Aventicum Real Estate Ltd
Annual Report 2022

COMPANY REGISTRATION NUMBER: 08804092

Table of Contents **Page No.**

AVENTICUM
CAPITAL MANAGEMENT

COMPANY INFORMATION

Board of Directors
Marc Berryman
Aladdin Hangari
Ferenc Schnitzer

Company Secretary
Paul Hare

Registered Office
One Cabot Square
London E14 4QJ
United Kingdom

Registration number
08804092

Independent Auditors
PricewaterhouseCoopers LLP
Statutory Auditors
7 More London Riverside
London SE1 2RT

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present the Strategic Report for the year ended 31 December 2022.

Background

Aventicum Real Estate Ltd, formerly Aventicum Capital Management (UK) I Holding Ltd (the 'Company' or 'ARE Ltd'), is a private company limited by shares and a wholly-owned subsidiary of Aventicum Capital Management Holding AG ('ACMH'). ACMH was established in December 2013 as a joint venture between Credit Suisse Asset Management International Holdings Ltd ('CSAMI') and Qatar Holding LLC. Doha ('QH') as investment holding company.

Principal Activities

Prior to April 2021, ARE Ltd was an investment holding company, but its main business now is the provision of advisory services to fellow members of the ACMH joint venture in connection with real estate investments across Europe and any related services or other activities necessary to, incidental to, or arising out of the provision of such advice and services.

Principal Risks and Uncertainties

The principal risks facing the Company since the winding down of operations in its former investments are, the recoverability of its remaining interest in the former investments in liquidation, its ability to provide appropriate services to its intra-group customers, and the credit risk relating to its fee income from providing such services. As its only clients are intra-group, the Company feels that these risks are limited.

The Company followed global Credit Suisse policies and procedures and was subject to Credit Suisse risk management oversight. The Company's financial risk management objectives and policies are outlined in Note 17 – Financial risk management.

Business Review

Key performance indicators ('KPIs')

The Company uses the following KPIs to measure its performance:

	2022 £000	**2021 £000**	**Change £000**	**Change %**
Net profit/(loss)	46	(217)	263	(121)
Total Equity	364	318	46	14
% Return on Total Equity	13 %	(68)%	81 %	(119)

Current year performance

The profit after tax for the year was £46k (2021: loss of £217k). As at 31 December 2022, the Company had total equity of £364k (2021: £318k). The positive return on total equity for the year was 13%, defined as the ratio of the loss/profit attributable to equity holders of the Company to Total equity (2021: negative 68%). Of the total losses in 2021, £258k relates to impairment of investment in ACM UK LLP during the year ended 31 December, 2021.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Future Developments

UBS / Credit Suisse Merger

On 19 March 2023, it was announced that Credit Suisse Group AG ('CSG') and UBS Group AG ('UBS') have entered into a merger agreements, with UBS Group AG as the surviving entity. The legal closing of the merger agreement of the two consolidated banking groups took place on 12 June 2023 and may have material impacts on the Company's future financial performance. Following the merger, CS group will continue to rely on its established governance and risk control frameworks, though some new policies will be put in place to ensure that UBS Group has effective oversight. There can be no certainty that ARE Ltd will not itself become liquidated or otherwise merged with another UBS subsidiary following completion of the merger.

Based on the merger developments discussed above, the following accounting impacts on the financial statements have occurred or are expected to occur for period ending after 19 March 2023.

Restructuring of Business

The Board commenced the liquidation of its investment in both ACM LLP and Aventicum Advisers LLP on 19 November 2021.The liquidation process of both LLPs is currently undergoing and managed by appointed Liquidators.

CSAMI and QH are investigating potential restructuring opportunities of their Aventicum joint venture to which ARE Ltd belongs. At the date of signing of these financial statements, planning for the restructuring is ongoing and the final outcome is uncertain.

Deferred Tax Asset

As at 31 December 2022, ARE Ltd has a net deferred tax asset of £61k. Based on the merger agreement, ARE Ltd believes an impairment loss on this balance sheet position is probable but is not yet estimable at this time.

On behalf of the Board

DocuSigned by:
59BD12FFA892431...
Marc Berryman
Director

One Cabot Square
London E14 4QJ
United Kingdom

3rd July 2023

Company registration number: 08804092

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Directors

There have been no changes in the directors during 2022 and up to the date of signing of the Financial Statements. The directors are set out on page 3.

None of the directors who held office at the end of the financial year were directly beneficially interested, at any time during the year, in the Company's shares. The Company's directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Dividends

No dividends were paid or proposed for the year ended 31 December 2022 (2021: Nil).

Political Donations

There were no political donations made or political expenditure incurred for the year ended 31 December 2022 (2021: Nil).

Risk and Capital

Details of Capital are set out in Note 14 – Share capital. The way in which risks are managed is detailed in the Strategic Report, and the risks are detailed in Note 17 – Financial risk management.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the Financial Statements of the Company in accordance with applicable law and regulations.

Company law requires the directors to prepare the Company's Financial Statements for each financial year. Under that law, the directors have prepared the the Company's Financial Statements in accordance with UK-adopted international accounting standards ('UK-adopted IFRSs').

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 year. In preparing these Financial Statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether, for the Company, applicable UK-adopted IFRSs have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- Make judgements and accounting estimates that are reasonable and prudent;
- Assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Prepare the financial statements on the going concern basis unless it is appropriate to presume that the Company will continue in business.

The directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 its Financial Statements comply with the Companies Act 2006.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Directors' Confirmations

The directors confirm to the best of their knowledge:

- The Financial Statements, prepared in accordance with UK-adopted International Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of CSAMH and;
- The Strategic Report includes a fair, review of the development and performance of the business and the position of CSAMH, together with a description of the principal risks and uncertainties faced.

In the case of each director in office at the date the directors' report is approved;

- So far as the director is aware, there is no relevant audit information of which CSAMH's auditors are not aware; and
- They have taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that CSAM's auditors are aware of that information.

International Financial Reporting Standards

These financial statements have been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006 ('IFRS') and the applicable legal requirements of the Companies Act 2006.

Independent Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office as external auditors.

Disclosure of Information to Auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board

DocuSigned by:
59BD12FFA892431...
Marc Berryman
Director

One Cabot Square
London E14 4QJ
United Kingdom
3rd July 2023

Company registration number: 08804092

Independent auditors' report to the members of Aventicum Real Estate Ltd

Report on the audit of the financial statements

Opinion

In our opinion, Aventicum Real Estate Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Statement of Financial Position as at 31 December 2022; the Statement of Profit or Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the company's ability to continue as a going concern.

On March 19 2023, Credit Suisse Group AG and UBS Group AG entered into an agreement and plan of merger ("the merger"), which was completed on June 12, 2023. At the date of approval of these financial statements, the impact of the merger on the future operation of the company has not been determined. As the surviving entity of the merger, UBS Group AG is the ultimate parent at the reporting date. The company remains a member of the group ("CS group") headed by their parent, Credit Suisse AG ("CS AG). The company is dependent on ongoing support from other members of the CS group, in order to continue in operation. These circumstances, as more fully explained in note 2 to the financial statements, indicate the existence of a material uncertainty that may cast significant doubt on the ability of the company to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a 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.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK Company law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006 and corporate tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance in relation to known or suspected instances of non-compliance with laws and regulations and fraud;
- Challenging assumptions and judgements made by management in determining significant accounting estimates;
- Reviewing the minutes of the Board of Directors to identify any significant or unusual transactions or other matters that could require further investigation; and
- Identifying and testing journal entries, including those posted which met our risk criteria, these included those relating to particular dates or with other unusual characteristics.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Amena Shaista (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
04 July 2023

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Service fees and reimbursed expenses	4	1,265	851
Other income		69	55
Total income		**1,334**	**906**
Staff costs	5	(1,024)	(704)
General and administrative expenses	6	(258)	(185)
Impairment of investment in the LLP	10	—	(258)
Total operating expenses		**(1,282)**	**(1,147)**
Profit/(loss) before tax		**52**	**(241)**
Income tax benefit/ (expense)	12	(6)	24
Profit/(loss) after tax		**46**	**(217)**
Profit/(loss) attributable to equity holders of the Company		**46**	**(217)**

There were no items of other comprehensive income during the year (2021: none).

Results for the year are from continuing operations.

The notes on pages 15 to 33 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Assets			
Current assets			
Cash at Bank	8	649	217
Amounts owed by CS group companies	9	220	518
Investment in LLPs	10	335	335
Other assets	11	36	37
Non-Current assets			
Deferred tax assets	12	61	39
Total assets		**1,301**	**1,146**
Liabilities			
Current liabilities			
Amounts owed to CS group companies	9	424	403
Other liabilities	13	353	290
Current tax payable		18	16
Non- current liabilities			
Other liabilities	13	142	119
Total liabilities		**937**	**828**
Total equity			
Share Capital	14	6,750	6,750
Capital contribution reserve		625	625
Accumulated losses		(7,011)	(7,057)
Total equity		**364**	**318**
Total liabilities and total equity		**1,301**	**1,146**

The financial statements on pages 12 to 33 were approved by the Board of Directors on 3rd July 2023 and signed on its behalf by:

DocuSigned by:

59BD12FFA892431...

Marc Berryman
Director

COMPANY REGISTRATION NUMBER: 08804092

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Capital contribution reserve	Accumulated losses	Total equity
	£000	**£000**	**£000**	**£000**
Balance as at 1st January 2021	6,750	325	(6,840)	235
Total loss recognised for the year	—	—	(217)	(217)
Additional capital contributed during the year	—	300	—	300
Balance as at 31st December 2021	**6,750**	**625**	**(7,057)**	**318**
Balance as at 1st January 2022	6,750	625	(7,057)	318
Total profit recognised for the year	—	—	46	46
Additional capital contributed during the year	—	—	—	—
Balance as at 31st December 2022	**6,750**	**625**	**(7,011)**	**364**

The notes on pages 15 to 33 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022	2021
		£000	**£000**
Cash flows from operating activities			
Profit/ (loss) before tax for the year		52	(241)
Adjustments to reconcile net loss to net cash generated from operating activities			
Impairment of investment in LLP	10	–	258
Cash generated from before changes in operating assets and liabilities		**52**	**17**
(Increase)/ decrease in amounts owed by CS group companies	9	298	(501)
(Increase)/ decrease in other assets	11	1	(37)
Increase/ (decrease) in amounts owed to CS group companies	9	21	308
Increase/ (decrease) in other liabilities	13	85	401
Net increase in operating assets and liabilities		**405**	**171**
Income taxes paid		(26)	(33)
Net cash generated from operating activities		**431**	**155**
Cash flows from investing activities			
Investments in LLP	10	–	(300)
Net cash used in investing activities		**–**	**(300)**
Cash flows from financing activities			
Capital contribution received		–	300
Net cash generated from financing activities		**–**	**300**
Net increase in cash and cash equivalents		**431**	**155**
Cash and cash equivalents at the beginning of the year		217	62
Cash and cash equivalents at the end of the year		649	217

Cash and cash equivalents at the end of the year comprise:

	Note	**2022 £000**	**2021 £000**
Cash at bank	8	649	217
Cash and cash equivalents at the end of the year		**649**	**217**

The notes on pages 15 to 33 form an integral part of these financial statements.

Notes to financial statements **Page no.**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General

ARE Ltd is a private company limited by shares that incorporated and domiciled in the England and Wales, United Kingdom. The address of the Company's registered office is One Cabot Square, London E14 4QJ. The financial statements were authorised for issue by the Board of Directors on 3rd July 2023.

2. Accounting policies

a) Statement of compliance

These financial statements have been prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006.

Pursuant to section 401 of the Companies Act 2006, the Company is exempt from preparing and delivering group financial statements as the Company is an indirect subsidiary of CSG, incorporated in Switzerland, which prepares Consolidated Financial Statements.

b) Basis of preparation

The financial statements are presented in British pounds sterling ('£' or 'GBP'), rounded to the nearest thousand. They are prepared on the historical cost basis. The accounting policies set out below have, unless otherwise stated, been consistently applied to all the years presented in these financial statements.

The preparation of financial statements in conformity with UK-adopted international accounting standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Critical accounting estimates and judgements applied to these financial statements are set out in Note 3 – Critical accounting estimates and judgements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision has a significant effect on both current and future years.

Going concern

The Board has assessed of the ability of ARE Ltd to continue as a going concern for a period of at least 12 months from the date of this report. In considering the going concern, the directors also have reviewed the capital, liquidity, and financial position of ARE Ltd including forward looking plans.

During Q1 2023 the financial stability of CSG and CS AG reached a critical point which resulted in an agreement to merge between CSG and UBS, which legally closed on 12 June 2023. During this period CSG has been reliant on funding from the Swiss government and the Swiss National Bank. CSG and CS AG have concluded they are operating as a going concern but are reliant on the success of the merger. Due to ARE Ltd's reliance on CS AG, ARE Ltd's assessment of going concern was also dependent on the recent legal closure of the merger.

The company continues to receive ongoing cashflow from the Aventicum Group Company for provision of its services by way of service fees.The Board has also exercised judgement and assessed the future plans for ARE Ltd under the new merger which are uncertain as at this time. However, should any decision be made in the near term to wind down the activities of ARE Ltd, such a process would be expected to occur in an orderly fashion.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

b) Basis of preparation (continued)

Going concern (continued)

These measures support the Board's assessment that ARE Ltd is a going concern. Despite this assessment, the directors would highlight that as a result of merger of CSG and UBS, UBS may decide to, liquidate or merge the Company with another UBS subsidiary. This represents a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Standards and Interpretations effective in the current year

New and amended IFRS Standards applied with no material effect on the financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1January 2022, have been adopted in these financial statements.

New and revised IFRSs	**Effective for annual periods beginning on or after**
Annual Improvements to IFRS Standards 2018–2020	1 January 2022
Amendments to IAS 16 Property, Plant and Equipment - Proceeds before intended use	1 January 2022
Amendments to IFRS 3 Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022

The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

New and revised IFRS in issue but not yet effective and not early adopted

The Company is not yet required to adopt the following standards and interpretations which are issued by the IASB but not yet effective.

New and revised IFRSs	**Effective for annual periods beginning on or after**
Amendments to IAS 12 Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Amendments to IAS 1 Classification of Liabilities as Current or Non -	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of accounting policies	1 January 2022
Amendments to IAS 8 - Definition of accounting estimates	1 January 2022
IFRS 17 - Insurance contracts	1 January 2022
Amendments to IFRS 10 and IAS 28-Sale or contribution of assets between an investor and its associate or joint venture	NA*

*In December 2015, the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

The management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and the adoption of these new standards, interpretations and amendments may have no material impact on the financial statements of the Company in the period of initial application.

c) Revenue

The revenue in the Company is primarily derived from service fees charged to Aventicum Capital Management (Switzerland) Ltd and reimbursed expenses from funds managed by the subsidiaries of ACMH. The reimbursement is recognised when earned in accordance with the contractual arrangements.

d) Financial assets and liabilities

Financial assets are classified on the basis of two criteria: 1) the business model of why the financial assets are held and how they are managed and 2) the contractual cash flow characteristics of the financial asset. These factors determine whether the financial assets are measured at Amortised Cost, Fair Value Through Other Comprehensive Income ('FVOCI') or Fair Value Through Profit and Loss ('FVTPL').

The business model assessments are performed by considering the way in which the financial assets are managed to achieve a particular business objective as determined by management. The assessment is made at the level at which the group of financial assets are managed. These assessments are based on reasonable expectations.

Financial assets measured at amortised cost includes Cash at banks, Amounts owed by CS group companies and other assets.Financial liabilities include intra-group borrowings and payables. Intra-group borrowings, demand deposits and payables are recognised initially at fair value net of transaction costs. These liabilities are subsequently stated at amortised cost using the effective interest rate method. Financial liabilities are classified as current unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

e) Impairment of financial assets

The impairment requirements apply primarily to financial assets measured at amortised cost and FVOCI. The impairment requirements are based on a forward-looking expected credit loss ('ECL') model by incorporating reasonable and supportable forecasts of future economic conditions available at the reporting date. This requires considerable judgement over how changes in economic factors affect ECLs, which is determined on a probability-weighted basis.

All financial assets attract a 12-month ECL on origination (Stage 1) except for financial assets that are credit impaired upon purchase or origination. When the credit risk has increased significantly since initial recognition of the financial instrument, the impairment measurement is changed from a 12-month ECL (Stage 1) to a lifetime ECL (Stage 2). A financial asset moves into Stage 3 when it becomes credit-impaired.

Information as to the calculation of ECL and maximum exposure to Credit Risk by credit rating is included in Note 17 - Financial risk management.

2. Accounting policies (continued)

f) Cash at bank

For the purpose of preparation and presentation of statement of cash flows, cash and cash equivalents comprise the components of cash at bank that are short term, highly liquid instruments with original maturities of three months or less which are subject to an insignificant risk of change in their fair value, and that are held or utilised for the purpose of cash management.

g) Employees' benefits and remuneration

A discretionary Variable Incentive Award is made to employees on an annual basis. Part of it is paid out as cash and part is awarded as deferred compensation that shall vest in equal annual installments on each of the first three anniversaries of the relevant award date under the ARE Notional Deferral Plan. The Company recognises both the deferred and non-deferred compensation expense over the period of service for which it is awarded and the accrual is charged to the Statement of Comprehensive Income in the year of service itself. All awards to the employees are cash-based.

For certain employees, it was also agreed to buy out deferred compensation from their previous employer ('buyout compensation'). These amounts vest over a three year period in accordance with the ARE Notional Deferral Plan. The buyout compensation is guaranteed in nature. The Company recognises the buyout compensation expense in full at the point of the employee in question joining the company (as it is a cash-based award). The charge is applied to the Statement of Comprehensive Income.

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

h) Service level agreements

Costs are recharged to the Company by other Credit Suisse entities to reflect services provided by them. The services are charged in accordance with Service level agreements ('SLA') entered between the entities and recharges are netted off against expenses for the year.

i) Related party transactions

Transactions with related parties are conducted on normal business terms at mutually agreed terms and the relevant disclosures are given in the financial statements.

j) Income tax

Income tax recognised in the Statement of Profit or Loss for the year comprises current tax and deferred tax.

Income tax is recognised in the Statement of Profit or Loss except to the extent that it relates to items recognised directly in equity, in which case the income tax is recognised in equity. For items initially recognised in equity and subsequently recognised in the Statement of Profit or Loss, the related income tax initially recognised in equity is also subsequently recognised in the Statement of Profit or Loss.

Current tax is the expected tax payable on the taxable income for the year and includes any adjustment to tax payable in respect of previous years. Current tax is calculated using tax rates enacted or substantively enacted at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

j) Income tax (continued)

Deferred tax is recognised using the Statement of Financial Position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax-base. The amount of deferred tax recognised is based on the amount at which it is expected to recover or settle the carrying amount of assets and liabilities in the Statement of Financial Position, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Information as to the calculation of income tax on the profit or loss for the years presented is included in Note 12.

k) Investment in the LLPs

Investment in the LLPs is carried at cost and is reviewed for impairment on an annual basis to determine whether there is any indication that the carrying amount may no longer be recoverable. If such an indication exists, the carrying amount of the investment is written down to its recoverable amount (i.e. the higher of the fair value less costs to sell and the value in use). Management uses a discounted cash flow model to estimate the value in use.

Any charges relating to the impairment of investment in the LLPs are recognised in the Statement of Profit or Loss in the year in which the impairment occurs. When an investment is disposed, the profit or loss resulting from the disposal is recognised in the Statement of Profit or Loss.

Where an impairment loss subsequently reverses, the carrying amount of the investment is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment loss been recognised for the investment in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit or Loss.

l) Foreign currency

The Company's functional currency is GBP. Transactions denominated in currencies other than GBP are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to GBP at the foreign exchange rate ruling at that date. Foreign exchange differences arising from translation are recognised in the Statement of Profit or Loss. Non-monetary assets and liabilities denominated in foreign currencies at Statement of Financial Position date are not revalued for movements in foreign exchange rates.

m) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date. The fair value measurement guidance establishes a single authoritative definition of fair value and sets out a framework for measuring fair value. Fair value can be based on quoted market prices (unadjusted); observable inputs other than quoted prices or unobservable inputs. The inputs that are used to calculate the fair value determine which level of the fair value hierarchy the instrument is categorised in.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3. Critical accounting estimates and judgements

In order to prepare the financial statements in accordance with UK-adopted international accounting standards, management is required to make certain accounting estimates to ascertain the value of assets and liabilities. These estimates are based upon judgement and the information available at the time, and actual results may differ materially from these estimates. Management believes that the estimates and assumptions used in the preparation of the financial statements are prudent, reasonable and consistently applied.

Impairment for the investments in the LLPs

Investments in ACM LLP and Aventicum Advisers LLP are recorded at cost in the financial statements and are assessed for impairment each year. The valuation of the Company's investments reflects the amounts expected to be recoverable as final distributions from their liquidation.

Key judgements

Impairment needs to be recorded if the carrying amount is higher than the recoverable amount through use or sale of the asset. Please see Note 10 - Investment in the LLPs for more information.

Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements.

4. Service fees and reimbursed expenses

	2022	**2021**
	£000	**£000**
Service fees and reimbursed expenses	1,265	851

All of the revenue is derived from service fees charged to Aventicum Capital Management (Switzerland) Ltd and reimbursed expenses from funds managed by the subsidiaries of ACMH.

5. Staff cost

	2022	**2021**
	£000	**£000**
Salaries and bonuses	(858)	(581)
Social security costs	(106)	(72)
Pension costs	(45)	(33)
Employee benefits	(15)	(18)
Total staff costs	**(1,024)**	**(704)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

6. General and administrative expenses

	2022 £000	2021 £000
Directors' fees	—	(11)
Auditors' remuneration - audit services[1]	(18)	(15)
Legal fees	—	(8)
VAT expenses	—	(2)
Travel & Entertainment	(51)	(15)
Intercompany charges & cost allocations[2]	(45)	(32)
Other outsourced services[3]	(49)	(39)
Occupancy[4]	(73)	(42)
Other expenses	(22)	(21)
Total general & administrative expenses	**(258)**	**(185)**

[1]Auditors' remuneration relates to statutory audit fees.
[2]Intercompany charges and cost allocations mainly pertains to SLA with group companies relating to Human Resource, Financial accounting and tax recharges.
[3]Other outsourced activities include expenses relating to advisory consulting and due diligence/ research cost with third parties.
[4]Occupancy expenses include rent charges for the year.

7. Employees

The monthly average number of persons employed during the year was four employees (2021: three).

8. Cash at bank

Cash at bank balance are held with fellow group companies.

9. Related party transactions

The Company is wholly owned by Aventicum Capital Management Holding AG, incorporated in Switzerland. The ultimate parent company is UBS Group AG. Copies of Group financial statements of CS AG and CSG, which are those of the smallest and largest groups in which the results of the Company are consolidated (For 2022), are available to the public and may be obtained from Credit Suisse Group AG, Paradeplatz 8, 8070 Zurich, Switzerland and Companies House, Crown Way, Cardiff CF14 3UZ, United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

9. Related party transactions (continued)

The following table sets forth the Company's related party balances and transactions.

a) Related party assets and liabilities

	2022
	£000
	Fellow group Companies
Assets	
Cash at bank	649
Investment in the LLPs	335
Amounts owed by CS group companies*	220
Total assets	**1,204**
Liabilities	
Amounts owed to CS group companies**	424
Total liabilities	**424**

*Primarily relates to receivable from Aventicum Capital Management (Switzerland) AG £183k in respect of revenues from service fees.
**Primarily relates to payable to Aventicum Advisers LLP £189k, Aventicum Capital Management (UK) LLP £185k, Credit Suisse International. £46k.

	2021
	£000
Assets	**Fellow group Companies**
Cash at bank	217
Investment in the LLPs	335
Amounts owed by CS group companies*	518
Total assets	**1,070**
Liabilities	
Amounts owed to CS group companies**	403
Total liabilities	**403**

*Primarily relates to receivable from Aventicum Capital Management (Switzerland) AG £504k in respect of revenues from service fees.
**Primarily relates to payable to Aventicum Advisers LLP £189k, Aventicum Capital Management (UK) LLP £185k, Credit Suisse Securities (Europe) Limited, £25k.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

9. Related party transactions (continued)

b) Related party revenues and expenses

	2022 £000 Fellow group Companies	2021 £000 Fellow group Companies
Revenue		
Service fees and reimbursed expenses	1,265	851
Total revenue	**1,265**	**851**
Expense		
General & administrative expenses	(45)	(44)
Impairment of investment in the LLP	—	(258)
Total expense	**(45)**	**(302)**

c) Remuneration of Directors

Key Management Personnel are those persons who have the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director of the Company. Key Management Personnel include directors of the Company.

Note 6 sets out the aggregate amount of remuneration paid to or receivable by the sole independent director in respect of qualifying services. Other directors are employees of related companies and, based on an assessment of the effort and time commitment required, Executive Director does not receive emoluments for their role as a director of the Company.

d) Loans and advances to Directors

There were no loans or advances made to Directors during the year.

10. Investment in the LLPs

Name of the LLPs	Registered address	Nature of business
Aventicum Capital Management (UK) LLP ("ACM LLP")	C/O BDO LLP, 5 Temple Square Temple Street Liverpool L2 5RH, United Kingdom	Asset Management
Aventicum Advisers LLP (formerly 'Aventicum Real Estate LLP')	C/O BDO LLP, 5 Temple Square Temple Street Liverpool L2 5RH, United Kingdom	Investment Advisory

	2022 £000	2021 £000
Carrying value as at 1 January	335	293
Add: Investment made during the year	—	300
Less: Impairment recognised	—	(258)
Carrying value as at 31 December	**335**	**335**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

10. Investment in the LLPs (continued)

The Company is a Corporate Member of both LLPs and has contributed 50% towards the Members' equity in each LLP, which as at 31 December 2022 amounted to £7.15m in ACM LLP and £0.15m in Aventicum Advisers LLP, respectively.

ACM LLP and Aventicum Advisers LLP were handed over to liquidators to initiate a voluntary winding up during 2021.

In 2022, the Net Asset Value ('NAV') at 31 December 2022 was considered to determine the recoverable amount for the investment in ACM LLP and Aventicum Advisers LLP (formerly 'Aventicum Real Estate LLP').

ACM UK LLP

The carrying amount of the investment in ACM UK LLP is £185k in each holding company, £370k in total. As the recoverable amount of £371k in total is higher than the carrying amount, no impairment is justified.

Aventicum Advisers LLP

The Net Asset Value of Aventicum Advisers LLP as at 31 December 2022 is £378k. The carrying amount of the investment in Aventicum Advisers LLP is £150k in each holding company i.e. £300k in total. As the recoverable amount exceeds the carrying amount, no impairment is justified.
The carrying value for each LLP in the 2022 financial statements represents the remaining amounts expected to be received as distributions from the liquidators of the LLPs.

11. Other assets

	2022 £000	2021 £000
VAT receivable	8	6
Prepayments	8	13
Rental deposit	20	18
Total amount due within one year	**36**	**37**
Amount due after one year	**—**	**—**
Total Other assets	**36**	**37**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

12. Income Tax benefit/(expense)

a) Analysis of Income Tax benefit/(expense) for the year

	2022	**2021**
	£000	**£000**
Current tax		
Current tax expense for the year	(28)	(16)
Adjustment in respect of prior year	—	1
Total current tax expense	**(28)**	**(15)**
Deferred Tax		
Deferred tax benefit for the year	22	39
Total deferred tax benefit	**22**	**39**
Income tax benefit/(expense)	**(6)**	**24**

During 2021, the UK government enacted legislation to increase the UK corporation tax rate from 19% to 25% with effect from 1 April 2023.

The income tax expense for the year can be reconciled to the loss per the statement of income as follows:

	2022	**2021**
	£000	**£000**
(Profit)/loss Before Tax	(52)	241
(Profit)/Loss before tax multiplied by the UK statutory rate of corporation tax at the rate of 19%	(10)	45
Tax effect of loss/(income) allocated from LLP	—	3
Non-deductible impairment of investment in LLP	—	(49)
Adjustments to current tax in respect to previous year	—	1
Adjustments to deferred tax in respect to previous year	(2)	—
Net impact on deferred tax balances following transfer of business from ARE LLP	—	19
Differential in movement in deferred taxes to the statutory tax rate	6	5
Income tax benefit / (expense)	**(6)**	**24**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

12. Income Tax benefit/(expense) (continued)

b) Deferred taxes

Deferred tax assets are recognised on deductible temporary differences and tax loss carry forwards only to the extent that realisation of the related tax benefit is probable.

The movement for the year on the deferred tax position is analysed as follows:

	2022 £000	2021 £000
Balance at 1 January	39	–
Adjustments in respect to previous year	(2)	–
Credit to Statement of Income for the year	24	39
At end of the year	**61**	**39**

Deferred tax assets are attributable to the following item:

	2022 £000	2021 £000
Employee benefits	61	39

Deferred taxes are calculated on all temporary differences under the liability method using an effective tax rate of 25%

13. Other liabilities

	2022 £000	2021 £000
Amount payable for audit services	18	15
Accruals for employees' bonus	320	269
Accrual for operating expenses	15	6
Total amount due within one year	**353**	**290**
Amount due after one year		
Accruals for deferred compensation	142	119
Total other liabilities	**495**	**409**

14. Share capital

	2022 No. of shares	£000	2021 No. of shares	£000
Allotted, called up and fully paid:				
Ordinary shares of £1 each	6,750,001	6,750	6,750,001	6,750
Total allotted, called up and fully paid share capital	**6,750,001**	**6,750**	**6,750,001**	**6,750**

The authorised capital of the Company is unlimited.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

14. Share capital (continued)

Capital management

The Board's policy is to maintain an adequate capital base so as to enable smooth operation of the Company's activities. The capital structure of the Company consists of equity attributable to equity holders of the Company comprising issued capital, capital contribution reserve net of accumulated losses. The Company funds its operations and growth through equity. This includes assessing the need to raise additional equity where required.

15. Employee share-based compensation and other compensation benefits

A discretionary Variable Incentive Award is made to employees on an annual basis. Part of it is paid out as cash and part is awarded as deferred compensation that shall vest in equal annual instalments on each of the first three anniversaries of the relevant award date under the ARE Notional Deferral Plan. The Company recognises the non-deferred compensation expense over the period of service for which it is awarded and the accrual is charged to the Statement of Profit and Loss in the year of service itself. The deferred compensation is recognised in the Statement of Profit and Loss over the vesting period. All awards to the employees are cash-based.

For certain employees, it was also agreed to buy out deferred compensation ('buyout compensation') from a previous employer within the group. These amounts vest over a three year period in accordance with the ARE Notional Deferral Plan. The buyout compensation is guaranteed in nature. The Company recognises the buyout compensation expense in full at the point of the employee in question joining the Company (as the previous employer has compensated the Company for taking on the future liability in full at the time of the transfer).

16. Financial instruments

The disclosure of the Company's financial instruments below includes the following sections:

- Analysis of financial instruments by categories; and
- Fair value of financial instruments not carried at fair value.

a) Analysis of financial instruments by categories

Financial instruments are measured on an ongoing basis either at fair value or at amortised cost. The following table sets out the carrying amounts and fair values of the Company's financial instruments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

16. Financial instruments (continued)

a) Analysis of financial instruments by categories (continued)

The following table presents the financial assets and liabilities by categories.

2022	Other amortised cost (Total carrying amount)	Fair Value
	£000	£000
Financial assets		
Cash at bank	649	649
Amounts owed by CS group companies	220	220
Other assets	20	20
Total	**889**	**889**
Financial liabilities		
Amounts owed to CS group companies	424	424
Other liabilities	353	353
Total	**777**	**777**

2021	Other amortised cost (Total carrying amount)	Fair Value
	£000	£000
Financial assets		
Cash at bank	217	217
Amounts owed by CS group companies	518	518
Other assets	18	18
Total	**753**	753
Financial liabilities		
Amounts owed to CS group companies	403	403
Other liabilities	290	290
Total	**693**	693

Fair value hierarchy

The financial instruments carried at fair value were categorised under the three levels of the fair value hierarchy as follows:

Level 1: Quoted market prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. This level of the fair value hierarchy provides the most reliable evidence of fair value and is used to measure fair value whenever available.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. These inputs include: (i) quoted prices for similar assets or liabilities in active markets; (ii) quoted prices for identical or similar assets or similar liabilities in markets that are not

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

16. Financial instruments (continued)

a) Analysis of financial instruments by categories (continued)

Fair value hierarchy (continued)

active, that is, markets in which there are few transactions for the asset and liability, the prices are not current or price quotations vary substantially either over time or among market makers, or in which little information is publicly available; (iii) input other than quoted prices that are observable for the asset or liability; or (iv) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). These inputs reflect the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available in the circumstances, which include the Company's own data. The Company's own data used to develop unobservable inputs is adjusted if information indicates that market participants would use different assumptions.

b) Fair value of financial instruments not carried at fair value

IFRS requires the disclosure of the fair value of financial instruments not carried at fair value in the Statement of Financial Position. IFRS also requires the disclosure of the fair values of these financial instruments within the fair value hierarchy.

The following table presents the carrying value of the financial instruments that are not held at fair value across the three levels of the fair value hierarchy.

As at 31 December 2022

£000	Level 1	Level 2	Level 3	Total at fair value
Financial assets				
Cash at bank	649	–	–	649
Amounts owed by CS group companies	–	220	–	220
Other assets	–	20	–	20
Total financial assets at fair value	**649**	**240**	**–**	**889**

	Level 1	Level 2	Level 3	Total at fair value
Financial liabilities				
Amounts owed to CS group companies	–	424	–	424
Other liabilities	–	353	–	353
Total financial liabilities at fair value	**–**	**777**	**–**	**777**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

16. Financial instruments (continued)

b) Fair value of financial instruments not carried at fair value

As at 31 December 2021

£000	**Level 1**	**Level 2**	**Level 3**	**Total at fair value**
Financial assets				
Cash at bank	217	–	–	217
Amounts owed by CS group companies	–	518	–	518
Other assets	–	18	–	18
Total financial assets at fair value	**217**	**536**	**–**	**753**

	Level 1	**Level 2**	**Level 3**	**Total at fair value**
Financial liabilities				
Amounts owed to CS group companies	–	403	–	403
Other liabilities	–	290	–	290
Total financial liabilities at fair value	**–**	**693**	**–**	**693**

17. Financial risk management

a) Overview

The Company is part of Credit Suisse Group ('CS Group'). The Company's risk management process is designed to ensure that there are sufficient independent controls to measure, monitor and control risks in accordance with the Company's control framework and in consideration of industry best practices.

Risk governance

The Company's risk management framework is based on transparency, management accountability and independent oversight. As a consequence of the increased complexity of risks, the Company has defined its risk perspective broadly. Risk management plays an important role in the Company's business planning process and is strongly supported by senior management and the Board of Directors. The primary objectives of risk management are to protect the Company's financial strength and reputation, while ensuring that capital is well deployed to support business activities and grow shareholder value.

Risk organisation

Risks arise in all of CS Group business activities and cannot be completely eliminated, but they are managed through its internal control environment. CS Group risk management organisation reflects the specific nature of various risks in order to ensure that risks are managed within limits set in a transparent and timely manner. The Company has exposure to the following financial risks:

- Credit risk; and
- Liquidity risk.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

17. Financial risk management (continued)

b) Credit risk

Overview

Credit risk is the possibility of loss incurred as a result of a borrower or counterparty failing to meet its financial obligations or as a result of deterioration in the credit quality of the borrower or counterparty. The Company only deposits cash with other CS Group entities.

Maximum exposure to credit risk:	**2022**	**2021**
	£000	**£000**
Cash at bank	649	217
Amounts owed by CS group companies	220	518
Other Assets	20	18
Total financial assets	**889**	**753**

No collateral or credit enhancements are held against cash and cash equivalents. The amounts in the above table are based on carrying value.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when there is evidence that one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Maximum exposure to credit risk and credit quality analysis

Cash and cash equivalents

The cash and cash equivalents of £649k at 31 December 2022 (2021: £217k) with provision for expected credit losses £0.09k (2021: nil) at Stage 1 are held with financial institution counterparties with a rating of A.

Provision for expected credit losses on Amounts due by CS Group companies and Other Assets is 0.18k (2021: nil)

c) Liquidity risk

Liquidity risk is the risk that a Company is unable to fund assets and meet obligations as they fall due under both normal and stressed market conditions. Liquidity, as with funding, capital and foreign exchange exposures, is centrally managed by Treasury. The ultimate responsibility for the liquidity and funding strategy resides with the Board of Directors. The implementation and execution of the funding and liquidity strategy is managed by Treasury for adherence to the funding policy and the efficient coordination of the secured funding desks.

The liquidity and funding profile is regularly reported to the Board of Directors, which defines the Company's risk tolerance and sets parameters for the balance sheet usage of the business.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

17. Financial risk management (continued)

c) Liquidity risk (continued)

The following table sets out details of the remaining undiscounted contractual maturities for financial liabilities.

As at 31 December 2022

£000	On demand	Due within 3 months	Due between 3 and 12 months	Total
Amounts owed to CS group companies	424	—	—	424
Other liabilities at amortised cost	—	320	73	393
Total financial liabilities	**424**	**320**	**73**	**817**

As at 31 December 2021

£000	On demand	Due within 3 months	Due between 3 and 12 months	Total
Amounts owed to CS group companies	403	—	—	403
Other liabilities at amortised cost	—	269	21	290
Total financial liabilities	**403**	**269**	**21**	**693**

18. Subsequent events

UBS / Credit Suisse Merger

On 19 March 2023, it was announced that CSG and UBS Group AG ('UBS') have entered into a an agreement and plan of merger ('the merger'), which legally closed on 12 June 2023. The Company has become a consolidated subsidiary of UBS Group AG, and as such the future operations and financial performance of the Company may be impacted as a result of the merger. There can be no certainty that ARE Ltd will not itself become liquidated or otherwise merged with another UBS subsidiary following completion of the merger.

Based on the merger developments discussed above, the following accounting impacts on the financial statements have occurred or are expected to occur for period ending after 19 March 2023.

Restructuring of Business

The Board commenced the liquidation of its investment in both ACM LLP and Aventicum Advisers LLP on 19 November 2021.The liquidation process of both LLPs is currently undergoing and managed by appointed Liquidators.

CSAMI and QH are investigating potential restructuring opportunities of their Aventicum joint venture to which ARE Ltd belongs. At the date of signing of these financial statements, planning for the restructuring is ongoing and the final outcome is uncertain.

Deferred Tax Asset

As at 31 December 2022, ARE Ltd has a net deferred tax asset of £61k. Based on the merger agreement, ARE Ltd believes an impairment loss on this balance sheet position is probable but is not yet estimable at this time.