

Registered No: 10025910

## BC PARTNERS ADVISORS HOLDINGS LIMITED

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018



BC PARTNERS ADVISORS HOLDINGS LIMITED

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## BC PARTNERS ADVISORS HOLDINGS LIMITED

### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their Strategic report for the year ended 31 December 2018.

#### Principal activity

The business of BC Partners Advisors Holdings (the 'Company'), and its subsidiaries (together the 'Group'), is to act as investment advisors to the managers of offshore funds. The investors in these funds are mainly institutional investors.

Investment advice is provided across three separate but complementary strategies: private equity, credit and real estate.

#### Review of the business

Following the launch of BC Partners Credit in 2017, an investment platform based in New York, BC Partners announced the launch of BC Partners Real Estate in May 2018. BC Partners Real Estate is an investment platform based in London.

#### Deal Flow

Throughout the year the group was able to advise on a number of transactions within both the Private Equity and Credit Funds, including several investments in BC European Capital X and in BCP Special Opportunities Fund 1 the first investment vehicle within BC Partners Credit.

#### Governance

The Executive Committee, constituted in April 2017 with a mandate to organise all operational matters, met frequently throughout the year in line with this mandate. In addition, a Remuneration Committee was constituted with the purpose to undertake partner performance reviews and determine partner compensation.

The Operational Risk committee met several times during the year continuing its focus on developing risk mitigation tools within the business. The committee also gave due consideration to Brexit and its potential impact, throughout the year.

#### Operations

During the year the Group has continued to develop its staff and systems to meet the changing needs of the investment advisory industry and to consolidate and develop the credit and real estate platforms. To accommodate growth in our London and New York operations we have extended our leased office space in both locations.

#### Future developments

The Group expects to continue to deliver advice across all three asset classes and to support the ongoing growth of the wider BC Partners Group.

In December 2018, the Group entered into a Stock Purchase and Transaction Agreement with KCAP Financial, Inc ("KCAP"), a public BDC. The Group confirms that neither the Company nor any other subsidiary of the Company was committed as of 31 December 2018 to contribute any sums to KCAP. The Stock Purchase and Transaction Agreement is not yet binding as the conditions precedent stipulated within the agreement have not yet occurred. Specifically, the Group confirms that neither KCAP stockholder approval nor the required regulatory approvals have been obtained. The Group confirms no amounts were committed or owed by the Company nor any other subsidiary of the Company as at 31 December 2018.

#### Principal risks and uncertainties

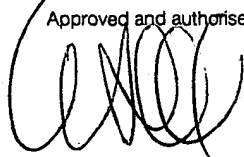
The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The business has long-term investment advisory agreements in place that minimises uncertainty regarding its income.

#### Financial and operational risk management

The Group is exposed to financial risks being credit risk, liquidity risk and foreign currency risk. These risks are mitigated by risk policies, regular monitoring and analysis of key information by management, who take appropriate action to ensure the business continues to operate as going concern.

The Group is also exposed to operational risks, which are managed by the Operational Risk committee as described above.

Approved and authorised for issue by the board of directors



Graeme Dell  
Director  
28 February 2019

BC PARTNERS ADVISORS HOLDINGS LIMITED

GROUP DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report together with the audited financial statements for the year ended 31 December 2018.

**Results and dividends**

The results of the Group for the year ended 31 December 2018 are set out in the financial statements on page 6.

The company paid dividends of £11,037,653. In the prior year, dividends of £26,955,718 reflect dividends paid by BC Partners Advisors Holdings Limited and 2020410 Limited (formerly BC Partners Limited), the former advisor that formed part of these financial statements as allowed under FRS 102 Merger Accounting. The profit for the period of £29,576,665 has been recorded within reserves.

**Going concern**

After making enquiries, the directors have reasonable expectation that the Group 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.

**Directors and Officers**

The directors of the company in office at the date of this report and during the period were:

Nikos Stathopoulos  
Graeme Dell

**Directors' interests**

No director held any interest in the shares of the Company at any time during the period.

**Directors and Officers insurance**

The Group has purchased insurance for directors and officers against liabilities arising from their duties within the Group.

**Subsequent events**

The directors did not identify any significant events that occurred subsequent to year end that would require disclosure or adjustment to the accounts.

**Disclosure of information to auditors**

The directors who held office at the date of approval of the 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 ought to have been taken as director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Auditors**

The auditors, Deloitte LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

BC PARTNERS ADVISORS HOLDINGS LIMITED

GROUP DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

*Statement of directors' responsibilities in respect of the Directors' Report and the financial statements*

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

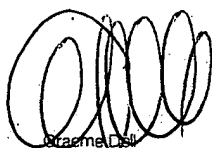
Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved and authorised for issue by the board of directors



Graeme Doherty  
Director  
28 February 2019

BC PARTNERS ADVISORS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

OF BC PARTNERS ADVISORS HOLDINGS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of BC Partners Advisors Holdings Limited:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 and of the group's 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 of BC Partners Advisors Holdings Limited (the 'parent company') and its subsidiaries (the 'group') which comprise:

- the consolidated profit and loss account and other comprehensive income;
- the consolidated statements of changes in equity;
- the company statements of changes in equity;
- the consolidated statement of financial position;
- the company statement of financial position;
- the consolidated statement of cash flows;
- the statement of accounting policies; and
- 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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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 group's or the parent 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.

## BC PARTNERS ADVISORS HOLDINGS LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (CONTINUED)

#### 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 group's and the parent 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 group or the parent 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 Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

#### Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

#### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



John Clacy (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Guernsey, UK  
1 March 2019

BC PARTNERS ADVISORS HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
<b>CONTINUING OPERATIONS</b>			
Turnover		121,563,631	112,181,624
Cost of Sales	2	(74,083,821)	(70,111,409)
Operating profit		<u>47,479,810</u>	<u>42,070,215</u>
Interest received and other income		4,282	25,916
Profit on ordinary activities before taxation		<u>47,484,092</u>	<u>42,096,131</u>
Tax on profit on ordinary activities	7	(8,740,079)	(8,854,390)
Profit for the financial year before non controlling interests		<u>38,744,013</u>	<u>33,241,741</u>
Non controlling interests	5	(9,167,348)	(3,681,067)
Profit for the financial year		<u><u>29,576,665</u></u>	<u><u>29,560,674</u></u>
<b>Other Comprehensive income</b>			
Net exchange differences		407,615	190,866
Total Comprehensive Income		<u><u>29,984,281</u></u>	<u><u>29,751,540</u></u>

All of the above results are derived from continuing activities.

The notes on pages 12 to 18 form an integral part of these accounts.



BC PARTNERS ADVISORS HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Called up share capital £	Profit and Loss Account £	Merger Reserve £	Non controlling interest £	Total Equity £
Balance at 1 January 2017		1	5,334,452	499,999	-	5,834,452
Total comprehensive income for the period						
Profit and Loss		-	29,560,674	(499,999)	3,681,067	32,741,742
Other comprehensive income	15	-	190,866	-	-	190,866
Total comprehensive income for the period		-	29,751,540	(499,999)	3,681,067	32,932,608
Transactions with owners, recorded directly in equity						
Dividends	8	-	(26,955,718)	-	-	(26,955,718)
Non controlling interest	5	-	-	-	(3,681,067)	(3,681,067)
Total distributions to owners		-	(26,955,718)	-	(3,681,067)	(30,636,785)
Balance at 31 December 2017		1	8,130,274	-	-	8,130,275

		Called up share capital £	Profit and Loss Account £	Merger Reserve £	Non controlling interest £	Total Equity £
Balance at 1 January 2018		1	8,130,274	-	-	8,130,275
Total comprehensive income for the period						
Profit and Loss		-	29,576,665	-	9,167,348	38,744,013
Other comprehensive Income	15	-	407,615	-	-	407,615
Total comprehensive income for the period		-	29,984,281	-	9,167,348	39,151,628
Transactions with owners, recorded directly in equity						
Dividends	8	-	(11,037,653)	-	-	(11,037,653)
Non controlling interest	5	-	-	-	(3,845,156)	(3,845,156)
Total distributions to owners		-	(11,037,653)	-	(3,845,156)	(14,882,809)
Balance at 31 December 2018		1	27,076,902	-	5,322,192	32,399,095

The notes on pages 12 to 18 form an integral part of these accounts.

BC PARTNERS ADVISORS HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

	Called up share capital	Profit and Loss Account	Total Equity
	£	£	£
Balance at 1 January 2017	1	(317,665)	(317,664)
Total comprehensive income for the period			
Profit and Loss	-	24,626,280	24,626,280
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	24,626,280	24,626,280
Transactions with owners, recorded directly in equity			
Dividends	-	(24,204,107)	(24,204,107)
Total distributions to owners	-	(24,204,107)	(24,204,107)
Balance at 31 December 2017	<u>1</u>	<u>104,508</u>	<u>104,509</u>

	Called up share capital	Profit and Loss Account	Total Equity
	£	£	£
Balance at 1 January 2018	1	104,508	104,509
Total comprehensive income for the period			
Profit and Loss	-	15,157,023	15,157,023
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	15,157,023	15,157,023
Transactions with owners, recorded directly in equity			
Dividends	-	(11,037,653)	(11,037,653)
Total distributions to owners	-	(11,037,653)	(11,037,653)
Balance at 31 December 2018	<u>1</u>	<u>4,223,879</u>	<u>4,223,880</u>

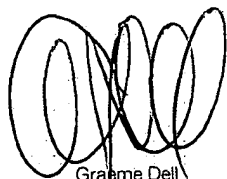
The notes on pages 12 to 18 form an integral part of these accounts.

**BC PARTNERS ADVISORS HOLDINGS LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2018**

	Notes	2018	2017
		£	£
<b>Fixed assets</b>			
Tangible assets	9	3,293,726	1,753,954
<b>Current assets</b>			
Debtors (due after more than one year £234,450 (2017: £230,134))	12	46,592,386	14,906,148
Cash at bank and in hand	14	3,552,520	5,807,762
		<u>50,144,906</u>	<u>20,713,910</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	13	<u>21,039,537</u>	<u>14,337,588</u>
<b>Net current assets</b>		<u>29,105,369</u>	<u>6,376,321</u>
<b>Total assets less current liabilities</b>		<u>32,399,095</u>	<u>8,130,275</u>
<b>Net assets</b>		<u><u>32,399,095</u></u>	<u><u>8,130,275</u></u>
<b>Capital and reserves</b>			
Called up share capital	15	1	1
Merger reserve		-	-
Profit and loss account		<u>27,076,902</u>	<u>8,130,274</u>
		<u>27,076,903</u>	<u>8,130,275</u>
Non controlling interest	5	5,322,192	-
<b>Equity</b>		<u><u>32,399,095</u></u>	<u><u>8,130,275</u></u>

The notes on pages 12 to 18 form an integral part of these accounts.

These financial statements were approved and authorised for issue by the Board of Directors on 28 February 2019 and were signed on its behalf by:



Graeme Dell  
Director  
Company registered number: 10025910

BC PARTNERS ADVISORS HOLDINGS LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION  
AT 31 DECEMBER 2018

	Notes	2018		2017	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	9		-		-
Investments	10		703,386		658,838
			<u>703,386</u>		<u>658,838</u>
<b>Current assets</b>					
Debtors (due after more than one year £nil (2017: £nil))	12	5,774,569		26,709,095	
Cash at bank and in hand	14	<u>19,923</u>		<u>11,876</u>	
		5,794,491		26,720,970	
<b>Current liabilities</b>					
Creditors: Amounts falling due within one year	13	<u>2,273,996</u>		<u>27,275,298</u>	
<b>Net current liabilities</b>			<u>3,520,495</u>		<u>(554,328)</u>
<b>Total assets less current liabilities</b>			<u>4,223,880</u>		<u>104,509</u>
<b>Net assets</b>			<u>4,223,880</u>		<u>104,509</u>
<b>Capital and reserves</b>					
Called up share capital	15		1		1
Profit and loss account			<u>4,223,879</u>		<u>104,508</u>
<b>Equity</b>			<u>4,223,880</u>		<u>104,509</u>

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented as part of these financial statements. The Company's profit for the financial year amounted to £15,417,248 (2017: £24,626,280).

The notes on pages 12 to 18 form an integral part of these accounts.

These financial statements were approved and authorised for issue by the Board of Directors on 28 February 2019 and were signed on its behalf by:



Graeme Dell  
Director  
Company registered number: 10025910

BC PARTNERS ADVISORS HOLDINGS LIMITED

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

	Notes	2018		2017	
		£	£	£	£
<b>Cash flows from operating activities</b>					
Profit for the year		47,484,092		42,096,131	
<i>Adjustments for:</i>					
Depreciation, amortisation and impairment	9	964,500		766,929	
Loss on sale of tangible fixed assets		1,214		440,427	
Interest receivable and other similar income		4,282		25,916	
Taxation		(11,516,076)		(9,133,232)	
Decrease/(increase) in trade and other debtors	12	(30,293,386)		(4,914,834)	
(Decrease)/increase in trade and other creditors	13	<u>8,085,094</u>		<u>1,172,453</u>	
<b>Net cash from operating activities</b>			<b>14,729,720</b>		<b>30,453,790</b>
<b>Cash flows from investing activities</b>					
Acquisition of tangible fixed assets	9	<u>(2,441,070)</u>		<u>(1,152,556)</u>	
<b>Net cash from investing activities</b>			<b>(2,441,070)</b>		<b>(1,152,556)</b>
<b>Cash flows from financing activities</b>					
Issue of ordinary share capital		-		-	
Non controlling interest distributions	5	(3,845,156)		(2,380,151)	
Dividends paid	8	<u>(11,037,653)</u>		<u>(26,955,718)</u>	
<b>Net cash from financing activities</b>			<b>(14,882,809)</b>		<b>(29,335,869)</b>
<b>Net (decrease) /increase</b>			<b>(2,594,158)</b>		<b>(34,635)</b>
At 1 January			<b>5,807,762</b>		<b>6,864,514</b>
Effect of exchange rates on cash held			<u>338,916</u>		<u>(1,022,117)</u>
At 31 December	14		<u><b>3,552,520</b></u>		<u><b>5,807,762</b></u>

The notes on pages 12 to 18 form an integral part of these accounts.

Non controlling interest distributions reflect the distributions made to its members by BC Partners LLP.

## BC PARTNERS ADVISORS HOLDINGS LIMITED

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

#### 1. ACCOUNTING POLICIES

BC Partners Advisors Holdings Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK at the registered address of 40 Portman Square, London, W1H 6DA. These financial statements present the consolidated results of the Company and its subsidiaries as defined in note 10 (together 'the Group').

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The presentation and functional currency of these financial statements is sterling.

These financial statements have been prepared under the historical cost convention, and in accordance with UK Accounting Standards and Applicable Law (UK Generally Accepted Accounting Practice). The financial statements have been prepared on a going concern basis. A summary of the key accounting policies, which have been applied consistently, is set out below.

##### Merger accounting

On 1 July 2016, the company acquired interests in 3 subsidiaries of the BC Partners advisory group and full corporate membership in BC Partners LLP. The transaction satisfies the FRS 102 criteria for a group reconstruction involving the addition of a new parent entity and the company must account for the transaction using merger accounting.

##### Going concern

After making enquiries, the directors have reasonable expectation that the Group 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.

##### Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are retranslated to the functional currency at the foreign exchange rate ruling at that date.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, sterling, at foreign exchange rates ruling at the statement of financial position date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

Group functional currency is sterling which reflects the primary economic environment in which the group operates.

##### Turnover

Turnover represents advisory, investment and monitoring fees. Advisory fees are recognised on an accruals basis, investment and monitoring fees are recognised when invoiced.

Transaction and monitoring fees, which are the entitlement of the Funds per the LPAs, are not recognised in these financial statements. Transaction and monitoring fees arising on investments by third parties are recognised on settlement of the investment.

##### Operating leases

Annual rentals under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

**BC PARTNERS ADVISORS HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**Pension costs**

The Group operates defined contribution schemes. Contributions payable are charged against profits in respect of the accounting period.

**Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

**Basis of Consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2018. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

**Basic Financial Instruments**

*Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits.

*Investments*

Investments are stated at cost, less provision for any permanent diminution in value.

**Accounting estimates and judgments**

*Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. The company assesses at each reporting date whether tangible fixed assets are impaired.

*Depreciation*

Provision is made for depreciation on all tangible assets over the expected useful economic life of the assets and charged on a straight line basis. Assets have a useful economic life of between three and eight years. A full year's depreciation is charged in the year of purchase of the asset and no charge is made in the year of disposal.

**BC PARTNERS ADVISORS HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**2. EXPENSES AND AUDITOR'S REMUNERATION**

	2018	2017
	£	£
Staff cost (see note 4)	50,765,883	36,667,044
Depreciation on owned tangible fixed assets	964,500	766,929
Loss on sale of fixed assets	1,214	440,427
Operating lease rentals on land and buildings	3,606,765	3,485,199
Operating lease rentals on fixtures, equipment & vehicles	105,347	135,151
Auditors' remuneration:		
Auditor's remuneration - fees payable in respect of the audit of the company's annual accounts	10,500	10,000
Auditor's remuneration - fees payable in respect of the audit of the subsidiary companies' annual accounts	138,673	161,072
Foreign exchange loss	637,351	142,649
Transaction related costs	2,935,725	7,930,045
Other operating expenses	14,917,864	20,372,894
	<u>74,083,821</u>	<u>70,111,409</u>

For the purpose of the group financial statements, included within wages and salaries is the fixed drawings of the members of BC Partners LLP.

**3. DIRECTORS' REMUNERATION**

Directors' emoluments	<u>1,756,884</u>	<u>1,030,997</u>
Highest paid director		
Emoluments	<u>1,008,571</u>	<u>569,426</u>

**4. EMPLOYEE INFORMATION**

The average number of persons employed by the Group (including directors) during the year was as follows:

	2018	2017
Staff numbers	<u>115</u>	<u>119</u>
	<u>115</u>	<u>119</u>

For the purpose of the group financial statements, staff numbers includes 22 self employed members of BC Partners LLP. (2017: 21)

The aggregate staff costs of these persons were as follows:

	£	£
Wages and salaries	48,794,417	33,582,000
Social security costs	1,636,282	2,934,943
Contributions to defined benefit contribution plans	335,184	150,101
	<u>50,765,883</u>	<u>36,667,044</u>

For the purpose of the group financial statements, included within wages and salaries is the fixed drawings of the members of BC Partners LLP.

**5. RECONCILIATION OF NON CONTROLLING INTERESTS**

Non controlling interests share of the profit and loss:	£	£
Opening balance	-	-
Profit allocated	9,167,348	3,681,067
Distributions	(3,845,156)	(3,681,067)
Closing balance	<u>5,322,192</u>	<u>-</u>

Certain individuals have member positions in BC Partners LLP and directly receive distributions as they arise.

**6. PROFIT OF THE COMPANY**

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented as part of these financial statements. The Company's profit for the financial year amounted to £15,417,248 (2017: £24,626,280).



BC PARTNERS ADVISORS HOLDINGS LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2018

7. TAXATION FOR THE GROUP	2018	2017
	£	£
UK corporation tax on profits for the period	6,355,832	6,015,596
Foreign taxation	<u>2,384,247</u>	<u>2,836,794</u>
	<u>8,740,079</u>	<u>8,854,390</u>

The charge for the year can be reconciled to the profit per the income statement as follows:

Profit for the period - continuing operations	<u>47,484,092</u>	<u>42,096,131</u>
Tax on profit at standard UK tax rate of 19% (2017: 19.25%)	9,021,978	8,103,505
Effect of:		
Tax on profits not chargeable to U.K. corporation tax	(1,741,796)	(708,605)
Foreign Tax	875,211	1,195,192
Other estimated tax return adjustments	<u>584,686</u>	<u>264,298</u>
Tax charge for the period	<u>8,740,079</u>	<u>8,854,390</u>

8. DIVIDENDS PAID	2018	2017
	£	£
Dividends	<u>11,037,653</u>	<u>26,955,718</u>

Dividends paid by the Company of £11,037,653 (2017: total dividend £26,955,718, £24,204,107 from the Company and £2,751,611 from 2020410 Limited under merger accounting rules were paid) to BC Partners Holdings Limited.

9. TANGIBLE FIXED ASSETS

Fixtures, fittings and office equipment	Group	Company
Cost	£	£
At 1 January 2018	5,087,937	-
Additions	2,441,070	-
Disposals	(10,644)	-
Effect of movements in exchange rates	214,246	-
At 31 December 2018	<u>7,732,609</u>	<u>-</u>
Depreciation		
At 1 January 2018	3,333,982	-
Charge for the year	964,500	-
Disposals	(8,098)	-
Effect of movements in exchange rates	148,500	-
At 31 December 2018	<u>4,438,883</u>	<u>-</u>
Net book value		
At 31 December 2018	<u>3,293,726</u>	<u>-</u>
At 31 December 2017	<u>1,753,954</u>	<u>-</u>

BC PARTNERS ADVISORS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

10. FIXED ASSET INVESTMENTS

Company	Shares in group undertakings	Total
Cost:	£	£
At beginning of the year	658,838	658,838
Additions	44,547	44,547
Disposals	-	-
At end of the year	<u>703,386</u>	<u>703,386</u>

The undertakings in which the Company's interest at the year-end is more than 20% are as follows:

	Country of incorporation	Principal Activity	Class and percentage of shares held	
			Type	%
Subsidiary undertakings				
BC Partner GmbH	Germany	Advisory Services	Ordinary	100
BC Partners Inc	USA	Advisory Services	Ordinary	100
BC Partners Sarl	France	Dormant	Ordinary	100
BC Partners Advisors Sarl	France	Advisory Services	Ordinary	100
BCP Real Estate Services Sarl	France	Advisory Services	Ordinary	100
BCP Real Estate Services Luxembourg Sarl *	Luxembourg	Advisory Services	Ordinary	100
Membership Interests				
BC Partners LLP	UK	Advisory Services	Capital	100
BC Partners Advisors LP *	USA	Advisory Services	Capital	100

\* interest held indirectly.

11. OPERATING LEASE COMMITMENTS

At the 31 December 2018 the Group had annual commitments under non-cancellable operating leases as set out below:

	2018 Land and Buildings £	2018 Other £	2017 Land and Buildings £	2017 Other £
<b>Group</b>				
Total future minimum lease payments:				
Less than one year	4,011,073	39,128	3,023,322	54,112
Between one and five years	16,044,292	48,408	12,093,286	69,230
More than five years	16,970,944	-	8,599,727	-
	<u>37,026,309</u>	<u>87,536</u>	<u>23,716,334</u>	<u>123,341</u>
<b>Company</b>				
Total future minimum lease payments:				
Less than one year	-	-	-	-
Between one and five years	-	-	-	-
More than five years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**BC PARTNERS ADVISORS HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**12. DEBTORS**

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Amounts owed by group undertakings	25,094,987	7,495,156	5,774,569	26,709,095
Corporation Tax	1,392,852	-	-	-
Other debtors	15,749,561	4,218,205	-	-
Prepayments	4,354,986	3,192,787	-	-
	<u>46,592,386</u>	<u>14,906,148</u>	<u>5,774,569</u>	<u>26,709,095</u>

Other debtors includes £234,449 (2017: £230,134) due after more than one year. This balance relates to loans made to former staff.

**13. CREDITORS: due within one year**

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Amounts owed to group undertakings	-	-	-	24,419,438
Corporation tax	2,498,951	3,882,096	2,269,955	2,845,860
Other taxation	2,356,188	624,320	-	-
Other creditors	1,855,063	691,397	41	-
Accruals	14,329,335	9,139,775	4,000	10,000
	<u>21,039,537</u>	<u>14,337,588</u>	<u>2,273,996</u>	<u>27,275,298</u>

**14. CASH AND CASH EQUIVALENTS**

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Cash at bank and in hand	3,552,520	5,807,762	19,923	11,876
Bank overdrafts	-	-	-	-
	<u>3,552,520</u>	<u>5,807,762</u>	<u>19,923</u>	<u>11,876</u>

Cash and cash equivalents per statement of cash flows

BC PARTNERS ADVISORS HOLDINGS LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2018

15. CAPITAL AND RESERVES

	Group and Company	
	2018	2017
	£	£
Alotted, called-up and fully paid		
1 Ordinary Share of £1	1	1
	<u>1</u>	<u>1</u>

The holder of an ordinary share is entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

	Total other comprehensive income
Group	
Other comprehensive income	2018
	£
Foreign exchange differences on translation of subsidiary undertakings	407,615
	<u>407,615</u>
Group	
Other comprehensive income	2017
	£
Foreign exchange differences on translation of subsidiary undertakings	190,866
	<u>190,866</u>

16. ULTIMATE HOLDING COMPANY

BC Partners Holdings Limited, a Guernsey limited company, is the largest group for which consolidated financial statements are prepared. There is no ultimate controlling party.

17. RELATED PARTY TRANSACTIONS

Turnover for the Group includes £49,033,774 (2017: £60,537,148) received from CIE Management IX Limited and £67,398,925 (2017: £39,616,525) from BCEC Management X Limited, the managers of offshore funds. CIE Management IX Limited and BCEC Management X Limited are both also 100% owned by BC Partners Holdings Limited, a company registered in Guernsey. At the year end there was a balance owed by the ultimate holding company of £20,140,824 (2017: £7,495,156).

Certain directors are shareholders of the ultimate holding company, BC Partners Holdings Limited.

18. SUBSEQUENT EVENTS

The directors did not identify any significant events that occurred subsequent to year end that would require disclosure or adjustment to the accounts.