

Registered number: 05000801

## **FAM Services Limited**

**Consolidated annual report and financial statements**

**For the year ended 31 December 2017**

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**FAM Services Limited**

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**FAM Services Limited**

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**Company information**

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<b>Director</b>	A D Stevens
<b>Company secretary</b>	J Davidson
<b>Registered number</b>	05000601
<b>Registered office</b>	Marble Arch House 66 Seymour Street London W1H 5BT
<b>Independent auditor</b>	Ernst & Young LLP 25 Churchill Place London E14 5EY
<b>Bankers</b>	Coutts & Co 188 Fleet Street London EC4A 2HY

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## **FAM Services Limited**

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### **Group strategic report For the year ended 31 December 2017**

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#### **Introduction**

The director presents his strategic report of FAM Services Limited ("the Company") and its subsidiaries (collectively "the Group") for the year ended 31 December 2017. The Company's subsidiary undertakings are Fulcrum Asset Management LLP ("the LLP"), FAM Services Nominees Limited ("Nominees"), Fulcrum Asset Management LP ("the US LP"), Fulcrum Asset Management GP LLC ("the US GP") and Fulcrum Asset Management GmbH ("GMBH").

#### **Business review**

The principal activity of the Company is that of a service company, providing administrative support services to the LLP. The LLP is a limited liability partnership incorporated in England and Wales whose principal activity is the provision of investment management services. The LLP manages a range of UCITS compliant pooled investment vehicles domiciled in Luxembourg and UK, Alternative Investment Funds domiciled in Luxembourg and Cayman Islands, an Australian Trust and a US mutual fund with aggregate assets under management of £4.8bn (2016: £4.8bn). The LLP is authorised to conduct investment business by the Financial Conduct Authority ("FCA").

The US LP is a limited partnership incorporated and registered in the USA. The principal activity of the US LP is to market the funds managed by the LLP in the US.

GMBH is a limited company and was incorporated and registered in Germany during the year. The principal activity of the GMBH is to market the funds managed by the LLP in Germany.

The director does not see any change in the nature of the Group's activity going forward.

#### **Financial key performance indicators**

The Group's performance is driven directly by the activities of the LLP. The key performance indicators of the Group are therefore linked to those of the LLP, which are revenue and profit before tax. The increase in revenue of the Group is attributable to the growth in the average level of the funds under management during the year.

Group turnover for the year amounted to £26,041,644 (2016: £18,950,317). The impact of the increased revenue on profitability was partially offset by an increase in expenditure resulting in profit after taxation of £9,438,803 (2016: £4,372,919). The increase in expenditure is as a result of the additional resources required to drive the growth in revenue. Total equity, including that attributable to the non-controlling interests, amounted to £7,361,300 (2016: £4,523,007).

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

The principal risks and uncertainties affecting the Group relate to the performance of the underlying funds the Group manages and the impact that performance has on the ability to attract and retain investors and, hence, maintain stable revenues for the Group. The funds advised by the Group and its affiliates are subject to various market, counterparty, operational and regulatory risks that can ultimately have an impact on the business. To the extent possible, the Group continues to monitor and improve its controls and processes to provide the proper infrastructure for managing the funds. Other risks and uncertainties relate to the ability to attract and retain key investment executives.

From an operational perspective, the key risk relates to the potential for non-compliance with the regulations issued by the FCA that could lead to the Group being subject to a fine or a ban on trading activities. This is managed through regular review of the Group's compliance framework by Senior Management.

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**FAM Services Limited**

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**Group strategic report (continued)**  
**For the year ended 31 December 2017**

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**Principal risks and uncertainties (continued)**

The Group uses forward foreign currency contracts to reduce exposure to the variability of foreign exchange rates by fixing the rate of any material revenue entitlements denominated in a foreign currency. Hedge accounting is used when certain criteria are met as explained in the accounting policy note 2.18.

This report was approved by the board on 27 September 2018 and signed on its behalf by:

**A D Stevens**  
Director



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**FAM Services Limited**

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**Director's report  
For the year ended 31 December 2017**

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The director presents his report and the audited financial statements for FAM Services Limited for the year ended 31 December 2017.

**Dividends**

There were no dividends paid in the year under review (2016: £nil).

**Director**

The director who served during the year and up to the date of this report was;

A D Stevens

**Future developments**

The director does not see any change in the nature of the Group activity going forward.

**Going concern**

The Company has net current liabilities and remains dependent on the performance of the LLP through the reimbursement of expenses and profit allocation from the LLP in order to be profitable. The director is not aware of any reason that this agreement will be terminated in the foreseeable future. The nature of the agreement with the Company allows a high degree of certainty that the Company will continue to be profitable and, historically, the Company has received income in a timely manner in order to manage its obligations (which are relatively predictable in nature).

The future profitability of the Group is dependent on the LLP maintaining assets under management from which to generate future revenues. Whilst the level of assets under management is subject to market volatility and potential investor redemptions, the funds have a diversified investor base that mitigate the effects of redemptions by one or more investors and the subsequent impact on the management fees earned.

The director has reviewed operating and cash flow forecasts for a period of at least 12 months from the date of this report and is confident that the Company and the Group has sufficient resources to settle its liabilities in the ordinary course of business and is a going concern. As such, the consolidated financial statements have been prepared on a going concern basis.

**Disclosure of information to auditor**

The director at the time when this Director's report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company's and the Group's auditor is unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's and the Group's auditor is aware of that information.

**Post balance sheet events**

There have been no significant events affecting the Group since the year end.

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**FAM Services Limited**

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**Director's report (continued)**  
**For the year ended 31 December 2017**

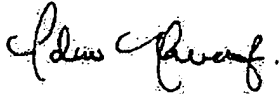
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**Independent auditor**

The auditor, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 27 September 2018 and signed on its behalf by:

**A D Stevens**  
Director



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**FAM Services Limited**

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**Director's responsibilities statement  
For the year ended 31 December 2017**

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The director is responsible for preparing the Group strategic report, the Director's report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the director is 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 Group will continue in business.

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



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**FAM Services Limited**

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**Independent auditor's report to the shareholders of FAM Services Limited**

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**Opinion**

We have audited the consolidated financial statements of FAM Services Limited ('the Company') and its subsidiaries (the 'Group') for the year ended 31 December 2017 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes 1 to 21, 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'.

In our opinion, the consolidated financial statements:

- give a true and fair view of the Group's and of the Company's affairs as at 31 December 2017 and of the Group's profit 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 below. We are independent of the Group and the Company in accordance with the ethical requirements in the UK that are relevant to our audit of the financial statements, 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 director's use of the going concern basis of accounting in the preparation of the consolidated financial statements is not appropriate; or
- the director has not disclosed in the consolidated financial statements any identified material uncertainties that may cast significant doubt about the Group's or 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 consolidated financial statements are authorised for issue.

**Other information**

The other information comprises the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. The directors is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 consolidated 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

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## **FAM Services Limited**

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### **Independent auditor's report to the shareholders of FAM Services Limited**

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#### **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 the Director's report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated 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 Group and the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report or the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of the director**

As explained more fully in the Director's Responsibilities statement set out on page 6, the director is responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the director is responsible for assessing the Group's and 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 director either intends to liquidate the Group or the 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. 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 <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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**FAM Services Limited**

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**Independent auditor's report to the shareholders of FAM Services Limited (continued)**

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**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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.

*Ernst + Young LLP*

Nell Parker (Senior statutory auditor)  
For and on behalf of Ernst & Young LLP (Statutory Auditor)  
London

Date: *28th SEPTEMBER 2018*

**FAM Services Limited**

**Consolidated statement of comprehensive income  
For the year ended 31 December 2017**

	Note	2017 £	2016 £
Turnover	4	26,041,644	18,950,317
Administrative expenses		(16,483,694)	(14,205,755)
Gain on financial assets held at fair value		42,848	11,710
<b>Operating profit</b>	5	<b>9,600,798</b>	<b>4,756,272</b>
Interest receivable and similar income	7	3,254	1,098
Unrealised gain/(loss) from derivative contracts		-	(98,166)
<b>Profit before taxation</b>		<b>9,604,052</b>	<b>4,659,204</b>
Taxation	8	(165,249)	(286,285)
<b>Profit for the year</b>		<b>9,438,803</b>	<b>4,372,919</b>
<b>Other comprehensive income</b>			
Unrealised (loss)/gain on translation of overseas subsidiary		(4,408)	16,691
Transfer of previously recognised loss to turnover upon maturity of derivative contracts		417,811	178,261
Unrealised gain/(loss) on derivative contracts		254,234	(417,811)
<b>Other comprehensive income/(loss) for the financial year</b>		<b>667,637</b>	<b>(222,859)</b>
<b>Total comprehensive income for the financial year</b>		<b>10,106,440</b>	<b>4,150,060</b>
<b>Profit for the year is attributable to:</b>			
Owners of the Company		198,044	772,376
Non-controlling interests		9,240,759	3,600,543
		<b>9,438,803</b>	<b>4,372,919</b>
<b>Total comprehensive income for the financial year is attributable to:</b>			
Owners of the Company		856,681	549,517
Non-controlling interests		9,240,759	3,600,543
		<b>10,106,440</b>	<b>4,150,060</b>

The notes on pages 17 to 31 form part of these financial statements.

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**FAM Services Limited**  
**Registered number: 05000601**

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**Consolidated statement of financial position**  
**As at 31 December 2017**

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	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	9	935,992	1,100,216
Investments	10	768,889	260,451
		<u>1,704,881</u>	<u>1,360,667</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	11	3,630,620	2,523,224
Cash and cash equivalents	12	8,275,670	7,018,733
<b>Total current assets</b>		<u>11,906,290</u>	<u>9,541,957</u>
Creditors: amounts falling due within one year	13	<u>(6,249,871)</u>	<u>(6,379,617)</u>
<b>Net current assets</b>		<u>5,656,419</u>	<u>3,162,340</u>
<b>Net assets</b>		<u>7,361,300</u>	<u>4,523,007</u>
<b>Capital and reserves</b>			
Called up share capital	17	437,500	437,500
Share premium account		667,011	667,011
Cash flow hedge reserve		254,234	(417,811)
Foreign exchange reserve		12,283	16,691
Profit and loss account		<u>1,705,070</u>	<u>1,507,026</u>
<b>Total equity attributable to owners of the Company</b>		<u>3,076,098</u>	<u>2,210,417</u>
Non-controlling interest		<u>4,285,202</u>	<u>2,312,590</u>
<b>Total equity</b>		<u>7,361,300</u>	<u>4,523,007</u>

The financial statements were approved and authorised for issue by the board on 27 September 2018 and were signed on its behalf by:

A D Stevens  
Director



The notes on pages 17 to 31 form part of these financial statements.

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**FAM Services Limited**  
**Registered number: 05000601**

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**Company statement of financial position**  
**As at 31 December 2017**

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	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	9	935,992	1,100,216
Investments	10	<u>2,495,001</u>	<u>2,335,001</u>
		3,430,993	3,435,217
<b>Current assets</b>			
Debtors: amounts falling due within one year	11	3,150,545	3,204,629
Cash and cash equivalents	12	<u>642,461</u>	<u>148,401</u>
<b>Total current assets</b>		3,793,006	3,353,030
Creditors: amounts falling due within one year	13	<u>(5,024,130)</u>	<u>(4,699,507)</u>
<b>Net current liabilities</b>		(1,231,124)	(1,346,477)
<b>Net assets</b>		<u>2,199,869</u>	<u>2,088,740</u>
<b>Capital and reserves</b>			
Called up share capital	17	437,500	437,500
Share premium account		667,011	667,011
Profit and loss account		<u>1,095,358</u>	<u>984,229</u>
<b>Total equity</b>		<u>2,199,869</u>	<u>2,088,740</u>

**Company profit**

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the Company for the year was £111,129 (2016: £848,504).

The financial statements were approved and authorised for issue by the board on 27 September 2018 and were signed on its behalf by:

**A D Stevens**  
Director

The notes on pages 17 to 31 form part of these financial statements.

FAM Services Limited

Consolidated statement of changes in equity  
For the year ended 31 December 2017

	Called up share capital £	Share premium account £	Cash flow hedge reserve £	Foreign exchange reserve £	Profit and loss account £	Total equity attributable to owners of the Company £	Non- controlling interest £	Total equity £
Balance at 1 January 2016	437,500	667,011	(178,261)	-	734,650	1,660,900	657,648	2,318,548
<b>Total comprehensive (loss)/income</b>								
Profit for the year	-	-	-	-	772,376	772,376	3,600,543	4,372,919
Unrealised gain on translation of overseas subsidiary	-	-	-	16,691	-	16,691	-	16,691
Transfer of previously recognised loss to turnover upon maturity of derivative contracts	-	-	178,261	-	-	178,261	-	178,261
Unrealised loss on derivative contracts	-	-	(417,811)	-	-	(417,811)	-	(417,811)
<b>Total comprehensive (loss)/income for the year</b>	-	-	(239,550)	16,691	772,376	549,517	3,600,543	4,150,060
<b>Transactions with owners</b>								
Repayment of capital to non-controlling interests	-	-	-	-	-	-	(5,000)	(5,000)
Capital contributed by non-controlling interests	-	-	-	-	-	-	10,000	10,000
Payments to non-controlling interests	-	-	-	-	-	-	(1,950,601)	(1,950,601)
<b>Total transactions with owners</b>	-	-	-	-	-	-	(1,945,601)	(1,945,601)
<b>Balance at 31 December 2016</b>	<b>437,500</b>	<b>667,011</b>	<b>(417,811)</b>	<b>16,691</b>	<b>1,507,026</b>	<b>2,210,417</b>	<b>2,312,590</b>	<b>4,523,007</b>

The notes on pages 17 to 31 form part of these financial statements.

FAM Services Limited

Consolidated statement of changes in equity (continued)  
For the year ended 31 December 2017

	Called up share capital £	Share premium account £	Cash flow hedge reserve £	Foreign exchange reserve £	Profit and loss account £	Total equity attributable to owners of the Company £	Non- controlling interest £	Total equity £
Balance at 1 January 2017	437,500	667,011	(417,811)	16,691	1,507,026	2,210,417	2,312,590	4,523,007
<b>Total comprehensive (loss)/income</b>								
Profit for the year	-	-	-	-	198,044	198,044	9,240,759	9,438,803
Unrealised loss on translation of overseas subsidiary	-	-	-	(4,408)	-	(4,408)	-	(4,408)
Transfer of previously recognised loss to turnover upon maturity of derivative contracts	-	-	417,811	-	-	417,811	-	417,811
Unrealised gain on derivative contracts	-	-	254,234	-	-	254,234	-	254,234
<b>Total comprehensive income/(loss) for the year</b>	-	-	672,045	(4,408)	198,044	865,681	9,240,759	10,106,440
<b>Transactions with owners</b>								
Payments to non-controlling interests	-	-	-	-	-	-	(7,268,147)	(7,268,147)
<b>Balance at 31 December 2017</b>	<b>437,500</b>	<b>667,011</b>	<b>254,234</b>	<b>12,283</b>	<b>1,705,070</b>	<b>3,076,098</b>	<b>4,285,202</b>	<b>7,361,300</b>

The notes on pages 17 to 31 form part of these financial statements.



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**FAM Services Limited**

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**Company statement of changes in equity  
For the year ended 31 December 2017**

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	<i>Called up share capital £</i>	<i>Share premium account £</i>	<i>Profit and loss account £</i>	<i>Total equity £</i>
Balance at 1 January 2016	437,500	667,011	135,725	1,240,236
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	848,504	848,504
<b>Balance at 31 December 2016</b>	<u>437,500</u>	<u>667,011</u>	<u>984,229</u>	<u>2,088,740</u>

	<i>Called up share capital £</i>	<i>Share premium account £</i>	<i>Profit and loss account £</i>	<i>Total equity £</i>
Balance at 1 January 2017	437,500	667,011	984,229	2,088,740
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	111,129	111,129
<b>Balance at 31 December 2017</b>	<u>437,500</u>	<u>667,011</u>	<u>1,095,358</u>	<u>2,199,869</u>

The notes on pages 17 to 31 form part of these financial statements.

**FAM Services Limited**

**Consolidated statement of cash flows  
For the year ended 31 December 2017**

	2017 £	2016 £
<b>Cash flow from operating activities</b>		
Profit for the year	9,438,803	4,372,919
Adjustments for:		
Depreciation of property, plant and equipment	224,779	265,870
Gain on financial assets held at fair value	(42,848)	(11,710)
Interest receivable and similar income	(3,254)	(1,098)
Crystallisation of open derivative contracts	(108,130)	98,166
Taxation charged to statement of comprehensive income	165,249	286,285
Increase in debtors	(768,935)	(208,315)
Increase in creditors	345,974	2,384,774
Corporation tax paid	(199,255)	(247,038)
Income tax paid	-	(25,650)
Unrealised (loss)/gain on translation of foreign subsidiary	(4,408)	16,691
<b>Net cash generated from operating activities</b>	<b>9,047,975</b>	<b>6,910,894</b>
<b>Cash flow from investing activities</b>		
Purchase of tangible fixed assets	(60,555)	(106,211)
Purchase of unlisted and other investments	(487,799)	(215,097)
Proceeds from disposals of unlisted and other investments	22,209	2,018
Interest received	3,254	1,098
<b>Net cash used in investing activities</b>	<b>(522,891)</b>	<b>(318,192)</b>
<b>Cash flow from financing activities</b>		
Distributions paid to non-controlling interests	(7,268,147)	(1,950,601)
Capital repaid to non-controlling interests	-	(5,000)
Capital introduced by non-controlling interests	-	10,000
<b>Net cash used in financing activities</b>	<b>(7,268,147)</b>	<b>(1,945,601)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,256,937</b>	<b>4,647,101</b>
Cash and cash equivalents at beginning of the year	7,018,733	2,371,632
<b>Cash and cash equivalents at the end of the year</b>	<b>8,275,670</b>	<b>7,018,733</b>

The notes on pages 17 to 31 form part of these financial statements.

**Notes to the financial statements  
For the year ended 31 December 2017**

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**1. General Information**

The Company is a limited liability company registered in England. The registered office and principal place of business is Marble Arch House, 66 Seymour Street, London, W1H 5BT.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared on the going concern basis under the historical cost convention and in compliance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102") and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group's accounting policies (see note 3).

**2.2 Basis of consolidation**

The consolidated financial statements present the results of Company and its subsidiaries detailed in note 10 ("the Group"). Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

**2.3 Going concern**

The Company remains dependent on the performance of the LLP through the reimbursement of expenses and profit allocation in order to be profitable. The director is not aware of any reason that this agreement will be terminated in the foreseeable future. The nature of the agreement with the LLP allows a high degree of certainty that the Company will continue to be profitable and, historically, the Company has received income in a timely manner in order to manage its obligations (which are relatively predictable in nature).

The future profitability of the Group is dependent on the LLP and on maintaining a consistent level of assets under management from which to generate future revenues.

The director has reviewed operating and cash flow forecasts for a period of at least 12 months from the date of this report and is confident that the Company and the Group has sufficient resources to settle its liabilities in the ordinary course of business and is a going concern. As such the consolidated financial statements have been prepared on a going concern basis.

**2. Accounting policies (continued)**

**2.4 Foreign currency translation**

**Functional and presentation currency**

The functional currency of the Company, Nominees and the LLP and the Group's presentational currency is Pound Sterling. The functional currency of the US LP is US Dollar (\$) and the functional currency of GMBH is Euro ("€").

**Transactions and balances**

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 into the functional currency 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 Consolidated statement of comprehensive income.

On consolidation, the results of overseas operations with a different functional currency are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

**2.5 Turnover**

Turnover is recognised on an accruals basis to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue from fund management services is recognised in the period that the management services are performed and is based on an agreed percentage of the total funds under management of underlying funds. Performance fees are based on the performance of the funds under management and thus cannot be reliably determined until such time as they have crystallised and performance has been confirmed. As such performance fee revenue is only recognised when the fee has been crystallised.

**2.6 Expenses**

Except as noted below, expenses are recognised on an accruals basis in the period that the expenses are incurred.

Notes to the financial statements (continued)  
For the year ended 31 December 2017

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**2. Accounting policies (continued)**

**2.7 Operating leases**

Operating leases are those leases where the Group has use of an asset but where significantly all risks and rewards of ownership remain with the lessor and the lease term is not expected to be a significant portion of the useful life of the asset.

Rentals payable under operating leases are charged to the Statement of comprehensive income on a straight line basis over the term of the lease.

Any incentives to enter into an operating lease are credited to the Statement of comprehensive income as a reduction of the rental expense on a straight line basis over the term of the lease.

**2.8 Employee benefits**

*Short term employee benefits:*

Short term employee benefits are recognised in the Statement of comprehensive income in the period that services are received from employees on an accruals basis.

*Long term employee benefits:*

The Group has implemented a deferred bonus plan whereby a portion of the annual staff incentive granted to employees is deferred for a specified term, currently three years. The deferred incentive vests and becomes payable in equal tranches with each tranche payable annually on the anniversary of the grant date. The deferred incentive is charged to the Statement of comprehensive income on an accruals basis over the period that each tranche becomes payable.

**2.9 Pensions**

**Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated statement of comprehensive income on an accruals basis when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

**2.10 Interest income**

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

**2.11 Taxation**

**Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2017**

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**2. Accounting policies (continued)**

**2.11 Taxation (continued)**

The current income tax charge is calculated based on the tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that, the recognition of deferred tax assets is limited 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 determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**Income tax**

Income tax represents the tax on the deferred profit allocations made to non-controlling interests by the LLP. The income tax is assessed on the LLP and is not recoverable from the non-controlling interests. The income tax is thus recognised as an expense in the statement of comprehensive income in the period that the profits arise and is calculated based on the tax rates and laws that have been enacted or substantively enacted by the reporting date.

**2.12 Tangible assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- Over the lease term
Fixtures and fittings	- 4 years straight line
Office equipment	- 3 years straight line
Computer equipment	- 3 years straight line

**2.13 Financial instruments**

The Group has opted to apply the measurement and recognition criteria set out in Chapters 11 and 12 of FRS 102.

**2.14 Investments**

Investments in subsidiaries are measured at cost less accumulated impairment. Any impairment is recognised in the Statement of Comprehensive Income

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2017**

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**2. Accounting policies (continued)**

**2.14 Investments (continued)**

Unlisted investments are initially recognised at the transaction price and are subsequently recognised at fair value. Where a reliable fair value is not available for unlisted investments then those investments are measured at cost less accumulated impairment. Investments held at fair value are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period.

**2.15 Debtors**

Short term debtors are measured at transaction price, which equates to the amount expected to be received by the Group on settlement, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.16 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.17 Creditors**

Short term creditors are measured at the transaction price, which equates to the amount expected to be paid by the Group to settle the obligation. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.18 Derivatives and hedge accounting**

The Group uses forward foreign currency contracts to reduce exposure to foreign exchange rates. Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of the forward currency contracts is calculated by reference to current forward exchange contracts with similar maturity profiles.

Hedges of forecast transactions are treated as cash flow hedges. The effective portion of the cash flow hedges is recognised as other comprehensive income in the Cash flow hedge reserve and is released against profit and loss when the forecast transaction is included in profit and loss. The in-effective portion of the cash flow hedges is recognised in the Income statement in the period that it occurs.

**2.19 Non-controlling interests**

Non-controlling interests represent capital contributions made by the LLP members and profits attributable to those members, net of draws taken in anticipation of profit allocations from the LLP. The capital amounts and profits are payable at the discretion of the Designated members of the LLP, which includes the Company.

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**FAM Services Limited**

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**Notes to the financial statements (continued)**  
**For the year ended 31 December 2017**

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**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

In applying the Group's accounting policies, the director may be required to make judgements and estimates that could impact the amounts reported for assets and liabilities as at the Statement of financial position date and the amounts reported for revenues and expenses during the year.

The director considers the following to be significant accounting judgements made during the year:

- Valuation of investments
- Effectiveness of cash flow hedges
- The value of the deferred incentives that is expected to vest and become payable.

The director's estimates are based on the evidence available at the time; including historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such estimates, the actual results and outcomes may differ. Estimates are reviewed on an on-going basis and revisions to accounting estimates are recognised in the year in which the estimate is revised.

The director is not aware of any significant sources of estimation uncertainty in the preparation of the financial statements.

**4. Turnover**

Turnover is earned from the following classes of business:

	2017 £	2016 £
Management fees	26,023,424	18,950,317
Other income	18,220	-
	<u>26,041,644</u>	<u>18,950,317</u>

Turnover was earned from the following destinations:

	2017 £	2016 £
United Kingdom	10,239,182	7,023,702
Rest of Europe	2,983,583	1,422,169
Rest of the world	12,818,879	10,504,446
	<u>26,041,644</u>	<u>18,950,317</u>

Fees arise from services provided to clients from the Group's registered place of business in the United Kingdom.



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**FAM Services Limited**

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**Notes to the financial statements (continued)**  
**For the year ended 31 December 2017**

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**5. Operating profit**

	2017 £	2016 £
Depreciation of tangible assets	224,779	265,870
Fees payable to the Company's auditor for:		
- The audit of these financial statements	31,000	31,000
- the audit of the Group's subsidiaries pursuant to legislation	7,000	7,000
Foreign exchange differences	59,163	(25,591)
Other operating lease rentals	<u>716,385</u>	<u>713,437</u>

The remuneration of the Company's director is borne by the LLP through member allocations. These are not recharged to the Company. The costs associated with the services that the director provides to the Company are considered to represent a small proportion of the overall responsibilities performed by the director on behalf of the wider group and, accordingly, it is not considered feasible to allocate a proportion of the director's overall remuneration to the Company.

The auditor did not receive any remuneration in respect of non-audit services provided during the year (2016: £nil).

**6. Employees**

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	7,890,303	7,441,087
Social security costs	979,346	579,180
Pension contributions	<u>236,003</u>	<u>216,679</u>
	<u>9,105,652</u>	<u>8,236,926</u>

The average monthly number of employees of the Group, including the director, during the year was as follows:

	2017 No.	2016 No.
Investment management	45	49
Office and administration	<u>8</u>	<u>2</u>
	<u>53</u>	<u>51</u>

**7. Interest receivable and similar income**

	2017 £	2016 £
Bank interest receivable	<u>3,254</u>	<u>1,098</u>

**FAM Services Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2017**

**8. Taxation**

	2017 £	2016 £
<b>Corporation tax:</b>		
Current tax on profits for the year	174,197	198,264
Adjustments in respect of previous periods	(26)	25
Income tax on deferred profits	76,050	58,050
Income tax adjustments in respect of previous periods	-	17,100
	<u>250,221</u>	<u>273,439</u>
<b>Foreign tax:</b>		
Foreign tax on income for the year	<u>(745)</u>	<u>6,833</u>
<b>Total current tax</b>	<b>249,476</b>	<b>280,272</b>
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	(85,401)	5,762
Effect of changes in tax rates	<u>1,174</u>	<u>251</u>
<b>Total deferred tax</b>	<b>16 (84,227)</b>	<b>6,013</b>
<b>Taxation on profit on ordinary activities</b>	<u><b>165,249</b></u>	<u><b>286,285</b></u>
	2017 £	2016 £

**Factors affecting the tax charge for the current year**

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

Profit for the financial year before taxation	<u>9,604,052</u>	<u>4,659,204</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.25% (2016: 20%)	1,848,780	931,841
<b>Effects of:</b>		
Expenses not deductible for tax purposes	38,843	32,590
Non-taxable income	(8,248)	-
Capital allowances in excess of depreciation	(19,610)	-
Depreciation in excess of capital allowances	-	11,017
Adjustment for differences in taxes paid by foreign subsidiaries	(17,539)	(1,960)
LLP profits subject to higher rate	43,518	32,250
Profits attributable to non-controlling interests	(1,721,643)	(736,829)
Prior year adjustment	(26)	17,125
Effect of change in rate of tax	<u>1,174</u>	<u>251</u>
<b>Total taxation</b>	<u><b>165,249</b></u>	<u><b>286,285</b></u>

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**FAM Services Limited**

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**Notes to the financial statements (continued)**  
**For the year ended 31 December 2017**

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**8. Taxation (continued)****Factors that may affect future tax charges**

The UK Government legislated in the Finance (No.2) Act 2016, which received Royal Assent on 18 November 2016, to reduce the standard rate of UK corporation tax to 18% from 1 April 2020. In the 2016 Finance Act, which received Royal Assent on 15 September 2016, the Government announced a further reduction in the rate of corporation tax to 17% from 1 April 2020. The reduced rates of UK corporation tax will affect future cash tax payments made by the Company

**9. Tangible assets**

Group and Company	Leasehold improvements £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
<b>Cost:</b>					
At 1 January 2017	1,038,011	395,484	37,744	1,136,550	2,607,789
Additions	-	403	3,957	56,195	60,555
At 31 December 2017	<u>1,038,011</u>	<u>395,887</u>	<u>41,701</u>	<u>1,192,745</u>	<u>2,668,344</u>
<b>Depreciation:</b>					
At 1 January 2017	268,986	204,123	36,407	998,057	1,507,573
Charge for the year	106,780	22,487	2,077	93,435	224,779
At 31 December 2017	<u>375,766</u>	<u>226,610</u>	<u>38,484</u>	<u>1,091,492</u>	<u>1,732,352</u>
<b>Net book value:</b>					
At 31 December 2017	<u>662,245</u>	<u>169,277</u>	<u>3,217</u>	<u>101,253</u>	<u>935,992</u>
At 31 December 2016	<u>769,025</u>	<u>191,361</u>	<u>1,337</u>	<u>138,493</u>	<u>1,100,216</u>

**10. Investments**

Group	Unlisted investments £
<b>Cost or valuation</b>	
At 1 January 2017	260,451
Additions	487,799
Revaluations	42,848
Proceeds on disposals	<u>(22,209)</u>
At 31 December 2017	<u>768,889</u>

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**FAM Services Limited**

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**Notes to the financial statements (continued)**  
**For the year ended 31 December 2017**

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**10. Investments (continued)**

The unlisted investments comprise holdings in the Funds managed by the LLP. These are held at fair value through profit or loss with the fair value being based on the net asset values provided by the fund administrators. The fund net asset values are equivalent to the fair value of the funds and are level 2 valuation inputs.

Investments with a carrying value of £412,120 (2016: £219,729) are held under the Group's deferred incentive scheme.

<b>Company</b>	<b>Investments in subsidiaries £</b>
<b>Cost:</b>	
At 1 January 2017	2,335,001
Additions	160,000
<b>At 31 December 2017</b>	<b>2,495,001</b>

The addition represents a further capital contribution made to the LLP in order to maintain sufficient regulatory capital in the LLP.

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Country of incorporation</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
Fulcrum Asset Management LLP	England	Capital	75.95%	Providing investment management and advisory services
Fulcrum Asset Management LP	USA	Capital	75.95%	Providing marketing services
Fulcrum Asset Management GP LLC	USA	Capital	75.95%	Providing investment management services (The entity is dormant)
Fulcrum Asset Management GmbH	Germany	Capital	75.95%	Providing marketing services
FAM Services Nominees Limited	England	Ordinary	100%	Acting as a nominee entity

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**FAM Services Limited**

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**Notes to the financial statements (continued)**  
**For the year ended 31 December 2017**

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**11. Debtors**

		<i>Group</i> <i>2017</i> £	<i>Group</i> <i>2016</i> £	<i>Company</i> <i>2017</i> £	<i>Company</i> <i>2016</i> £
Trade debtors		40,834	-	38,975	-
Amounts owed by group undertakings		215,368	125,615	2,540,454	2,750,611
Other debtors		683,004	117,817	117,747	86,042
Prepayments and accrued income		2,347,990	2,274,829	363,108	363,013
Deferred taxation	16	89,190	4,963	90,261	4,963
Derivative financial Instruments	15	254,234	-	-	-
		<u>3,630,620</u>	<u>2,523,224</u>	<u>3,150,545</u>	<u>3,204,629</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

**12. Cash and cash equivalents**

		<i>Group</i> <i>2017</i> £	<i>Group</i> <i>2016</i> £	<i>Company</i> <i>2017</i> £	<i>Company</i> <i>2016</i> £
Cash at bank and in hand		<u>8,275,670</u>	<u>7,018,733</u>	<u>642,461</u>	<u>148,401</u>

**13. Creditors: amounts falling due within one year**

		<i>Group</i> <i>2017</i> £	<i>Group</i> <i>2016</i> £	<i>Company</i> <i>2017</i> £	<i>Company</i> <i>2016</i> £
Trade creditors		104,224	92,463	87,873	88,713
Amounts owed to group undertakings		100,424	63,686	-	-
Corporation tax payable		172,460	198,289	176,460	198,289
Income tax payable		125,550	49,500	-	-
Other taxation and social security		295,854	139,780	176,795	139,780
Other creditors		274,592	126,199	266,099	125,319
Accruals and deferred income		5,176,767	5,183,759	4,320,903	4,147,406
Derivative financial Instruments	15	-	525,941	-	-
		<u>6,249,871</u>	<u>6,379,617</u>	<u>5,024,130</u>	<u>4,699,507</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

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**FAM Services Limited**

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**Notes to the financial statements (continued)**  
**For the year ended 31 December 2017**

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**13. Creditors: Amounts falling due within one year (continued)**

Included in accruals and deferred income disclosed above is an amount of £154,746 (2016: £115,656) representing the portion of the deferred incentive that has been charged to the statement of comprehensive income during the year. At year end, the unvested portion of the deferred incentive amounted to £99,776 (2016: £73,597). Included within that amount is a total of £22,499 (2016: £21,027) in respect of deferred incentives that have vested but are only exercisable and payable after more than one year from the statement of financial position date.

**14. Financial instruments**

	<i>Group</i> 2017 £	<i>Group</i> 2016 £	<i>Company</i> 2017 £	<i>Company</i> 2016 £
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss	768,889	260,451	150,163	196,313
Financial assets measured at amortised cost	939,206	2,015,589	2,697,176	2,555,862
Financial assets that are equity instruments measured at cost less impairment	-	-	2,495,001	2,335,001
Derivative financial instruments designated as hedges of fluctuations in foreign currencies	254,234	-	-	-
	<u>1,962,329</u>	<u>2,276,040</u>	<u>5,342,340</u>	<u>5,087,176</u>
<b>Financial liabilities</b>				
Derivative financial instruments designated as hedges of fluctuations in foreign currencies	-	(525,941)	-	-
Financial liabilities measured at amortised cost	(5,856,007)	(5,466,107)	(4,674,875)	(4,361,438)
	<u>(5,856,007)</u>	<u>(5,992,048)</u>	<u>(4,674,875)</u>	<u>(4,361,438)</u>

Financial assets measured at fair value through profit or loss comprise the fund investments disclosed in note 10.

Financial assets that are classified as equity instruments measured at cost less impairment comprise the Company's investments in its subsidiaries as disclosed in note 10.

Financial assets measured at amortised cost comprise debtors disclosed in note 11 but excludes prepayments and taxes recoverable.

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**FAM Services Limited**

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**Notes to the financial statements (continued)**  
**For the year ended 31 December 2017**

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**14. Financial instruments (continued)**

Derivative financial instruments included in note 15 are forward foreign exchange contracts.

Financial liabilities measured at amortised cost comprise creditors disclosed in note 13 excluding taxation payable and the financial instruments which are derivative financial instruments.

**15. Derivative financial instruments**

The financial instruments included in note 11 represent the fair value of the forward currency contracts in place at the year end. Forward currency contracts are used to mitigate the risk of fluctuations in the expected net revenue of the LLP that is denominated in foreign currencies. The LLP's revenue is quoted primarily in US Dollars ("\$\$") and Australian Dollars ("AU\$") and thus the LLP focuses on hedging the risks of fluctuations in revenue quoted in those currencies.

At year end the principal amount of forward contracts amounted to \$5,400,000 (2016: \$5,300,000) and AU\$9,100,000 (2016: AU\$9,100,000). The total contractual redemption value of all forward contracts at year end amounted to £9,443,063 (2016: £9,134,922).

The forward currency contracts are a hedge against the variability of the cash and cash equivalents and accrued income held in foreign currency by the LLP of \$2,360,595 (2016: \$2,639,604) and AU\$899,989 (2016: AU\$2,415,795) and future forecast net revenue of \$3,039,405 (2016: \$2,660,396) and AU\$8,200,011 (2016: AU\$6,684,205) which is expected to be recognised as a component of operating profit over the period to the end of October 2018 (2016: October 2017).

During the year, an amount of £417,811 (2016: £178,261) was transferred to the statement of comprehensive income from the cash flow hedge reserve in respect of the forecast transactions that occurred during the year and were recognised in turnover to offset against the corresponding change in the forecast turnover. An unrealised gain of £254,234 (2016: loss of £417,811) on the forward currency contracts expected to mature over the next year has been recognised in other comprehensive income while a gain of £nil (2016: loss of £98,166), representing the ineffective element of the hedge relationship, has been charged directly to the income statement. These unrealised gain and losses will be offset in the future by an increase in the cash flows expected from the hedged items as a result of the changes in the foreign currency exchange rates.

**16. Deferred taxation**

		<i>Group</i> £	<i>Company</i> £
At beginning of the year		4,963	4,963
Credited to the statement of comprehensive income	8	84,227	85,298
<b>At end of the year</b>		<b>89,190</b>	<b>90,261</b>

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**FAM Services Limited**

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**Notes to the financial statements (continued)**  
**For the year ended 31 December 2017**

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**16. Deferred taxation (continued)**

The deferred tax asset is made up as follows:

	<i>Group</i> <i>2017</i> £	<i>Group</i> <i>2016</i> £	<i>Company</i> <i>2017</i> £	<i>Company</i> <i>2016</i> £
Accelerated capital allowances	4,963	4,963	6,048	4,963
Income taxed in advance of receipt	-	-	1,071	-
Expenses deductible when paid	85,175	-	85,175	-
	<u>89,190</u>	<u>4,963</u>	<u>90,261</u>	<u>4,963</u>

**17. Share capital**

	<i>Company</i> <i>2017</i> £	<i>Company</i> <i>2016</i> £
Alotted, called up and fully paid		
437,500 (2016: 437,500) Ordinary shares of £1 each	<u>437,500</u>	<u>437,500</u>

**18. Pension commitments**

At the year end pension contributions for the year totalling £26,079 (2016: £1,471) were payable.

**19. Commitments under operating leases**

At 31 December 2017 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	<i>Group</i> <i>2017</i> £	<i>Group</i> <i>2016</i> £	<i>Company</i> <i>2017</i> £	<i>Company</i> <i>2016</i> £
Not later than 1 year	713,958	713,958	713,958	713,958
Later than 1 year and not later than 5 years	2,855,830	2,855,830	2,855,830	2,855,830
Later than 5 years	755,769	1,469,726	755,769	1,469,726
	<u>4,325,557</u>	<u>5,039,514</u>	<u>4,325,557</u>	<u>5,039,514</u>

**20. Related party transactions**

Fulcrum Asset Management Limited, the Company's parent:

During the year, the Group charged Fulcrum Asset Management Limited a total of £4,557,450 (2016: £10,980,212) for management and performance fees. These amounts were settled during the year. At year end the balance due from Fulcrum Asset Management Limited was £70,069 (2016: £61,929).



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**FAM Services Limited**

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**Notes to the financial statements (continued)**  
**For the year ended 31 December 2017**

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**20. Related party transactions**

**Key management personnel**

The key management personnel of the Group are the Company's director and the non-controlling interests who are members of the LLP. The aggregate of transactions with key management personnel is disclosed in the consolidated statement of changes in equity on page 14 and in note 5.

**21. Ultimate parent company and controlling party**

The Company's immediate and ultimate parent undertaking is Fulcrum Asset Management Limited, a company registered in the Cayman Islands.

The Group headed by the Company is the largest and smallest group that prepares consolidated financial statements which include the results and financial position of the Company.