Private Company Registration No. 05886261

Incorporated in England and Wales

Canyon Capital Advisors (Europe) Limited
Annual report and financial statements
For the year ended 31 December 2020

CANYON CAPITAL ADVISORS (EUROPE) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

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CANYON CAPITAL ADVISORS (EUROPE) LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS
Davide Amico
Erik Miller

SECRETARY
Vistra Registrars (UK) Limited

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London, SW1Y 4LB

BANKER
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AUDITOR
Deloitte LLP
Statutory Auditor
110 Queen Street
Glasgow G1 3BX

CANYON CAPITAL ADVISORS (EUROPE) LIMITED

STRATEGIC REPORT

The directors presents their strategic report for the year ended 31 December 2020.

PRINCIPAL ACTIVITY, RISKS AND UNCERTAINTIES
The principal activity of Canyon Capital Advisors (Europe) Limited (the "Private Company") is to provide investment management and non-discretionary financial advisory services. The Private Company is regulated by the Financial Conduct Authority (FCA). Failure to comply with FCA regulations could result in fines or temporary or permanent prohibitions on business activities.

In identifying the principal risks, including operational and political risks in the current financial marketplace, the Private Company along with its Parent's management have assessed the impact of uncertainties due to Brexit. While a degree of uncertainty remains around a deal on financial services between the United Kingdom ("UK") and the European Union ("EU"), the Private Company and its Parent's management continues to monitor the situation as the future longer-term relationship between the UK and EU evolves.

Operational Risk
It is the responsibility of the Private Company and its Parent's management to identify and evaluate potential risks of failed internal processes, people and systems or external risk including risks associated with entering into new contracts or developing new market opportunities. These risks are actively addressed by the Private Company and its Parent's management and the Private Company's Compliance Department on an ongoing basis. In addition, the Private Company also considered potential implications of climate change on its business and operations and concluded that the possible impact is very limited to none.

Political Risk
The Private Company along with its Parent's management has continually monitored and responded to the uncertainty implied by Brexit. As noted above, the Private Company's business and operations have not been seriously impacted by Brexit, but the Private Company and its Parent's management continues to monitor the evolving future longer-term relationship between the UK and EU.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES
The Private Company's activities expose it to limited financial risks, for which the directors deem the use of financial derivatives unnecessary and the Private Company does not use derivative financial instruments for speculative purposes. The Private Company's principal financial assets are bank balances (held at a bank with a high credit rating), and trade and other receivables. The Private Company is acting in accordance with its FCA registration, which does not permit the Private Company to hold client money or assets. The directors deem that no allowances for impairment are required.

Cash Flow Risk
The Private Company's activities expose it to changes in foreign currency exchange rates between the US Dollar and UK Sterling. As the Private Company has no assets and liabilities denominated in US Dollar, such exposure is limited to transactional operating activity, which has not been hedged as the majority of the Private Company's transactions are denominated in UK Sterling, which is the functional and reporting currency of the Private Company.

Credit Risk
The Private Company's principal financial assets are amounts due from Canyon Capital Advisors LLC (the "Parent"), Canyon Partners LLC and ICE Canyon LLC (collectively, "Intercompany Debtors"). The maximum exposure to credit risk in the event of counterparties' failure to perform their obligations as of 31 December 2020 in relation to each class of recognised financial asset is the carrying amount of those assets as stated in the balance sheet. As of 31 December 2020, the total cash and third-party receivables of the Private Company was £995,583 (2019: £984,365). Also, the Private Company was exposed to an intercompany Company debt of £13,899,769 (2019: £15,053,639) due from Intercompany Company Debtors. To mitigate this risk the directors monitor the financial position of the Intercompany Company Debtors on a regular basis and is confident that Intercompany Company Debtors have adequate financial resources to meet their obligation with respect to intercompany debt.

Liquidity Risk
The Private Company manages its financial condition and funding to maintain appropriate liquidity for the business. The current liquidity risk for the Private Company is limited due to the fact that the Private Company has more than

£950,000 in cash currently invested in deposit accounts and the Private Company receives primarily all of its turnover from the Parent, who is also willing and able to provide advances to meet capital requirements should the need arise.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS
The Private Company's revenues are derived from service agreements whereby 108% (2019: 108%) of the costs incurred are paid by the Parent and ICE Canyon LLC. Both are US-based privately held companies. The key performance indicator, from a financial perspective, is operating profit. The profit before tax for the year was £724,522 (2019: £910,927). As revenues are generated by such service agreements, the decrease in discretionary bonus expense decreased our current year profit. The directors anticipate that the Private Company will continue to trade profitably and broadly in line with the current year.

The directors consider the results of the Private Company to be satisfactory and that the Private Company is well placed to take advantage of future opportunities.

In March 2020, the Private Company implemented a business continuity plan due to the COVID-19 pandemic and instructed its staff members to work remotely, including work from home. The Private Company is satisfied that its business continuity plan has been effective in permitting all personnel to satisfy their essential functions on a remote/work from home basis until further notice because of COVID-19 restrictions. The directors are not aware of any other likely major changes in the Private Company's activities in the next year.

CANYON CAPITAL ADVISORS (EUROPE) LIMITED

STRATEGIC REPORT

(CONTINUED)

Approved by the Board of Directors
and signed on behalf of the Board

Davide Amico
Director
26 April 2021

CANYON CAPITAL ADVISORS (EUROPE) LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2020.

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

DIVIDENDS
No dividends were paid or proposed for the year (2019: £Nil)

DIRECTORS
Davide Amico
Erik Miller

'PILLAR 3' DISCLOSURE UNDER BASEL II
The European Capital Requirements Directive introduced consistent capital adequacy standards and an associated supervisory framework in the EU based on the Basel II rules. It is the application of the Capital Requirement Directive and Basel II to the firm that requires it to make a public disclosure of qualitative information and is designed to promote market discipline by providing market participants with key information on a firm's risk exposures and risk management processes. Details of the Private Company's Unaudited Pillar 3 disclosures, required under the Financial Conduct Authority's Prudential Sourcebook for Banks, Building Societies and Investment Firms ("BIPRU") may be found at the following web address on the Private Company's website:

https://www.canyonpartners.com/legal-information/

FUTURE DEVELOPMEMTS
Future developments are reported in the strategic report on page 2 and subsequent events in note 20.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES
The Private Company's financial risk management objectives and policies are reported in the strategic report on page 2.

CORONAVIRUS (COVID-19)
Prior to the COVID-19 pandemic, Canyon Capital Advisors LLC (CCA), along with its subsidiary Canyon Capital Advisors (Europe) Limited (CCAEU)/the Company adopted a business continuity policy and underlying plan and provided key staff members with the ability to work remotely, including working from home. On or about March 12, 2020, CCA and CCAEU implemented its business continuity plan and instructed its team members to work from home until further notice. The Company/CCAEU is satisfied that its business continuity plan has been effective in permitting all key personnel to satisfy their essential functions on a remote/work from home basis.

GOING CONCERN
The Private Company receives all of its turnover from the Parent and ICE Canyon LLC. The Parent is also willing and able to provide advances to meet capital requirements should the need arise. Both the Private Company and Parent have adequate financial resources and as a consequence, the directors believe that the Private Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

In assessing the going concern status of the Private Company, the directors have considered the uncertainties presented by the current socioeconomic issues and outlook. Having considered these, and all other relevant factors, the directors continue to adopt the going concern basis in preparing the directors' report and financial statements.

DISCLOSURE OF INFORMATION TO AUDITORS
The directors at the date of approval of this report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the Private Company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make himself aware of any relevant audit information and to establish that the Private Company's auditor is aware of that information.

CANYON CAPITAL ADVISORS (EUROPE) LIMITED

DIRECTORS' REPORT

This confirmation is given and should be interpreted in accordance with the provisions of §418 of the Companies Act 2006.

AUDITOR
Deloitte LLP have expressed their willingness to continue in office as auditor.

Approved by the Board of Directors
and signed on behalf of the Board

Davide Amico
Director
26 April 2021

CANYON CAPITAL ADVISORS (EUROPE) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CANYON CAPITAL ADVISORS (EUROPE) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Canyon Capital Advisors (Europe) Limited (the 'company'):
- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:
- the Statement of Income and Retained Earnings;
- the Balance Sheet;
- the Cash Flow Statement; and
- the related notes 1 to 20

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Responsibilities of directors

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

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

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, those charges with governance and others about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and relevant tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included other relevant laws and regulations.

We discussed among the audit engagement team, including tax specialists, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

There is a risk that revenue streams have not occurred or have been recorded in the incorrect period, we have performed the following procedures to respond to this risk:

- substantively tested the inputs used in the calculation of revenue; and
- recalculated the revenue balance in accordance with relevant contractual agreements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CANYON CAPITAL ADVISORS (EUROPE) LIMITED

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC and the FCA.

Report on other legal and regulatory requirements

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 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.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CANYON CAPITAL ADVISORS (EUROPE) LIMITED

M. Caulfield

Michael Caulfield, C.A. (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
26 April 2021

CANYON CAPITAL ADVISORS (EUROPE) LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS
Year ended 31 December 2020

	Notes	2020 £	2019 £
TURNOVER	1	9,723,210	11,515,710
Administrative expenses		(8,897,548)	(10,662,695)
OPERATING PROFIT		825,662	853,015
Other finance (expense)/income		(105,886)	49,755
Interest receivable and similar income		4,746	8,157
PROFIT BEFORE TAXATION	3	724,522	910,927
Tax on profit	1, 6	(136,876)	(197,124)
Tax penalty		(503)	-
PROFIT AFTER TAXATION	14	587,143	713,803
Retained earnings at 1 January		9,672,797	8,958,994
Retained earnings at 31 December		10,259,940	9,672,797

The accompanying notes on pages 15 to 23 are an integral part of the financial statements.
The results for the Private Company are in respect of continuing operations.
There are no items of other comprehensive income in the year or the preceding year other than the above results for these years. Accordingly, the statement of income and retained earnings incorporating the profit and loss account presents all items of income and expense recognized in the period.

CANYON CAPITAL ADVISORS (EUROPE) LIMITED

BALANCE SHEET
As at 31 December 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Tangible assets	9	169,830	262,032
		169,830	262,032
CURRENT ASSETS			
Debtors	10	14,499,430	15,642,034
Cash at bank and in hand		950,348	950,206
		15,449,778	16,592,240
CREDITORS: Amounts falling due within one year	11	(4,358,077)	(6,143,212)
NET CURRENT ASSETS		11,091,701	10,499,028
Total assets less current liabilities		11,261,531	10,711,060
CREDITORS: Amounts falling due after more than one year	12	(99,291)	(135,963)
NET ASSETS		11,162,240	10,575,097
Capital and reserves			
Called-up share capital	13	580,000	580,000
Share premium account	14	322,300	322,300
Retained earnings	14	10,259,940	9,672,797
SHAREHOLDER'S FUNDS	15	11,162,240	10,575,097

The accompanying notes on pages 15 to 23 form an integral part of the financial statements.
The financial statements of Canyon Capital Advisors (Europe) Limited (Company Registration no. 05886261) were approved by the Board of Directors and authorised for issue on 26 April 2021.

Signed on behalf of the Board of Directors

Davide Amico
Director

CANYON CAPITAL ADVISORS (EUROPE) LIMITED

CASH FLOW STATEMENT
Year ended 31 December 2020

	Note	2020 £	2019 £
Net cash flows from operating activities	17	397,606	(932,638)
Cash flows from investing activities			
Purchase of tangible fixed assets	9	(2,603)	(27,985)
Cash flows from financing activities			
Interest received		4,746	8,157
Returns on investments and servicing of finance		(105,886)	49,755
Net cash flows from financing activities		(101,140)	57,912
Taxation			
UK Corporation tax paid		(320,830)	(66,544)
UK Corporation tax refund		27,109	-
Net increase/(decrease) in cash at bank and in hand	18	142	(969,255)
Cash and cash equivalents – at 1 January		950,206	1,919,461
Cash and cash equivalents - at 31 December		950,348	950,206

The accompanying notes on pages 15 to 23 form an integral part of the financial statements

1. ACCOUNTING POLICIES

Canyon Capital Advisers (Europe) Limited ("the Private Company") is a Private Company incorporated in the United Kingdom under the Companies Act and is limited by shares. The address of the registered office is given on page 1. The nature of the Private Company's operations and its principal activities are set out in the strategic report on pages 2 to 3.

The particular accounting policies adopted are described below.

Accounting convention
The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Private Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Private Company operates.

Turnover
Turnover represents advisory fees earned during the year from ICE Canyon LLC, a US-based privately held company and Canyon Capital Advisors LLC, the US domiciled Parent. Such fees are determined as 108% (2019: 108%) of all expenses incurred by the Private Company.

Interest receivable
Interest receivable is calculated on an accrual basis.

Tangible fixed assets
Tangible assets are stated at cost, net of depreciation and any provision for impairment.
Depreciation on tangible fixed assets is provided at rates estimated to write off the cost, less estimated residual value as follows:

Computer equipment	33.3% straight line
Office furniture and equipment	20.0% straight line
Office refurbishment	10.0% straight line

Translation of foreign currencies
Transactions in foreign currencies are translated at the exchange rate of the date of the transaction.

Leases
Rental costs under operating leases are charged to the statement of income and retained earnings on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Debtors
Debtors are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Debtors are valued at historical cost.

Current taxation
Current tax, including UK corporation tax, is recorded at amounts expected to be recovered or paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1. ACCOUNTING POLICIES (CONTINUED)

Deferred taxation
Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. A deferred tax asset is not recognised to the extent that the transfer of economic benefit in future is uncertain. Deferred tax assets and liabilities are not discounted.

Segmental information
The Private Company earned advisory fees from ICE Canyon LLC, the US-based privately held company and Canyon Capital Advisors LLC, the US domiciled Parent. The Private Company operates in the UK providing investment management and non-discretionary financial advisory services.

Going concern
As stated within the Directors' Report on page 5, in assessing the going concern status of the Private Company, the directors have considered the uncertainties presented by the current socioeconomic issues and outlook. The Private Company receives primarily all of its turnover from its ultimate controlling party, who is also willing and able to provide advances to meet capital requirements should the need arise. Both the Private Company and the Parent have adequate financial resources and as a consequence, the directors believe that both the Private Company and the Parent are well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the Private Company has adequate resources to continue in operational existence for at least the next twelve months from the approval of the financial statements. Accordingly, the directors continue to adopt the going concern basis in preparing the directors' report and financial statements.

2. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Private Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the Private Company's accounting policies
The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Private Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Revenue recognition
The advisory fees earned are based on a fixed percentage of all expenses incurred by the Private Company. Of all expenses, estimates and assumptions related to the discretionary bonus are made for the performance based amount.

Key sources of estimation uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

2. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Income taxes

A significant judgment is required in determining tax expense and in evaluating tax positions, including evaluating uncertainties. We recognise the tax benefits of uncertain tax positions only where the position is "more likely than not" to be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit is measured as the largest amount of benefit that has a greater than 50% likelihood of being realised upon ultimate settlement. If a tax position is not considered more likely than not to be sustained, then no benefits of the position are recognised. The Private Company determined that no unrecognized tax benefits for uncertain tax positions were required to be recorded. In addition, the Private Company does not believe that it has any tax positions for which it is reasonably possible that it will be required to record significant amounts of unrecognised tax benefits within the next twelve months. For "deferred taxation", see note 1 for further discussion.

3. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging:

	2020	**2019**
	£	**£**
Depreciation	94,805	90,759
Auditor's remuneration:		
- Audit fees	49,962	52,604
- Other assurance engagements: Client Assets Sourcebook	6,250	6,250
- Other compliance services relating to taxation	10,875	17,150
Operating lease rentals:		
- Land and buildings	337,428	336,506
- Office equipment	586	315
Staff costs (note 4)	7,126,292	8,502,953

4. STAFF NUMBERS AND COSTS

The average monthly number of persons employed by the Private Company during the year was six analysts and two directors (2019: fourteen).

	2020	***2019***
	£	**£**
Employee costs during the year amounted to:		
Wages and salaries	1,185,628	1,620,605
Severance	195,642	-
Pension costs	33,775	62,306
Social security costs	1,071,724	836,377
Discretionary and deferred bonuses	4,639,523	5,983,665
	7,126,292	8,502,953

Employee costs consist of fixed salary, severance, and discretionary and deferred costs. Certain employees participate in the Employee Retention Program ("ERP") plan whereby employees receive a base amount of future compensation, which varies thereafter dependent upon the performance of underlying funds. The amounts granted vest over a period of two years and these amounts are accrued over the related service period.

5. DIRECTOR'S REMUNERATION

	2020 £	2019 £
Director's remuneration		
Emoluments	1,492,072	2,022,501
Pension costs	3,000	3,000
The emoluments and pension costs of the highest paid director were*:	1,495,072	2,025,501

*For each year, the highest paid director was remunerated by both the Private Company and Parent. This director is considered the only member of key management personnel.

6. TAX

	Note	2020 £	2019 £
Analysis of tax charge			
The tax charge is based on profit for the year and comprises:			
United Kingdom corporation tax at 19.00% (2020 and 2019)		-	222,389
Adjustment in respect of prior years		-	-
Total current tax charge for the year		-	222,389
Total current period deferred tax (credit)/ Charge	7	136,876	(25,265)
Total tax charge for the year		136,876	197,124

Factors affecting the tax charge for the current period

Total tax reconciliation:	2020 £	2019 £
Tax Penalty	503	-
Profit before taxation	724,522	910,927
Tax at 19.00% (2020 and 2019)	137,755	173,076
Effects of:		
Adjustment in respect of prior years	6,036	
Expenses not deductible for tax purposes	8,792	8,188
Tax rate changes	(15,707)	15,860
Total tax charge for the year	136,876	197,124

7. DEFERRED TAXATION

	2020 £	2019 £
Deferred tax asset		
Movement on deferred tax balances in the year is as follows:		
As at 1 January	139,545	114,280
Deferred tax charge to income statement for the period	(136,876)	25,265
Adjustment in respect of prior years	-	-
As at 31 December	2,669	139,545
Analysis of deferred tax asset		
Fixed asset timing differences	2,669	2,263
Other short term timing differences	-	137,282
As at 31 December	2,669	139,545
Deferred tax assets		
Recoverable within 12 months	-	137,282
Recoverable after 12 months	2,669	2,263
	2,669	139,545

The United Kingdom corporation tax remained 19% at 31 December 2020. This rate has been substantively enacted at the balance sheet date and, therefore the deferred tax assets and liabilities at 31 December 2020 have been measured using the rates that apply in the periods when the underlying timing differences, on which deferred tax is recognised, are expected to unwind.

As part of the 2021 Budget Statement, the Chancellor announced an increase in the corporation tax rate from 19% to 25% with effect from 1 April 2023. The adoption of the new rate is not expected to have a significant impact on recognised tax attributes.

8. DIVIDENDS

No dividend is proposed in respect of the year ended 31 December 2020 (2019: Nil).

9. TANGIBLE FIXED ASSETS

	Computer equipment	Office furniture & equipment	Office refurbishment	Total
	£	£	£	£
Cost or valuation				
At 1 January 2020	336,567	227,180	442,782	1,006,529
Additions	2,603	-	-	2,603
Disposals	-	-	-	-
At 31 December 2020	339,170	227,180	442,782	1,009,132
Depreciation				
At 1 January 2020	242,202	227,156	275,139	744,497
Charge for the year	49,728	24	45,053	94,805
Disposals	-	-	-	-
At 31 December 2020	291,930	227,180	320,192	839,302
Net book value				
At 31 December 2020	47,240	-	122,590	169,830
At 31 December 2019	94,365	24	167,643	262,032

10. DEBTORS

	2020	2019
	£	£
Intercompany trade debtors	44,940	34,159
Prepayments	132,526	143,740
Other debtors	299,984	305,110
Amounts due from the Parent	13,854,829	14,712,222
Amounts due from ICE Canyon, LLC	-	307,258
UK Corporation tax	164,482	-
Deferred tax asset	2,669	139,545
	14,499,430	15,642,034

Other debtors at 31 December 2020 include a rent deposit of £239,667 (2019: £236,997) which is due after more than one year.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade creditors	266,144	228,264
Amount due to ICE Canyon, LLC	29,345	-
UK corporation tax	-	128,736
Accrued discretionary bonuses	3,591,042	-
Accrued deferred bonuses	471,546	5,786,212
	4,358,077	6,143,212

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020 £	2019 £
Other creditors and accruals	99,291	135,963
	99,291	135,963

13. CALLED UP SHARE CAPITAL

	2020 £	2019 £
Called up, allotted and fully paid		
580,000 ordinary shares of £1 each	580,000	580,000

The Private Company has one class of ordinary shares which carry no right to fixed income. These shares are paid up ordinary shares of £1 each. There are no other share classes or share classes with preferential rights.

14. RESERVES

	Share premium account £	Retained earnings £
At 31 December 2019	322,300	9,672,797
Profit for the year	-	587,143
At 31 December 2020	322,300	10,259,940

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses. The retained earnings represents cumulative profits or losses net of dividends paid and other adjustments.

15. RECONCILIATION OF MOVEMENT OF SHAREHOLDERS' FUNDS

	2020	2019
	£	£
Opening shareholders' funds	10,575,097	9,861,294
Profit for the year	587,143	713,803
Closing shareholders' funds	11,162,240	10,575,097

16. OPERATING LEASE COMMITMENTS

	2020	2019
	£	£
At 31 December 2020, the future minimum rentals payable under non-cancellable operating leases are as follows:	**Land and Buildings**	**Land and Buildings**
Within one year	374,100	374,100
Between one and five years	613,934	988,034
After five years	-	-

17. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	2020	2019
	£	£
Operating profit	825,662	853,015
Depreciation	94,805	90,759
Net loss from disposal of fixed assets		
(Decrease)/increase in debtors	1,170,210	(3,110,491)
(Decrease)/increase in creditors	(1,693,071)	1,234,079
Net cash flows from/(used in) operating activities	397,606	(932,638)

18. ULTIMATE CONTROLLING PARTY

Throughout the current year and as of 31 December 2020, the Private Company was an immediate subsidiary of Canyon Capital Advisors LLC that is incorporated in the State of Delaware in the United States and is the sole shareholder and ultimate controlling party of the Private Company. The largest group of undertakings for which group accounts have been drawn up is that headed by Canyon Partners LLC which is incorporated in the State of Delaware in the United States and the smallest such group of undertakings, including the Private Company, is that headed by Canyon Capital Advisors LLC. Copies of the accounts of the Parent are not available to the public.

19. RELATED PARTY TRANSACTIONS

Sub-advisory fee income earned during the year was £9,138,944 (2019: £9,654,432) from Canyon Capital Advisors LLC and was £584,266 (2019: £1,861,279) from ICE Canyon LLC, a 50% owned subsidiary of Canyon Capital Advisors LLC. The registered office of both Canyon Capital Advisors (Europe) LLC and ICE Canyon LLC is 850 New Burton Road, Suite 201, Dover, Kent, Delaware 19904.

At 31 December 2020, there were intercompany trade debtor amounts of £44,940 (2019: £34,159) due from affiliates of the Parent, amounts of £13,854,829 (2019: £14,712,222) due from the Parent, and the amount of -£29,345 (2019: £307,258) due from ICE Canyon LLC. The Private Company expects to collect or pay these amounts within the next twelve months.

The terms and conditions of outstanding related party balances are payable on demand, interest free and unsecured.

20. SUBSEQUENT EVENTS

The Private Company has evaluated subsequent events through to 26 April 2021, the date the financial statements were issued. No material subsequent events have occurred since 31 December 2020 that would require recognition or disclosure in these financial statements.