

COMPANY NO: 6276706

MESIROW FINANCIAL INTERNATIONAL UK, LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS

Year Ended 31 March 2020



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Company Information

Directors

Richard Scott Price
Dominick Mond
Natalie Brown
Dermot Keegan
Joseph Hoffman

Registered office

Sackville House
40 Piccadilly
London W1J 0DR
United Kingdom

Independent and Statutory Auditor

Deloitte LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2DB
United Kingdom

Report of the Directors

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

Directors'

The Company information on page 1 sets out details on directors serving during the year and up to the date of this report. The directors have an indirect interest in the share capital of Mesirow Financial International UK, LTD (the "Company") through its ultimate parent, Mesirow Financial Holdings, Inc.

Directors' Indemnities

Mesirow Financial Holdings, Inc. has made qualifying third party indemnity provisions for the benefit of the Company, along with its officers and directors, which were made during the year and remain in force at the date of this report.

Going Concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

On 11 March 2020, the World Health Organization declared the novel coronavirus, or COVID-19, a pandemic. The ongoing COVID-19 pandemic has caused significant disruption in global financial markets, including significant declines and volatility in the securities markets. Due to the structure of the Company, it benefits from the financial health of its parent, discussed in note 1. The impact to the parent has been assessed along with the Company and concluded that the Company would be able to continue to operate as a going concern.

Further details regarding the adoption of the going concern basis can be found in note 1 in the financial statements.

Financial instruments

The Company does not enter into or trade financial instruments, including derivative instruments.

Financial risk management policies and objectives

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company's exposure to its counterparties is continuously monitored. The Company measures credit risk on a fair value basis.

Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Company does not currently enter into any hedging transactions to hedge these risks but continues to monitor the potential impact of foreign currency risk to the Company.

Liquidity and cash flow risk management

The Company manages liquidity and cash flow risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Legal and regulatory risks

In March of 2019 there was uncertainty with the timeline of when the UK was going to exit the EU, as well as their relationship with one another. Following a subsequent general election in December 2019 which ended the deadlock, the UK Parliament finally ratified the withdrawal agreement, and the UK left the EU as of January 31st, 2020. The UK has entered into an 11-month transition period. During this period the UK remains in the EU's customs union and single market (single market meaning the free movement of goods, capital, services, and labour within the EU), and will continue to follow the EU rules at this time. The UK must design and implement new customs and immigration systems and negotiate new trade deals with the EU and many other countries.

Report of the Directors (Continued)

The passage of time without a resolution in place has become a source of economic, political and regulatory instability. However, at this time, the Company does not expect any material impact due to Brexit.

Economic risks associated with COVID-19

The total impact of the COVID-19 pandemic discussed above is unknown. However, currently, the Company does not expect any material impact due to COVID-19 and the Company benefits from the financial health of its parent company.

Events which have occurred since the end of the financial year

There are no significant post balance sheet events to report.

Existence of branches outside the United Kingdom

There are no branches of the Company outside the UK.

Results for the year

During the year ended 31 March 2020, the Company experienced an increase in turnover of £2,239,673 (56.49%) primarily related to investment advisory fees. Turnover is comprised of a mark-up on expenses of the Company. During the year ended 31 March 2019, the Company experienced an increase in turnover of £4,233 (0.01%).

Future developments

We do not expect any significant changes in the state of affairs in future years.

Dividends

It is proposed that no dividends be paid for the year ended 31 March 2020 (year ended 31 March 2019: £nil).

Auditor

Each of the persons who is a director at the date of approval of this report confirms 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 steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

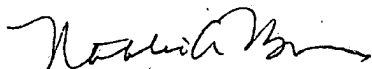
This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming annual general meeting.

Approval

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption. The Company has taken the exemption from preparing a strategic report as part of the small companies' regime.

The report of the directors was approved by the board on 24 July 2020 and signed on its behalf by:



Natalie Brown
Director

Sackville House
40 Piccadilly
London W1J 0DR
United Kingdom

DIRECTORS' RESPONSIBILITIES STATEMENT

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 judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

**Independent auditor's report to the member of Mesirow Financial International UK, Ltd
Report on the audit of the financial statements**

Opinion

In our opinion the financial statements of Mesirow Financial International UK, Ltd (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31st March 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 profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 18.

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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Other information

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

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

We have nothing to report in respect of these matters.

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.

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 directors' report.

Matters on which we are required to report by exception

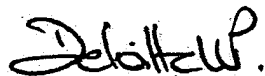
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

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.



Graeme McCrum FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Belfast, United Kingdom
24 July 2020

Profit and Loss Account
For the year ended 31 March 2020

| | | <u>Year Ended</u> <u>31 March</u> <u>2020</u> | <u>Year Ended</u> <u>31 March</u> <u>2019</u> |
|--|--------------|---|---|
| | <u>Notes</u> | <u>£</u> | <u>£</u> |
| Turnover | 1(c) | 6,288,177 | 4,048,503 |
| Cost of Sales | | <u>(4,462,729)</u> | <u>(3,187,635)</u> |
| Gross Profit | | 1,825,448 | 860,868 |
| Administrative expenses | | <u>(1,015,092)</u> | <u>(494,903)</u> |
| Operating Profit | | 810,356 | 365,965 |
| Profit on ordinary activities before taxation | 3 | 810,356 | 365,965 |
| Tax on profit on ordinary activities | 5 | <u>(156,932)</u> | <u>(71,838)</u> |
| Profit for the financial year | | <u>653,424</u> | <u>294,127</u> |

There were no recognised gains or losses in either year other than those disclosed in the profit and loss account above. Accordingly, no separate statement of other comprehensive income has been prepared.

All activities relate to continuing operations.

The notes on pages 11 to 19 form an integral part of these financial statements.

Balance Sheet
At 31 March 2020

| | Notes | <u>31 March 2020</u> £ | <u>31 March 2019</u> £ |
|---|-------|---------------------------|---------------------------|
| Fixed assets | | | |
| Tangible fixed assets | 7 | 20,112 | 27,169 |
| Investments | 8 | 323,263 | - |
| Current assets | | | |
| Debtors: | | | |
| -amounts falling due within one year | 9 | 13,029,615 | 6,672,341 |
| -amounts falling due after one year | 9 | 2,381,598 | 3,074,374 |
| Cash at bank and in hand | | <u>2,095,941</u> | <u>956,590</u> |
| | | 17,507,154 | 10,703,305 |
| Creditors: amounts falling due within one year | 10 | <u>(13,708,257)</u> | <u>(7,241,626)</u> |
| Net current assets | | 3,798,897 | 3,461,679 |
| Total assets less current liabilities | | <u>4,142,272</u> | <u>3,488,848</u> |
| Net assets | | <u>4,142,272</u> | <u>3,488,848</u> |
| Capital reserves | | | |
| Share capital | 11 | 670,000 | 670,000 |
| Profit and loss account | 12 | <u>3,472,272</u> | <u>2,818,848</u> |
| Shareholder's funds | 13 | <u>4,142,272</u> | <u>3,488,848</u> |

The financial statements have been prepared in accordance with Section 1A of FRS102 and the provisions applicable to companies subject to the small companies regime.

Company No: 6276706

The financial statements were approved and authorised for issue by the board on 24 July 2020 and signed on its behalf by:



Natalie Brown
Director

The notes on pages 11 to 19 form an integral part of these financial statements.

Statement of Changes in Equity**At 31 March 2020**

| | Share Capital | Profit and Loss Account | Total |
|-------------------------------|----------------------|------------------------------------|------------------|
| | £ | £ | £ |
| At 31 March 2018 | 670,000 | 2,524,721 | 3,194,721 |
| Profit for the financial year | - | 294,127 | 294,127 |
| At 31 March 2019 | 670,000 | 2,818,848 | 3,488,848 |
| Profit for the financial year | - | 653,424 | 653,424 |
| At 31 March 2020 | <u>670,000</u> | <u>3,472,272</u> | <u>4,142,272</u> |

The notes on pages 11 to 19 form an integral part of these financial statements.

Notes to the Financial Statements
For the Year Ended 31 March 2020

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

(a) General information and basis of accounting

Mesirow Financial International UK, LTD ("the Company") is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The Company's principal activity is to provide investment advisory services.

The Company is a private Company limited by shares and is registered in England and Wales. The address of the registered office is given on page 1.

The average monthly number of employees (including executive directors) was 11 (2019: 8).

The financial statements have been prepared under the historical cost convention and in accordance with Section 1A of Financial Reporting Standard 102 (FRS 102) 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council.

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

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. An exemption has been taken in relation to presentation of a cash flow statement.

(b) Going concern

The Company's business activities, together with principal risks and uncertainties, financial risk management policies and objectives (including risks related to credit, foreign currency, liquidity and cash flow), as well as factors likely to affect its future development, performance and position, are set out in the Report of the Directors on pages 2-3. The Company's parent corporation, Mesirow Financial Holdings, Inc. ("MFH") has sufficient cash resources to support the Company's activity. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the uncertainty in the current economic outlook as well as any impact associated with COVID-19.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

(c) Turnover

Turnover represents income from investment advisory services that the Company conducts on behalf of the U.S. parent company and its subsidiaries. The turnover is attributable to activity based in the United Kingdom. Turnover is recognised on an accruals basis. Advisory fees are based on a 10% mark-up on expenses of the Company, excluding tax charges and foreign currency translation gains and losses.

(d) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation. Depreciation is provided evenly on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. Leasehold improvements are amortised over the life of the lease. The useful life for furniture is seven years, equipment is five years and computer hardware and software is three years.

Notes to the Financial Statements (Continued)

For the year ended 31 March 2020

1. ACCOUNTING POLICIES (Continued)

(e) Investments

The Company seeded investments related to an affiliate's currency trading strategies. A total return swap was entered between the Company and its parent corporation associated with these investments. The fair value of the total return swap is calculated based on the terms of the contract and current market data, such as changes in fair value of the referenced assets.

(f) Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

(g) Taxation

Current tax, including U.K. corporation tax, is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred taxation 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 based 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. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(h) Foreign currency

Transactions in foreign currencies are recorded at the average rate of exchange for sterling prevailing during the month the transaction is entered into. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rate of exchange prevailing at that date. All exchange differences are included in the profit and loss account.

(i) Pension contributions

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable to the plan in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

2. CRITICAL ACCOUNTING JUDGEMENTS

In the application of the Group'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. There are no judgements, estimates or assumptions made that are believed to have a material impact on the financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised 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.

Notes to the Financial Statements (Continued)**For the year ended 31 March 2020****3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

| | Year Ended 31 March 2020 | Year Ended 31 March 2019 |
|--|-----------------------------|-----------------------------|
| | £ | £ |
| Profit on ordinary activities before taxation is stated after charging (crediting): | | |
| Auditor remuneration | | |
| - audit of the annual accounts | 30,000 | 28,000 |
| - other audit related assurance services | 6,600 | 6,300 |
| - tax compliance services (fees payable to the Company's auditor and its associates) | 8,650 | 15,750 |
| Depreciation (note 7) | 7,058 | 4,192 |
| Operating lease rentals | 143,550 | 134,749 |
| Foreign exchange loss/(gain) | (81,626) | 2,081 |

4. STAFF COSTS

| | Year Ended 31 March 2020 | Year Ended 31 March 2019 |
|-------------------------------------|-----------------------------|-----------------------------|
| | | |
| Average monthly number of employees | 11 | 8 |
| Staff costs: | £ | £ |
| Salaries and bonuses | 2,839,619 | 1,669,846 |
| Social security costs and other | 884,863 | 761,099 |
| Pension plan contributions | 195,980 | 156,275 |
| | <u>3,920,462</u> | <u>2,587,220</u> |

The Company makes contributions to defined contribution pension plans on behalf of its employees.

Notes to the Financial Statements (Continued)**For the year ended 31 March 2020****5. TAXATION**

| | Year Ended 31 March 2020 | Year Ended 31 March 2019 |
|--|-----------------------------|-----------------------------|
| | £ | £ |
| The tax charge comprises: | | |
| United Kingdom Corporation tax at 19% | 154,492 | 69,090 |
| Current tax charge for year | 154,492 | 69,090 |
| Deferred tax | | |
| Timing differences, origination and reversal | 453 | 1,370 |
| Change in rate | - | 617 |
| Adjustment in respect of prior years | 1,987 | 761 |
| Total deferred tax (see note 6) | 2,440 | 2,748 |
| Tax on profit on ordinary activities | 156,932 | 71,838 |

The standard rate of tax applied to reported profit on ordinary activities is 19 per cent (2019: 19 per cent). In recent years, the UK Government has steadily reduced the rate of UK corporation tax with the Finance (No. 2) Act 2015 enacting the rate of corporation tax at 20% with effect from 1 April 2015, 19% from 1 April 2017 and 17% from 1 April 2020.

There is no expiry date on timing differences, unutilised tax losses or tax credits.

The difference between the total tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

| | Year Ended 31 March 2020 | Year Ended 31 March 2019 |
|---|-----------------------------|-----------------------------|
| | £ | £ |
| Profit on ordinary activities before taxation | 810,356 | 365,965 |
| Theoretical tax at UK corporation tax rate of 19% | 153,968 | 69,533 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 977 | 927 |
| Change in tax rate | - | 617 |
| Adjustment in respect of prior years | 1,987 | 761 |
| Total tax charge for year | 156,932 | 71,838 |

Notes to the Financial Statements (Continued)

For the year ended 31 March 2020

6. DEFERRED TAX ASSET

| | Year Ended 31 March 2020 | Year Ended 31 March 2019 |
|--|-----------------------------|-----------------------------|
| | £ | £ |
| Movement on deferred taxation balance in the year: | | |
| Opening balance | 5,242 | 6,468 |
| Prior year adjustment | 1,987 | 761 |
| Change in corporate tax rate | - | (617) |
| Credit to profit and loss account | (453) | (1,370) |
| Closing balance | <u>6,776</u> | <u>5,242</u> |

| | Year Ended 31 March 2020 | Year Ended 31 March 2019 |
|-----------------------------------|-----------------------------|-----------------------------|
| | £ | £ |
| Analysis of deferred tax balance: | | |
| Fixed asset timing differences | <u>6,776</u> | <u>5,242</u> |
| Deferred tax asset | <u>6,776</u> | <u>5,242</u> |

| | Year Ended 31 March 2020 | Year Ended 31 March 2019 |
|--|-----------------------------|-----------------------------|
| | £ | £ |
| Analysis of deferred tax balance: | | |
| Amounts expected to be recognised within 12 months | - | - |
| Amounts expected to be recognised beyond 12 months | <u>6,776</u> | <u>5,242</u> |
| Deferred tax asset | <u>6,776</u> | <u>5,242</u> |

7. TANGIBLE FIXED ASSETS

| | £ | | | |
|--------------------------|---|-----------------|---------------------------|------------------|
| Cost | Equipment, Hardware, and Software | Furniture | Leasehold Improvements | Total |
| As of 1 April 2019 | 139,278 | 63,734 | 337,579 | 540,591 |
| Acquisition | - | - | - | - |
| As of 31 March 2020 | <u>139,278</u> | <u>63,734</u> | <u>337,579</u> | <u>540,591</u> |
| Accumulated depreciation | | | | |
| As of 1 April 2019 | (119,283) | (63,734) | (330,405) | (513,422) |
| Change for the year | <u>(7,058)</u> | - | - | <u>(7,058)</u> |
| As of 31 March 2020 | <u>(126,341)</u> | <u>(63,734)</u> | <u>(330,405)</u> | <u>(520,480)</u> |
| Net book value | | | | |
| As of 1 April 2019 | 19,995 | - | 7,174 | 27,169 |
| As of 31 March 2020 | <u>12,937</u> | <u>-</u> | <u>7,174</u> | <u>20,112</u> |

Notes to the Financial Statements (Continued)

For the year ended 31 March 2020

8. INVESTMENTS

| | £ |
|----------------------------|-----------------------|
| | <u>Investments</u> |
| As of 1 April 2019 | |
| Contributions | 2,477,338 |
| Redemptions | (1,868,156) |
| Market gains/(losses) | (285,919) |
| As of 31 March 2020 | <u><u>323,263</u></u> |

The Company seeded investments related to an affiliate's currency trading strategies. The Company entered into a total return swap with its parent corporation, MFH, to transfer any market gains/(losses) associated with these investments. Market gains/(losses) are recorded within MFH and the Company has recorded a respective liability of £323,263 as of 31 March 2020. The liability is recorded as other payables within Creditors: amounts falling due within one year on the Balance Sheet.

9. DEBTORS:**Amounts falling due within one year:**

| | <u>2020</u> | <u>2019</u> |
|--------------------------------|-------------------|------------------|
| | £ | £ |
| Due from group undertakings | 11,568,404 | 5,728,551 |
| Prepayments and accrued income | 575,529 | 468,324 |
| Other debtors | 885,682 | 475,466 |
| | <u>13,029,615</u> | <u>6,672,341</u> |

Amounts falling due after more than one year:

| | <u>2020</u> | <u>2019</u> |
|-------------------------|------------------|------------------|
| | £ | £ |
| Deferred taxes (note 6) | 6,776 | 5,242 |
| Note receivable | 2,374,822 | 3,069,132 |
| | <u>2,381,598</u> | <u>3,074,374</u> |

Note receivable is related to acquisition activity for the year ended 31 March 2019. See note 14 Acquisitions for further discussion.

Notes to the Financial Statements (Continued)

For the year ended 31 March 2020

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | <u>2020</u> | <u>2019</u> |
|---------------------------|---------------------|--------------------|
| | £ | £ |
| Due to group undertakings | (12,281,581) | (5,577,545) |
| Staff cost - payroll | (16,453) | (40,374) |
| Staff cost - bonus | (454,253) | (430,250) |
| Payroll tax payable | (53,340) | (100,007) |
| Income tax payable | (50,268) | (31,777) |
| Other payables | (852,362) | (1,061,673) |
| | <u>(13,708,257)</u> | <u>(7,241,626)</u> |

11. SHARE CAPITAL

| | <u>2020</u> | <u>2019</u> |
|--|----------------|----------------|
| | £ | £ |
| Authorised | | |
| 670,000 ordinary shares of £1.00 each | <u>670,000</u> | <u>670,000</u> |
| Allocated, called up and fully paid | | |
| 670,000 ordinary shares of £1.00 each | <u>670,000</u> | <u>670,000</u> |

12. PROFIT AND LOSS ACCOUNT

| | <u>2020</u> | <u>2019</u> |
|--|------------------|------------------|
| | £ | £ |
| Opening balance at the beginning of the year | 2,818,848 | 2,524,721 |
| Retained profit for the year | <u>653,424</u> | <u>294,127</u> |
| Closing balance at the end of the year | <u>3,472,272</u> | <u>2,818,848</u> |

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

| | <u>2020</u> | <u>2019</u> |
|-------------------------------|------------------|------------------|
| | £ | £ |
| Opening shareholder's funds | 3,488,848 | 3,194,721 |
| Profit for the financial year | <u>653,424</u> | <u>294,127</u> |
| Closing shareholder's funds | <u>4,142,272</u> | <u>3,488,848</u> |

14. ACQUISITIONS

During October 2018, the Company entered into an agreement to purchase the assets of The Cambridge Strategy, a UK based investment firm. The purchase was financed through a note receivable of £3,122,560

Notes to the Financial Statements (Continued)**For the year ended 31 March 2020**

that bears interest at 8% per annum. The note receivable will be repaid through future performance fees over five years and is recorded as Debtors, amounts falling due after one year on the Balance Sheet. At 31 March 2020 the note receivable had a balance of £2,374,822. At 31 March 2019 the note receivable had a balance of £3,069,132.

15. FINANCIAL COMMITMENTS

Total commitments under non-cancellable operating leases are as follows:

| | At 31 March 2020 | At 31 March 2019 |
|------------------------------|--------------------|--------------------|
| | £ | £ |
| | Land and buildings | Land and buildings |
| Company | | |
| Lease Payments | | |
| - within one year | 172,260 | 168,701 |
| - between two and five years | 330,165 | 507,767 |
| | <u>502,425</u> | <u>676,468</u> |

The Company's immediate and ultimate parent company, MFH, has the lease commitment for the office on behalf of the Company and allocates the charges for occupancy directly to the Company. Leases of land and buildings are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs.

16. CONTROLLING PARTY

The Company's immediate and ultimate parent company and controlling party, Mesirow Financial Holdings, Inc., is a company incorporated in the United States of America. Consolidated financial statements and books and records of Mesirow Financial Holdings, Inc. are maintained at 353 N. Clark Street, Chicago, Illinois 60654. Mesirow Financial Holdings, Inc. is the parent company which heads up the smallest and the largest group for which consolidated financial statements which include the results of the Company.

17. RELATED PARTY TRANSACTIONS

During the financial year the Company received the following amounts as advisory fees from entities under common control of the parent entity of the Company:

| | | Year ended 31 March 2020 | Year ended 31 March 2019 |
|---|-----------------|-----------------------------|-----------------------------|
| Related entity | Type of Service | £ | £ |
| Mesirow Advanced Strategies, Inc. | Advisory fees | 3,326 | 669,121 |
| Mesirow Financial Inc. | Advisory fees | 368,147 | - |
| Mesirow Financial Private Equity, Inc. | Advisory fees | - | 86,787 |
| Mesirow Financial Administrative Corporation | Advisory fees | 610,783 | 388,849 |
| Mesirow Financial Investment Management, Inc. | Advisory fees | 3,358,645 | 2,093,093 |
| | | <u>4,340,901</u> | <u>3,237,850</u> |

Notes to the Financial Statements (Continued)**For the year ended 31 March 2020**

For the years ended 31 March 2020 and 31 March 2019, respectively, general and administrative costs (principally compensation expense) of £703,801 and £339,209 were allocated by an affiliate based on the number of employees and actual usage.

At 31 March 2020 and 31 March 2019, the Company had the following receivables from (payables to) its related entities:

| <u>Related entity</u> | <u>Relationship</u> | <u>31 March 2020</u> | <u>31 March 2019</u> |
|---|----------------------|----------------------|----------------------|
| | | <u>£</u> | <u>£</u> |
| Mesirow Advanced Strategies, Inc. | Under common control | 3,552,734 | 2,875,785 |
| Mesirow Financial, Inc. | Under common control | 136,236 | - |
| Mesirow Financial Holdings, Inc. | Parent company | <u>158,282</u> | <u>111,500</u> |
| | | <u>3,847,252</u> | <u>2,987,285</u> |
| Mesirow Financial Investment Management, Inc. | Under common control | (1,467,628) | (1,502,076) |
| Mesirow Financial Administrative Corporation | Under common control | <u>(3,092,812)</u> | <u>(1,334,401)</u> |
| | | <u>(4,560,440)</u> | <u>(2,836,477)</u> |

The Company has 5 directors. For the years ended 31 March 2020 and 31 March 2019, respectively, directors received remuneration of £395,167 and £485,184 for services in their capacity as management of the Company and not for services provided as directors. These costs are included in note 4 to the financial statements.

18. SUBSEQUENT EVENTS

On 11 March 2020, the World Health Organization declared the COVID-19 a pandemic. As previously noted, the COVID-19 has caused significant disruption in global financial markets, including significant declines and volatility in the securities markets. Although the impact to the Company in its entirety is still unknown, due to the structure of the Company, it benefits from the financial health of its parent. The impact of COVID-19 to the parent has been assessed along with the Company and considered to not be significant and does not require adjustments or further disclosure in the financial statements.