

RESEARCH AFFILIATES GLOBAL ADVISORS (EUROPE) LIMITED

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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RESEARCH AFFILIATES GLOBAL ADVISORS (EUROPE) LIMITED

COMPANY INFORMATION

Directors	D M Harkins	(Resigned 1 July 2018)
	J Hattesoht	
	J Macha	
	K F Sherrerd	
	A K Ailey	(Appointed 1 July 2018)
Secretary	A K Ailey	
Company number	08200028	
Registered office	Tricor Suite 4th Floor 50 Mark Lane London United Kingdom EC3R 7QR	
Auditor	Ernst & Young LLP 25 Churchill Place Canary Wharf London E14 5EY	

RESEARCH AFFILIATES GLOBAL ADVISORS (EUROPE) LIMITED

CONTENTS

	Page
Statement of financial position	1
Statement of changes in equity	2
Notes to the financial statements	3 - 8

RESEARCH AFFILIATES GLOBAL ADVISORS (EUROPE) LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	5		10,799		1,588
Current assets					
Debtors	6	623,301		202,273	
Cash at bank and in hand		651,430		701,416	
		<u>1,274,731</u>		<u>903,689</u>	
Creditors: amounts falling due within one year	7	<u>(540,979)</u>		<u>(340,821)</u>	
Net current assets			<u>733,752</u>		<u>562,868</u>
Total assets less current liabilities			<u>744,551</u>		<u>564,456</u>
Capital and reserves					
Called up share capital	9		25,000		25,000
Profit and loss reserves			719,551		539,456
Total equity			<u>744,551</u>		<u>564,456</u>

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS102 Section 1A - small entities.

The notes on pages 3 to 8 form an integral part of these financial statements.

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

J Hattesohi
Director

Company Registration No. 08200028

17 JUNE 2019

RESEARCH AFFILIATES GLOBAL ADVISORS (EUROPE) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2017	25,000	380,712	405,712
Year ended 31 December 2017:			
Profit and total comprehensive income for the year	-	158,744	158,744
Balance at 31 December 2017	25,000	539,456	564,456
Year ended 31 December 2018:			
Profit and total comprehensive income for the year	-	180,095	180,095
Balance at 31 December 2018	25,000	719,551	744,551

The notes on pages 3 to 8 form an integral part of these financial statements.

RESEARCH AFFILIATES GLOBAL ADVISORS (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

Research Affiliates Global Advisors (Europe) Limited is a private company limited by shares incorporated in England and Wales. The registered office of the company is Tricor Suite, 4th Floor, 50 Mark Lane, London, EC3R 7QR.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The company has taken advantage of the exemption available to small companies from the requirement to prepare a cash flow statement.

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

The financial statements have been prepared under the historical cost convention and on a going concern basis.

1.2 Going concern

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

1.3 Turnover

Turnover, which is stated net of any value added tax, is recognised on an accruals basis when the company obtains the right for consideration in exchange for its performance of services. Turnover comprises of the reimbursement of expenses incurred by the company on behalf of Research Affiliates, LLC plus a mark-up of 10% and arises from continuing activities provided in the UK.

1.4 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Computer equipment - depreciated over 3 years on a straight-line basis.

Fixtures, fitting and equipment - depreciated over 7 years on a straight-line basis.

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 in the profit and loss account. Any impairment is recognised in the profit and loss account.

RESEARCH AFFILIATES GLOBAL ADVISORS (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

1.5 Cash and cash equivalents

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

1.6 Taxation

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

Current tax

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

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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

1.7 Retirement benefits

The company operates a defined contribution pension scheme for employees. Contributions payable to the company's pension scheme are charged to the profit and loss account on an accruals basis in the period to which they relate.

1.8 Leases

Rentals payable under operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged on a straight-line accruals basis over the lease term.

1.9 Foreign exchange

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

RESEARCH AFFILIATES GLOBAL ADVISORS (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

1.10 Debtors

Debtors are measured at fair value on initial recognition being equal to the amount expected to be received by the company. Amounts are subsequently measured at amortised cost less any provision for impairment. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit and loss account when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

1.11 Creditors

Creditors are initially measured at fair value which is the equivalent of the amount expected to be paid to settle the obligation, and are subsequently measured at amortised cost, using the effective interest rate method.

1.12 Administrative expenses

Expenses incurred have been recognised on an accrual basis.

2 Judgements and key sources of estimation uncertainty

In applying the company's accounting policies, the directors may be required to make judgements and estimates that could impact the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. The directors have determined that there have not been any significant accounting judgements made in the current year.

The directors' estimates are based on the evidence available at the time; including historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such estimates, the actual results and outcomes may differ. Estimates are reviewed on an ongoing basis and revisions to accounting estimates are recognised in the year in which the estimate is revised. The directors are not aware of any significant sources of estimation uncertainty in the preparation of the financial statements.

3 Directors' remuneration

	2018 £	2017 £
Remuneration paid to directors	-	803,060

During the year, there were no directors employed by the company and therefore, no remuneration paid to directors to be disclosed (2017: £803,060).

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was 5 (2017 - 4).

RESEARCH AFFILIATES GLOBAL ADVISORS (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

5 Tangible fixed assets

	Fixtures, fittings & equipment £	Computer equipment £	Total £
Cost			
At 1 January 2018	-	8,713	8,713
Additions	5,701	5,566	11,267
At 31 December 2018	5,701	14,279	19,980
Depreciation			
At 1 January 2018	-	7,125	7,125
Depreciation charged in the year	116	1,940	2,056
At 31 December 2018	116	9,065	9,181
Carrying amount			
At 31 December 2018	5,585	5,214	10,799
At 31 December 2017	-	1,588	1,588

6 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Amounts due from group undertakings	339,329	103,721
Other debtors	240,777	30,801
VAT receivable	12,389	18,738
Prepayments	30,806	49,013
	623,301	202,273

Other debtors include a balance of £200,170 (2017: £15,200) in relation to amounts held in escrow with a third-party service provider to facilitate the settlement of the company's accounts payable and payroll obligations.

7 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	19,273	24,070
Corporation tax payable	43,831	42,737
Other taxation and social security	138,349	15,928
Other creditors	6,141	6,034
Accruals	333,385	252,052
	540,979	340,821

RESEARCH AFFILIATES GLOBAL ADVISORS (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

8 Operating lease commitments

The company has entered into an agreement for the lease of rented accommodation for two executives from Research Affiliates LLC, who are on a secondment assignment for a 2-year period. In addition, the company entered into a new lease agreement for their office space for a 24-month term beginning on 19 March 2018.

At the reporting end date, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, that were falling due for payment as follows:

	2018 £	2017 £
Within one year	260,966	135,200
Between 1-5 years	169,807	282,690
	<u>430,773</u>	<u>417,890</u>

9 Called up share capital

	2018 £	2017 £
Ordinary share capital Issued and fully paid 25,000 Ordinary shares of £1 each	25,000	25,000
	<u>25,000</u>	<u>25,000</u>

10 Retirement benefit schemes

	2018 £	2017 £
Charge to profit and loss account in respect of defined contribution schemes	49,130	51,869

There were no directors (2017: Nil) accruing benefits under a defined contribution pension scheme at 31 December 2018.

11 Audit report information

As the profit and loss account has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006.

The auditor's report was unqualified.

The senior statutory auditor was Neil Parker.

The auditor was Ernst & Young LLP.

RESEARCH AFFILIATES GLOBAL ADVISORS (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

12 Related party transactions

During the year the company entered into transactions, in the ordinary course of business, with other entities which are wholly owned by Research Affiliates Global Holdings LLC. The company is exempt under FRS 102 from disclosing related party transactions with entities that are wholly owned by Research Affiliates Global Holdings LLC.

13 Events after the reporting date

On 28th February 2019, the directors have declared a dividend in specie of £339,328.53 to Research Affiliates Global Holdings LLC, the parent.

14 Parent company

Research Affiliates Global Holdings, LLC (incorporated in USA, registered address: 620 Newport Center Drive, Suite 900, Newport Beach, California, 92660, USA) is regarded by the directors as being the company's ultimate parent company.

The consolidated accounts of Research Affiliates Global Holdings, LLC are not publicly available.