

Company Registration No. 04519371 (England and Wales)

**ABRAXAS CAPITAL MANAGEMENT LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

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# ABRAXAS CAPITAL MANAGEMENT LIMITED

## COMPANY INFORMATION

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**Directors**

Mr L Celati  
Mr L A Filotto  
Mr F Frontini  
Mr L Frontini  
Mr E Nathoo  
Mr S Ruggiero  
Mr N R Turner

**Company number**

04519371

**Registered office**

1st Floor  
12 Old Bond Street  
Mayfair  
London  
W1S 4PW

**Auditor**

Perrys Accountants Limited  
Chartered Accountants  
12 Old Bond Street  
London  
W1S 4PW

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# ABRAXAS CAPITAL MANAGEMENT LIMITED

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# **ABRAXAS CAPITAL MANAGEMENT LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2017**

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The directors present the strategic report for the year ended 31 December 2017.

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

The Group performance is wholly dependent on the performance of Abraxas Capital Management ("ACML"), the sole asset of Abraxas CM Ltd.

ACML's performance in 2017 was below projections with a small loss of £62k. This was due to a loss of £72k in ACML's own investment in certificates linked to the Global macro strategy which had a disappointing Q4. This loss aside, fees from the assets under management covered all ACML costs and produced a small profit broadly in line with forecasts.

Assets in the Global Macro strategy were stable despite the small losses incurred, as were those in the Global Opportunities fund and the Trade Finance Fund. In contrast, the Sustainable investment Fund had a significant inflow late in 2017. Assets will also increase in early 2018 as a result of ACML being appointed sub-investment manager for a UCITS fund in November 2017. The other important development for ACML was the opening of a branch in Italy that was approved by both the FCA and the Bank of Italy during 2017. ACML increased its capital by approximately Euro 200k to maintain FCA capital adequacy requirements following the opening of the new branch.

In terms of personnel, there have been no changes to ACML's Directors and senior staff. Stefano Ruggiero has taken on the additional responsibility of Branch Manager for the new Italian branch. The branch has so far recruited just one member of staff, although further recruitment is expected during 2018.

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

The investment in Certificates linked to the Global Macro Strategy is a leveraged investment and as such is subject to volatile returns. A loss in the order of 10% in the Global Macro Strategy would result in 100% loss on the capital invested by ACML although, as in 2016, some of these losses would be offset by a loan linked to the Certificate provided by two directors of the firm.

In terms of assets under management, the Global Macro Strategy is stable at a low base. Other strategies have increased their assets during 2017 but they still all have a limited number of investors and consequently concentration risk is high. At present, ACML does not envisage any client redemptions in these strategies in the near term. Nevertheless, the risk of client redemptions is fundamentally difficult to mitigate as it depends on individual client decisions and on the performance of various instruments and strategies. ACML's new mandate as a sub-investment manager for a UCITS fund is an opportunity to grow and diversify their client base and mitigate the concentration risks detailed above.

The other risk facing the firm is the possibility of volatile currency movements as Brexit negotiations evolve. ACML's revenues are largely in Euros whereas a large proportion of costs are Sterling based. The eventual outcome of the Brexit negotiations for Financial services are also a risk facing ACML. It is possible that the current marketing and passporting rights will no longer be available to ACML as a UK FCA regulated entity once the UK leaves the EU at the end of March 2019. The opening of the Italian branch provides some insurance against this possible outcome.

# **ABRAXAS CAPITAL MANAGEMENT LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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### **Development and performance**

The Group foresees revenue growth by means of increased client assets for ACML in the various strategies that it manages. In addition, ACML is close to launching a new private equity type fund and is also studying new global arbitrage opportunities including those in synthetic currencies.

The mandate to sub-manage a UCITS fund will also provide opportunities for cross marketing, widening the client base and attracting assets. The Italian branch is expected to gradually grow its activities as more staff are recruited.

### **Other performance indicators**

The Key Performance Indicators for ACML are the assets under management (AUM) and the fees received by the Company for managing these assets. AUM showed a small increase from \$205m to \$211m during 2017. Total fees received increased a fraction from £1387k in 2016 to £1390k in 2017.

On behalf of the board



Mr E Nathoo

**Director**

20 April 2018

# **ABRAXAS CAPITAL MANAGEMENT LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2017**

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The directors present their annual report and financial statements for the year ended 31 December 2017.

#### **Principal activities**

The principal activity of the company in the year under review was that of investment management and advisory services.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr L Celati  
Mr L A Filotto  
Mr F Frontini  
Mr L Frontini  
Mr E Nathoo  
Mr S Ruggiero  
Mr N R Turner

#### **Results and dividends**

The results for the year are set out on page 5.

A dividend of £25,000 was paid to Abraxas CM Limited.

#### **Auditor**

The auditor, Perys Accountants Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

# **ABRAXAS CAPITAL MANAGEMENT LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2017**

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#### **Statement of directors' responsibilities**

The directors are responsible for preparing the annual 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

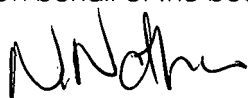
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;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

#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Mr E Nathoo

**Director**

20 April 2018

# ABRAXAS CAPITAL MANAGEMENT LIMITED

## INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

		2017 £	2016 £
	Notes		
Revenue	3	1,390,174	1,387,835
Cost of sales		(586,388)	(412,828)
<b>Gross profit</b>		<b>803,786</b>	<b>975,007</b>
Administrative expenses		(793,215)	(973,699)
<b>Operating profit</b>	4	<b>10,571</b>	<b>1,308</b>
Investment income	7	6	47
Finance costs	8	-	(1,982)
Other gains and losses	9	(72,716)	124,081
<b>(Loss)/profit before taxation</b>		<b>(62,139)</b>	<b>123,454</b>
Tax on loss/profit	10	-	(9,823)
<b>(Loss)/profit for the financial year</b>		<b>(62,139)</b>	<b>113,631</b>

The Income Statement has been prepared on the basis that all operations are continuing operations.



# **ABRAXAS CAPITAL MANAGEMENT LIMITED**

## **STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017**

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	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>(Loss)/profit for the year</b>	<b>(62,139)</b>	<b>113,631</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b><u>(62,139)</u></b>	<b><u>113,631</u></b>

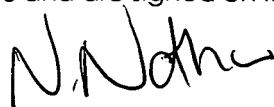
**ABRAXAS CAPITAL MANAGEMENT LIMITED (REGISTERED NUMBER: 04519371)**

**STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2017**

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Property, plant and equipment	12		3,471		4,662
<b>Current assets</b>					
Trade and other receivables	14	93,396		161,152	
Investments	15	1,011,472		1,200,742	
Cash and cash equivalents		283,553		56,778	
		<u>1,388,421</u>		<u>1,418,672</u>	
<b>Current liabilities</b>	16	<u>(1,170,761)</u>		<u>(1,115,064)</u>	
<b>Net current assets</b>			217,660		303,608
<b>Total assets less current liabilities</b>			<u>221,131</u>		<u>308,270</u>
<b>Equity</b>					
Called up share capital	18	40,000		40,000	
Capital redemption reserve		190,000		190,000	
Retained earnings		(8,869)		78,270	
<b>Total equity</b>			<u>221,131</u>		<u>308,270</u>

The financial statements were approved by the board of directors and authorised for issue on 20 April 2018 and are signed on its behalf by:



Mr E Nathoo  
Director

# ABRAXAS CAPITAL MANAGEMENT LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital £	redemption reserve £	Retained earnings £	Total £
<b>Balance at 1 January 2016</b>		40,000	190,000	(35,361)	194,639
<b>Year ended 31 December 2016:</b>					
Profit and total comprehensive income for the year		-	-	113,631	113,631
<b>Balance at 31 December 2016</b>		40,000	190,000	78,270	308,270
<b>Year ended 31 December 2017:</b>					
Loss and total comprehensive income for the year		-	-	(62,139)	(62,139)
Dividends	11	-	-	(25,000)	(25,000)
<b>Balance at 31 December 2017</b>		40,000	190,000	(8,869)	221,131

# ABRAXAS CAPITAL MANAGEMENT LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	21		145,038		(57,756)
Interest paid			-		(1,982)
Income taxes paid			(9,823)		-
<b>Net cash inflow/(outflow) from operating activities</b>			135,215		(59,738)
<b>Investing activities</b>					
Purchase of property, plant and equipment		-		(1,204)	
Proceeds from other investments and loans		116,554			
Interest received		6		47	
<b>Net cash generated from/(used in) investing activities</b>			116,560		(1,157)
<b>Financing activities</b>					
Dividends paid		(25,000)		-	
<b>Net cash used in financing activities</b>			(25,000)		-
<b>Net increase/(decrease) in cash and cash equivalents</b>			226,775		(60,895)
Cash and cash equivalents at beginning of year			56,778		117,673
<b>Cash and cash equivalents at end of year</b>			283,553		56,778

# ABRAXAS CAPITAL MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1 Accounting policies

##### Company information

Abraxas Capital Management Limited is a private company limited by shares incorporated in England and Wales. The registered office is 1st Floor, 12 Old Bond Street, Mayfair, London, W1S 4PW.

##### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

##### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

##### 1.3 Revenue

Revenue is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

##### 1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	over 4 years
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# ABRAXAS CAPITAL MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.5 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### **Basic financial assets**

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **Classification of financial liabilities**

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 company after deducting all of its liabilities.

# ABRAXAS CAPITAL MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 1 Accounting policies

(Continued)

##### **Basic financial liabilities**

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### 1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.7 Taxation

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

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# ABRAXAS CAPITAL MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1 Accounting policies

(Continued)

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

##### **1.8 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### **1.9 Retirement benefits**

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

##### **1.10 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.



# ABRAXAS CAPITAL MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### 3 Revenue

	2017 £	2016 £
<b>Other significant revenue</b>		
Interest income	6	47
	<u>        </u>	<u>        </u>

#### 4 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	18,635	(16,539)
Fees payable to the company's auditor for the audit of the company's financial statements	6,660	6,435
Depreciation of owned property, plant and equipment	1,191	1,588
Operating lease charges	41,817	58,298
	<u>        </u>	<u>        </u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £18,635 (2016 - £16,539).

#### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017 Number	2016 Number
Administration	3	4
Directors	7	7
	<u>        </u>	<u>        </u>
	10	11
	<u>        </u>	<u>        </u>

# ABRAXAS CAPITAL MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

<b>5</b>	<b>Employees</b>	<b>(Continued)</b>	
Their aggregate remuneration comprised:			
		<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
	Wages and salaries	471,362	564,413
	Social security costs	35,099	48,250
	Pension costs	676	-
		<u>507,137</u>	<u>612,663</u>
<b>6</b>	<b>Directors' remuneration</b>		
		<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
	Remuneration for qualifying services	192,500	120,022
	Company pension contributions to defined contribution schemes	676	-
		<u>193,176</u>	<u>120,022</u>
<b>7</b>	<b>Investment income</b>		
		<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
	<b>Interest income</b>		
	Interest on bank deposits	6	47
		<u>6</u>	<u>47</u>
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	6	47
		<u>6</u>	<u>47</u>
<b>8</b>	<b>Finance costs</b>		
		<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
	<b>Other finance costs:</b>		
	Other interest	-	1,982

# ABRAXAS CAPITAL MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

<b>9</b>	<b>Other gains and losses fixed asset investments</b>	<b>2017 £</b>	<b>2016 £</b>
	<b>Fair value gains/(losses) on financial instruments</b>		
	Gain/(loss) on hedge item in a fair value hedge	116,375	(286,273)
	(Loss)/gain on hedging instrument in a fair value hedge	(189,091)	410,354
		<u>(72,716)</u>	<u>124,081</u>
<b>10</b>	<b>Taxation</b>	<b>2017 £</b>	<b>2016 £</b>
	<b>Current tax</b>		
	UK corporation tax on profits for the current period	-	9,823
		<u>-</u>	<u>9,823</u>
The actual charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:			
		<b>2017 £</b>	<b>2016 £</b>
	(Loss)/profit before taxation	(62,139)	123,454
		<u>(62,139)</u>	<u>123,454</u>
	Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2016: 20.00%)	(11,806)	9,823
	Tax effect of utilisation of tax losses not previously recognised	11,806	-
		<u>-</u>	<u>9,823</u>
	Taxation charge for the year	-	9,823
		<u>-</u>	<u>9,823</u>
<b>11</b>	<b>Dividends</b>	<b>2017 £</b>	<b>2016 £</b>
	Interim paid	25,000	-
		<u>25,000</u>	<u>-</u>

# ABRAXAS CAPITAL MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 12 Property, plant and equipment

	Fixtures, fittings & equipment £
<b>Cost</b>	
At 1 January 2017 and 31 December 2017	26,779
<b>Depreciation and impairment</b>	
At 1 January 2017	22,117
Depreciation charged in the year	1,191
At 31 December 2017	23,308
<b>Carrying amount</b>	
At 31 December 2017	3,471
At 31 December 2016	4,662

#### 13 Financial instruments

	2017 £	2016 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	84,374	150,384
Instruments measured at fair value through profit or loss	1,011,472	1,200,742
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	1,156,499	1,105,241

#### 14 Trade and other receivables

	2017 £	2016 £
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	4,032	2,790
Other receivables	83,956	147,594
Prepayments and accrued income	5,408	10,768
	93,396	161,152

# ABRAXAS CAPITAL MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 15 Current asset investments

	2017 £	2016 £
Unlisted investments	1,011,472	1,200,742

#### Hedging Relationships

The company currently holds a number of investments in Deutsche Bank issued certificates ("DB Certificates") (above, the "derivative") in the Abraxas Alpha Index.

The investments have been partly funded by derivative loans from a number of parties.

The derivatives loans (above, the "derivative loan") are adjusted to reflect the inverse movement of the revaluation of the DB certificates.

The hedging relationship hedges the risk of movement in the market value of the investment.

#### INVESTMENT

At the reporting date, the investment in the DB Certificates had a fair value of £1,011,472.

#### 16 Current liabilities

	2017 £	2016 £
Trade payables	18,476	10,330
Corporation tax	-	9,823
Other taxation and social security	14,262	-
Other payables	1,069,085	1,007,997
Accruals and deferred income	68,938	86,914
	1,170,761	1,115,064

#### 17 Retirement benefit schemes

	2017 £	2016 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	676	-

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

# ABRAXAS CAPITAL MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 18 Share capital

	2017 £	2016 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
40,000 Ordinary Shares of £1 each	40,000	40,000
	<u>40,000</u>	<u>40,000</u>

#### 19 Related party transactions

Abraxas Capital Advisors SA is related by virtue of having common directors.

Consultancy charges totalling £95,833 (2016: £155,158) were incurred by the company from Abraxas Capital Advisors SA.

At the balance sheet date, the company owed Mr L Frontini (a director of the company) £387,817 (2016: £828,202).

The company also owed Mr F Frontini (a director of the company) £318,306 (2016: £0) at the balance sheet date.

#### 20 Ultimate controlling party

The parent company is Abraxas CM Limited, a company incorporated in the United Kingdom,

The ultimate controlling parties are S Ruggiero, F Frontini, N Nathoo, L Filotto and I Matsis by virtue of their ownership of the parent company.

# ABRAXAS CAPITAL MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 21 Cash generated from operations

	2017 £	2016 £
(Loss)/profit for the year after tax	(62,139)	123,454
<b>Adjustments for:</b>		
Finance costs	-	1,982
Investment income	(6)	(47)
Depreciation and impairment of property, plant and equipment	1,191	1,588
Other gains and losses	72,716	(410,354)
Amounts written off loans	-	286,273
Amounts paid on behalf of parent company	-	(990)
<b>Movements in working capital:</b>		
Decrease/(increase) in trade and other receivables	71,370	(10,801)
Increase/(decrease) in trade and other payables	61,906	(48,861)
<b>Cash generated from/(absorbed by) operations</b>	<u>145,038</u>	<u>(57,756)</u>

# **ABRAXAS CAPITAL MANAGEMENT LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF ABRAXAS CAPITAL MANAGEMENT LIMITED**

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#### **Opinion**

We have audited the financial statements of Abraxas Capital Management Limited (the 'company') for the year ended 31 December 2017 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement Of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

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

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

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



# **ABRAXAS CAPITAL MANAGEMENT LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF ABRAXAS CAPITAL MANAGEMENT LIMITED**

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#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

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

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

#### **Matters on which we are required to report by exception**

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

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

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

#### **Responsibilities of directors**

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

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

# ABRAXAS CAPITAL MANAGEMENT LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF ABRAXAS CAPITAL MANAGEMENT LIMITED

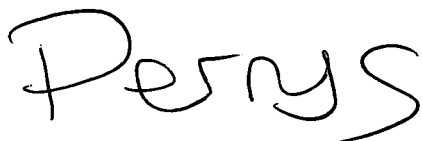
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#### Auditor's responsibilities for the audit of the financial statements

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

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

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



Declan McCusker (Senior Statutory Auditor)  
for and on behalf of Perrys Accountants Limited  
Chartered Accountants  
Statutory Auditor  
12 Old Bond Street  
London  
W1S 4PW

20 April 2018