

Registered number: 05195355

BASSO ASSOCIATES UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



BASSO ASSOCIATES UK LIMITED

COMPANY INFORMATION

DIRECTORS	H. Fischer D. Nelson
COMPANY SECRETARY	Jordan Company Secretaries Limited
REGISTERED NUMBER	05195355
REGISTERED OFFICE	Suite 1, 3rd Floor 11-12 St. James's Square London SW1Y 4LB
INDEPENDENT AUDITOR	BDO LLP 150 Aldersgate Street London EC1A 4AB

BASSO ASSOCIATES UK LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 7
Statement of comprehensive income	8
Statement of changes in equity	9
Statement of financial position	10
Statement of cash flows	11
Notes to the financial statements	12 - 22

BASSO ASSOCIATES UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

INTRODUCTION

The financial statements of the company are drawn up for the year ended 31 December 2018. Except where otherwise indicated, all financial information is presented in GBP.

The company is a United Kingdom company limited by shares. It is both incorporated and domiciled in England and Wales. The address of its registered office is Suite 1, 3rd Floor 11-12 St. James's Square, London, United Kingdom, SW1Y 4LB.

BUSINESS REVIEW

The company acts as sub-advisor to Basso Capital Management, L.P. ("BCM"), which is the investment manager to the fund identified in BCM's Form ADV I on file with the SEC (the "Fund"). In its capacity as sub-advisor to BCM, the company provides investment recommendations, advice, due diligence and research services to BCM pursuant to the terms of an Amended and Restated Sub-Advisory and Management Agreement dated as of November 1, 2007 (the "Sub-Advisory Agreement"). The company is subject to the risk that regulatory and other changes (including changes affecting the taxation of the company) could impact the manner in which the company currently operates.

The company bears all costs and expenses incurred by it in connection with the provision of services under the Sub-Advisory Agreement. The company receives compensation from BCM in the form of an annual fee in an amount equal to (i) the costs and expenses referred to in the preceding sentence, plus (ii) 10% of the amount referred to in clause (i) of this sentence or such additional amounts as the company and BCM may mutually agree from time to time.

The company is dependent on the support of and fees paid by BCM, as its parent and as the counterparty to the Sub-Advisory Agreement. BCM receives management and performance-based compensation from the Fund. In the event of a material adverse effect on the financial condition of BCM, it is possible that the financial condition of the company would be materially and adversely affected. It is noted that the company's reliance on BCM has been lessened by material reductions in 2019 and anticipated going-forward expenses.

BASSO ASSOCIATES UK LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

PRINCIPAL RISKS AND UNCERTAINTIES

The services provided carry no perceivable commercial risk whilst BCM requires such services as noted above. As such, the greatest risk faced by the company is its dependence on BCM continuing to fund the company via the Sub-Advisory Agreement and the underlying performance of the Funds. While compliance, financial and operational risks faced by the company are minimal, the directors assess these on a regular basis to ensure this remains accurate.

FINANCIAL KEY PERFORMANCE INDICATORS

Due to the relationship between BCM and the company as noted above, the directors do not use any financial key performance indicators to assess the business other than ensuring the company has the required equity to cover its capital requirement stipulated by the Financial Conduct Authority.

This report was approved by the board and signed on its behalf.


D. Nelson
Director

Date:

4/23/19

BASSO ASSOCIATES UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law the directors must not approve the financial statements unless satisfied that they 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 for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to 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.

PRINCIPAL ACTIVITY

The company's principal activity is as a sub-advisor to Basso Capital Management, L.P. ("BCM"), the company provides investment recommendations, advice, due diligence and research services to BCM.

The company is a private company limited by shares organised under the laws of England and Wales. The company is a wholly-owned subsidiary of BCM, a U.S. Delaware Limited Partnership that is an investment advisor registered with the U S Securities and Exchange Commission ("SEC").

The company is authorised and regulated by the Financial Conduct Authority to carry on regulated activities under the Financial Services and Markets Act 2000 of the UK.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £25,150 (2017 - £22,194).

No dividends were paid or proposed during the year (2016 - £Nil).

DIRECTORS

The directors who served during the year were:

H. Fischer
D. Nelson

BASSO ASSOCIATES UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

FUTURE DEVELOPMENTS

The company expects to continue with its present activities.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director 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 auditor is aware of that information.

EVENTS AFTER THE REPORTING PERIOD END

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

AUDITORS

On 1 February 2019 Moore Stephens LLP merged its business with BDO LLP. As a result, Moore Stephens LLP has resigned as auditor and the directors have appointed BDO LLP as auditor in their place.

This report was approved by the board and signed on its behalf.



D. Nelson
Director

Date:

4/23/19

BASSO ASSOCIATES UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BASSO ASSOCIATES UK LIMITED

OPINION

We have audited the financial statements of Basso Associates UK Limited (the 'company') for the year ended 31 December 2018, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable in the United Kingdom and Republic of Ireland in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its 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. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, 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

BASSO ASSOCIATES UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BASSO ASSOCIATES UK LIMITED (CONTINUED)

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.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement on page 3, 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.

BASSO ASSOCIATES UK LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BASSO ASSOCIATES UK LIMITED
(CONTINUED)**

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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

USE OF OUR REPORT

This report is made solely to the 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.



Simon Fowles (Senior statutory auditor)

for and on behalf of
BDO LLP

150 Aldersgate Street
London
EC1A 4AB

Date: 24 April 2019

BASSO ASSOCIATES UK LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover		342,160	301,603
GROSS PROFIT		342,160	301,603
Administrative expenses		(311,028)	(274,155)
OPERATING PROFIT	4	31,132	27,448
Tax on profit	7	(5,982)	(5,254)
PROFIT FOR THE FINANCIAL YEAR		25,150	22,194

There was no other comprehensive income for 2018 (2017:£NIL).

The notes on pages 12 to 22 form part of these financial statements.

BASSO ASSOCIATES UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Retained earnings	Total equity
	£	£	£
At 1 January 2017	50,000	646,445	696,445
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	22,194	22,194
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	22,194	22,194
At 1 January 2018	50,000	668,639	718,639
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	25,150	25,150
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	25,150	25,150
AT 31 DECEMBER 2018	50,000	693,789	743,789

The notes on pages 12 to 22 form part of these financial statements.

BASSO ASSOCIATES UK LIMITED
REGISTERED NUMBER: 05195355

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
FIXED ASSETS			
Tangible assets	8	1,014	3,562
		<u>1,014</u>	<u>3,562</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	9	355,675	306,219
Cash at bank and in hand	10	418,698	439,594
		<u>774,373</u>	<u>745,813</u>
Creditors: amounts falling due within one year	11	(31,426)	(30,130)
NET CURRENT ASSETS		<u>742,947</u>	<u>715,683</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>743,961</u>	<u>719,245</u>
PROVISIONS FOR LIABILITIES			
Deferred tax	13	(172)	(606)
		<u>(172)</u>	<u>(606)</u>
NET ASSETS		<u><u>743,789</u></u>	<u><u>718,639</u></u>
CAPITAL AND RESERVES			
Called up share capital	14	50,000	50,000
Profit and loss account		693,789	668,639
		<u><u>743,789</u></u>	<u><u>718,639</u></u>

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


D. Nelson
 Director

Date:

4/23/19

The notes on pages 12 to 22 form part of these financial statements.

BASSO ASSOCIATES UK LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018	2017
	£	£
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year	25,150	22,194
ADJUSTMENTS FOR:		
Depreciation of tangible assets	3,288	3,289
Taxation charge	5,982	5,254
Decrease/(increase) in debtors	4,243	(7,222)
(Increase) in amounts owed by groups	(53,698)	(15,840)
Increase/(decrease) in creditors	806	(181,007)
Corporation tax (paid)	(5,927)	(8,216)
NET CASH GENERATED FROM OPERATING ACTIVITIES	(20,156)	(181,548)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(740)	-
NET CASH FROM INVESTING ACTIVITIES	(740)	-
(DECREASE) IN CASH AND CASH EQUIVALENTS	(20,896)	(181,548)
Cash and cash equivalents at beginning of year	439,594	621,142
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	418,698	439,594
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	418,698	439,594
	418,698	439,594

The notes on pages 12 to 22 form part of these financial statements.

BASSO ASSOCIATES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. GENERAL INFORMATION

Basso Associates UK Limited ('the company') is a United Kingdom private company limited by shares. It is both incorporated and domiciled in England and Wales. The address of its registered office is Suite 1, 3rd Floor 11-12 St. James's Square, London, United Kingdom, SW1Y 4LB. The principal place of business is 60 Cannon Street, London, EC4N 6NP.

The company's principal activity is as a sub-advisor to Basso Capital Management, L.P. ("BCM"), the company provides investment recommendations and advice and due diligence and research services to BCM.

These financial statements are prepared in accordance with Financial Reporting Standard 102 (FRS 102), and are presented in Pounds Sterling (GBP), as that is the currency in which the majority of the company's transactions are denominated. They comprise the financial statements of the company for the year ended 31 December 2018 and are presented to the nearest pound. All financial information is presented in GBP.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland 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 judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding value added tax.

All turnover arose within the UK.

BASSO ASSOCIATES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. ACCOUNTING POLICIES (CONTINUED)

2.3 TANGIBLE FIXED 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.

The estimated useful lives range as follows:

Fixtures & Fittings	- 3 to 4 years
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of comprehensive income.

2.4 OPERATING LEASES: THE COMPANY AS LESSEE

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

2.5 DEBTORS

Short term debtors are measured at transaction price, less any impairment.

2.6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

BASSO ASSOCIATES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. ACCOUNTING POLICIES (CONTINUED)

2.7 FINANCIAL INSTRUMENTS

Financial instruments are recognised in the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price unless the arrangement constitutes a financing transaction which includes transaction costs for financial instruments not subsequently measured at fair value. Subsequent to initial recognition, they are measured as set out below. A financing transaction is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS 102.

At the end of each reporting period, debt instruments classified as basic are measured at amortised cost using the effective interest rate method. All of the company's financial instruments are classified as 'basic' in accordance with chapter 11 of FRS 102.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, or when the group has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

2.8 CREDITORS

Short term creditors are measured at the transaction price.

2.9 FOREIGN CURRENCY TRANSLATION

The company's functional and presentational currency is GBP.

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

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

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

BASSO ASSOCIATES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. ACCOUNTING POLICIES (CONTINUED)

2.10 PENSIONS

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of comprehensive income 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 company in independently administered funds.

2.11 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.12 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit or loss for the year, 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.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

BASSO ASSOCIATES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

3. JUDGEMENTS IN ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Management have not been required to make any key estimates or judgements when preparing the financial statements.

4. OPERATING PROFIT

The operating profit is stated after charging:

	2018	2017
	£	£
Depreciation of tangible fixed assets	3,288	3,289
Exchange differences	-	(3,818)
Defined contribution pension cost	703	293

5. AUDITOR'S REMUNERATION

	2018	2017
	£	£
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	7,400	7,400
	7,400	7,400

**FEES PAYABLE TO THE COMPANY'S AUDITOR AND ITS
ASSOCIATES IN RESPECT OF:**

Other services relating to taxation	4,900	4,300
All other services	10,161	18,186
	15,061	22,486

BASSO ASSOCIATES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

6. EMPLOYEES

Staff costs were as follows:

	2018	2017
	£	£
Wages and salaries	164,339	164,339
Social security costs	21,901	20,061
Cost of defined contribution scheme	703	293
	186,943	184,693

The directors received no (2017 - £nil) remuneration during the year.

Directors are the only individuals considered to be key management.

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

2018	2017
No.	No.
3	4

BASSO ASSOCIATES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

7. TAXATION

	2018 £	2017 £
CORPORATION TAX		
Current tax on profits for the year	6,416	5,927
Adjustments in respect of previous periods	-	(1,279)
	<u>6,416</u>	<u>4,648</u>
TOTAL CURRENT TAX	<u>6,416</u>	<u>4,648</u>
DEFERRED TAX		
Origination and reversal of timing differences (note 13)	(434)	606
TOTAL DEFERRED TAX	<u>(434)</u>	<u>606</u>
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	<u>5,982</u>	<u>5,254</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%) on the profit of the year. The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>31,132</u>	<u>27,448</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	5,915	5,284
EFFECTS OF:		
Capital allowances for year in excess of depreciation	501	632
Adjustments on provisions	-	11
Adjustments to tax charge in respect of prior periods	-	(1,279)
Changes in deferred tax liability leading to an increase in the tax charge	(434)	606
TOTAL TAX CHARGE FOR THE YEAR	<u>5,982</u>	<u>5,254</u>

BASSO ASSOCIATES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. TANGIBLE FIXED ASSETS

	Fixtures & fittings £
COST OR VALUATION	
At 1 January 2018	9,866
Additions	740
At 31 December 2018	<u>10,606</u>
DEPRECIATION	
At 1 January 2018	6,304
Charge for the year on owned assets	3,288
At 31 December 2018	<u>9,592</u>
NET BOOK VALUE	
At 31 December 2018	<u>1,014</u>
At 31 December 2017	<u>3,562</u>

9. DEBTORS

	2018 £	2017 £
Amounts owed by group undertakings	342,131	288,433
Other debtors	12,579	13,487
Prepayments and accrued income	965	4,299
	<u>355,675</u>	<u>306,219</u>

10. CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash at bank and in hand	418,698	439,594
	<u>418,698</u>	<u>439,594</u>

BASSO ASSOCIATES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

11. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Corporation tax	6,417	5,927
Other taxation and social security	7,568	7,912
Other creditors	148	59
Accruals and deferred income	17,293	16,232
	<u>31,426</u>	<u>30,130</u>

12. FINANCIAL INSTRUMENTS

	2018 £	2017 £
FINANCIAL ASSETS		
Financial assets measured at fair value through profit or loss	418,698	439,594
Financial assets that are debt instruments measured at amortised cost	354,710	301,920
	<u>773,408</u>	<u>741,514</u>
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	(17,441)	(16,291)

Financial assets measured at fair value through profit or loss comprise of cash and cash equivalents.

Financial assets that are debt instruments measured at amortised cost comprise of trade and other debtors.

Financial liabilities measured at amortised cost comprise of accrued expenses and other creditors.

13. DEFERRED TAXATION

	2018 £
At beginning of year	(606)
Charged to profit or loss	434
AT END OF YEAR	<u>(172)</u>

BASSO ASSOCIATES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

13. DEFERRED TAXATION (CONTINUED)

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	(172)	(606)
	<u>(172)</u>	<u>(606)</u>

14. SHARE CAPITAL

	2018 £	2017 £
Allotted, called up and fully paid		
50,000 Ordinary shares of £1.00 each	<u>50,000</u>	<u>50,000</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

15. PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £703 (2017 - £293). Contributions totalling £148 (2017 - £nil) were payable to the fund at the reporting date and are included in creditors.

16. COMMITMENTS UNDER OPERATING LEASES

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

	2018 £	2017 £
Not later than 1 year	2,061	17,400
1 - 2 years	687	-
	<u>2,748</u>	<u>17,400</u>

During the year £24,503 (2017 - £24,470) was charged to profit or loss in respect of non-cancellable rental agreements.

BASSO ASSOCIATES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

17. RELATED PARTY TRANSACTIONS

The directors' have chosen to take the exemption under FRS102 section 33.1A not to disclose transactions between the company and its parent, Basso Capital Management, L.P.

18. CONTROLLING PARENT

The company is owned and controlled by Basso Capital Management, L.P., a U.S. Delaware Limited Partnership.

Basso Associates UK Limited

Pillar III disclosure

Basso Associates UK Limited – Pillar 3 disclosure as at 31 December 2018

Basso Associates UK Limited ("BAUK" or "the Firm") is authorised and regulated by the Financial Conduct Authority (FCA) and as such is subject to certain disclosure requirements.

Due to the scope of the Firm's activities, BAUK opted out of the revised Capital Requirements Directive ("CRD IV") and implementing regulations, as reflected on the requirement added to its permission as a '*BIPRU firm - MiFID activity restriction*'. BAUK is subject to the Capital Requirements Directive ('CRD III').

The CRD established a regulatory capital framework across the EU governing the amount and nature of capital that credit institutions and investment firms must maintain.

The framework consists of three 'Pillars':

- Pillar 1 sets out the minimum capital requirement calculated on the basis of the firm's credit and market risk component;
- Pillar 2 requires the Firm to assess whether its Pillar 1 capital is adequate and to evaluate the impact that any other risk types have on the firm's capital requirement; and
- Pillar 3 requires disclosure of specific information about the firm's risk management controls, capital adequacy and remuneration.

In the United Kingdom, the CRD was implemented into national law and the relevant requirements are included in the FCA Handbook, specifically in the General Prudential Sourcebook ('GENPRU') and the Prudential Sourcebook for Banks, Building Societies and Investment Firms ('BIPRU').

BAUK is categorized as a BIPRU firm for prudential purposes.

This Pillar 3 disclosure is produced in accordance with the disclosure requirements established under the CRD III and transposed into BIPRU 11 in the FCA Handbook as applicable to the Firm.

The rules in BIPRU 11 set out the provisions for Pillar 3 disclosures and this document is designed to meet our obligations according to the relevant FCA rules at the time of disclosure.

We are permitted to omit required disclosures if we believe that the information is not material, such that an omission would not be likely to charge or influence the decision of a reader relying on that information.

In addition, we may omit required disclosures where we believe that the information is proprietary or confidential. In our view, proprietary information is that which, if it were shared, would undermine our competitive position. Information is considered to be confidential where there are obligations binding us to confidentiality with our customers, suppliers and counterparties.

We have made no omissions of information on the grounds that it is immaterial, proprietary or confidential.

Basso Associates UK Limited

Pillar III disclosure

Background information

BAUK is a wholly owned subsidiary of Basso Capital Management, L.P. (BCM). BCM is an investment advisor registered with the Securities and Exchange Commission (SEC) and provides investment management services to various private investment funds formed for the purpose of receiving subscriptions from qualified investors within and outside the United States. The business purpose of BAUK is to provide investment advisory and management services to BCM. BCM is BAUK's sole client and BAUK's sole shareholder. The fees payable by BCM represent the principal revenue item for BAUK under the Sub-Advisory Agreement in place between the two entities.

BAUK does not have custody of any client assets, it does not receive funds or subscription proceeds from any clients of BCM.

Risk management

The Firm is governed by its Directors who determine the Firm's business model, strategy and risk appetite. The Directors meet periodically to discuss current projections for profitability, cash flow, regulatory capital requirements, and business planning. They are also responsible for establishing and maintaining the Firm's governance arrangements along with designing and implementing an effective risk management framework to identify, monitor and mitigate all of the risks that the business faces. The Directors manage the Firm's risks through this risk management framework supported by policies and processes implemented according to the relevant laws, standards and rules. These policies and processes are updated regularly as required.

The Firm's risk management framework is implemented and governed by the Directors of the Firm and senior management of both the Firm and BCM. Senior management is responsible for continually reviewing and monitoring the internal controls in place to identify, monitor and mitigate all the risks the Firm faces and reports regularly to the Directors. Due to the size of the Firm and the nature of its business there is not a separate risk committee. The Directors and senior management work closely together on a daily basis and discuss any potential risks that may arise regularly.

As required according to GENPRU 1.2 and the overall Pillar 2 rule, the Firm maintains an Internal Capital Adequacy Assessment Process document ('ICAAP') to establish whether the Firm is required to hold any additional capital to cover any risks the Firm is exposed to which are not fully captured under the Pillar 1 capital requirements.

The risk assessment completed by the Firm has identified three types of risk that may potentially be material:

- Credit risk;
- Operational risk;
- Liquidity risk.

Senior management prepares an annual ICAAP and its contents are thoroughly reviewed and challenged by the Directors. Where the Directors identify material risks, they consider the financial impact that those risks may have on the Firm and conclude whether the allocation of any additional resources over the Pillar 1 regulatory capital is required. The Firm completes an ICAAP document based on the risk assessment annually as noted above.

Upon completing the latest ICAAP in February 2019, the Firm believes it has adequate capital resources and no additional Pillar 2 capital is required, when considering that the only material risk the Directors have identified is credit risk.

Basso Associates UK Limited

Pillar III disclosure

Regulatory capital

As a BIPRU firm, BAUK is required to hold regulatory capital as the highest of:

- its base capital requirement of €50,000;
- the sum of its market and credit risk requirements; and
- its Fixed Overhead Requirement.

The relevant calculations of capital adequacy as at 31 December 2018 are shown in the table below:

Capital item	£'000
Tier 1 Capital (share capital and retained earnings)	719
Tier 2 Capital	0
Tier 3 Capital	0
Deductions	0
Total Regulatory Capital	719

Capital requirement	£'000
Base Capital Resource Requirement	44
Market Risk component	0
Credit Risk component	32
Fixed Overhead Requirement	69
Pillar 2 capital	0
Total Regulatory Capital Requirement	69
Surplus	<u>650</u>

BAUK's Credit Risk Capital Requirement is made up of the Credit Risk Capital Component and the Counterparty Risk Capital Component.

The Credit Risk Capital Component is calculated in accordance with BIPRU 3.5 – The Simplified Method. The Firm makes an 8% adjustment on all fixed assets, debtors and prepayments and a 1.6% adjustment on all bank balances in accordance with BIPRU 3.4.127 – 3.1.133, resulting in a Credit Risk Requirement of £32,000.

BAUK, due to the nature of its activities does not have any counterparty risk.

Basso Associates UK Limited

Pillar III disclosure

Market risk is calculated on the basis of the Standardised approach as per BIPRU 7 by applying an 8% adjustment to those foreign exchange exposures held in the firm's balance sheet in a different currency. This process has resulted in a nil Market Risk requirement.

Under GENPRU 2.1.53, as at 31 December 2018, the Firm calculated its Fixed Overhead Requirement as £69,000.

The Firm's Total Regulatory Capital Requirement as at 31 December 2018 is the Fixed Overhead Requirement, which amounts to £69,000 as the highest Pillar 1 requirement.

Further to the risk assessment undertaken in the ICAAP, the Firm considers that the surplus of capital maintained by the Firm over and above its Pillar 1 requirement is sufficient to cover all risk exposures and no additional Pillar 2 capital is required.

The Firm currently meets its capital adequacy requirements and the surplus of regulatory capital held at financial year end was £650,000.

Remuneration Code disclosure

Introduction

This disclosure is being made by the Firm in its capacity as a BIPRU firm in accordance with the Pillar 3 disclosure requirements as set out in BIPRU 11.5.18 as at 31 December 2018.

BAUK refers to the appropriate Remuneration Code in SYSC 19C and proportionality guidance as applicable to a BIPRU firm.

The Remuneration Code affects all those members of staff who have a material impact on the Firm's risk profile, including a person who performs a significant influence function for a firm, a senior manager and risk takers. A senior manager is defined as an individual employed by the Firm to whom the governing body (or a member of the governing body) of the Firm has given responsibility for management and supervision, and who reports directly to the governing body, a member of the governing body, the chief executive, or the head of a significant business group.

The Firm has established and maintains remuneration policies, procedures and practices that are consistent with and promote effective risk management and prevent exposure to excessive risk.

The Executive Director and the non-Executive Director of BAUK decide on a discretionary basis the amount of variable remuneration that a Remuneration Code staff will receive as a result of their performance. This is governed by considering the performance of the Firm overall, the individual staff member's performance and by ensuring that payment of remuneration does not affect the Firm's ability to meet its capital and liquidity requirements. In accordance with the proportionality guidance for a BIPRU firm, BAUK does not require a specific remuneration committee. The Directors formulate and determine the Firm's remuneration policy. Performance is measured against the overall profitability generated by Remuneration Code staff over the relevant performance year.

The Firm had 4 Remuneration Code staff, all of them representing senior management, as at 31 December 2018. The advisory services provided to BCM represent BAUK's sole business purpose. The aggregate amount of applicable remuneration paid to Remuneration Code staff during the period was £164,339.