make a sensible apportionment of his time. The remuneration of this director is disclosed in the financial statements of Charles Taylor Administration Services Limited.

One director (2018: one) provides services primarily to Charles Taylor & Co Limited and his remuneration is disclosed in those financial statements.

The emoluments of the remaining directors are given below:

| | 2019 £ | 2018 £ |
|------------|----------------|----------------|
| Emoluments | 492,601 | 340,144 |
| | <u>492,601</u> | <u>340,144</u> |

The emoluments of the highest paid director was £315,090.

4. Tax on profit

The tax charge comprises:

| | 2019 £ | 2018 £ |
|-------------------------------|----------------|----------------|
| Corporation tax | | |
| Current year expense | 201,915 | 125,760 |
| Deferred tax expense/(credit) | 382 | (535) |
| Total tax on profit | <u>202,297</u> | <u>125,225</u> |

Deferred tax amounts are in respect of fixed asset timing differences.

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before taxation are as follows:

| | 2019 £ | 2018 £ |
|--------------------------------------------------------------------------------------------|----------------|----------------|
| Profit before taxation | <u>942,073</u> | <u>558,601</u> |
| Tax on profit before taxation at standard UK corporation tax rate of 19.00% (2018: 19.00%) | 178,994 | 106,134 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 21,804 | 18,820 |
| Capital allowances less than / (in excess) of depreciation | 382 | (1,064) |
| Transfer pricing interest adjustment | 1,117 | 1,335 |
| Total tax on profit for the year | <u>202,297</u> | <u>125,225</u> |

Charles Taylor Investment Management Company Limited

Notes to the financial statements

5. Trade and other receivables

| | 2019 £ | 2018 £ |
|-----------------------------------------------------|------------------|------------------|
| <i>Due within one year:</i> | | |
| Deferred tax asset – fixed asset timing differences | 4,466 | 4,848 |
| Amounts owed by group undertakings | 2,975,624 | 1,117,541 |
| Prepayments and Contract assets | 138,495 | 91,348 |
| Other debtors | - | 19,005 |
| | <u>3,113,585</u> | <u>1,232,742</u> |

Included in Prepayments and Contract assets is £77,812 (2018: £57,042) of Contract assets owed by group undertakings.

6. Trade and other payables

| | 2019 £ | 2018 £ |
|------------------------------------|------------------|----------------|
| <i>Due within one year:</i> | | |
| Amounts owed to group undertakings | 2,737,733 | 788,626 |
| Other creditors | 122 | 118 |
| Accruals | 204,934 | 15,000 |
| Corporation tax | 126,299 | 106,669 |
| | <u>3,069,088</u> | <u>910,413</u> |

7. Called up share capital

| | 2019 £ | 2018 £ |
|--------------------------------------------------|---------------|---------------|
| Allotted, called up and fully paid: | | |
| 85,000 (2018: 85,000) ordinary shares of £1 each | <u>85,000</u> | <u>85,000</u> |

The Company has one class of ordinary shares which carry no right to fixed income and carry equal voting rights.

8. Dividends

| | 2019 £ | 2018 £ |
|---------------------------------------------------|------------------|----------------|
| Equity - ordinary: | | |
| Interim paid: £8.98 (2018: £4.58) per £1 share | 763,000 | 390,000 |
| Final 2019 paid: £4.70 (2018: £2.94) per £1 share | <u>400,000</u> | <u>250,000</u> |
| | <u>1,163,000</u> | <u>640,000</u> |

9. Ultimate parent Company and controlling party

The immediate parent Company is Charles Taylor Holdings Limited, incorporated in United Kingdom. As at 31 December 2019, the ultimate parent and controlling Company is Charles Taylor Limited (formerly known as Charles Taylor Plc), a Company incorporated in United Kingdom and registered in England and Wales. Charles Taylor Limited is the parent undertaking of the largest and smallest group of undertakings of which the Company is a member and for which group financial statements are produced. Copies of the group financial statements of that Company are publicly available from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ. Following the acquisition by Lovell Minnick, the ultimate parent and controlling company is Lovell Minnick Partners Inc., a company registered in the United States of America (refer to Note 10).

Charles Taylor Investment Management Company Limited

Notes to the financial statements

10. Events after the balance sheet date

On 19 September 2019, the Board of the ultimate parent company Charles Taylor Limited (formerly known as Charles Taylor plc) (Charles Taylor) recommended a cash offer for the entire issued and to be issued share capital of Charles Taylor by Jewel Bidco Limited ("Jewel") a company formed on behalf of funds advised by Lovell Minnick Partners LLC and its affiliates ("Lovell Minnick") to be effected by means of a Scheme of Arrangement under part 26 of the Companies Act 2006. On 22 November 2019, the requisite majority of Scheme Shareholders voted to approve the Scheme at the Scheme Court Meeting; and the requisite majority of Charles Taylor Shareholders voted to pass the Special Resolution to implement the Scheme, including the amendment of Charles Taylor's articles of association, at the General Meeting. On 16 January 2020, Charles Taylor and LMP Bidco announced that the High Court of Justice in England and Wales had sanctioned the Scheme at the Court Sanction Hearing and on 21 January 2020 the Scheme became effective in accordance with its terms. On 22 January the listing of Charles Taylor Shares on the premium listing segment of the Official List of the FCA and the admission to trading of Charles Taylor Shares on the London Stock Exchange's main market for listed securities was cancelled, and Charles Taylor was de-listed from the London Stock Exchange. On 15 January 2020, 2,601,644 ordinary shares were issued to the Charles Taylor Employee Benefit Trust in order to satisfy share awards vesting under the Scheme of Arrangement. Charles Taylor plc was re-registered and renamed Charles Taylor Limited on 31 January 2020.

Following the acquisition by Lovell Minnick, the ultimate parent and controlling company is Lovell Minnick Partners Inc., a company registered in the United States of America.

As set out in the 2020 Budget delivered on 11 March 2020, the rate of corporation tax in the UK will remain at 19% (and is no longer expected to decrease from 19% to 17% from 1 April 2020) for the foreseeable future.

On 29 May 2020, the Standard Club announced the intention to insource and manage its day-to-day operations. On 20 August 2020, the Standard Club and Charles Taylor entered into a framework agreement which sets out the terms of the new relationship between the parties. From 21 August 2021, Charles Taylor will no longer be a manager of all Club operations but will provide a range of support services, including the Club's technology infrastructure and services, investment management, internal audit and other support services under multi-year contracts. The Charles Taylor Group will also be a key provider to the Club and its members for loss adjusting, medical assistance, marine technical and club correspondent services. The Club will continue to be one of Charles Taylor's largest clients.