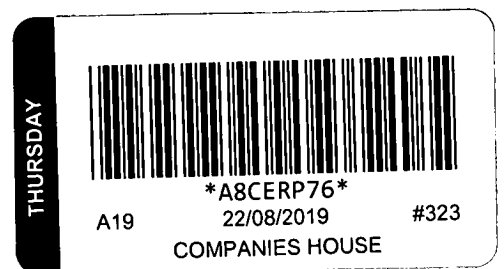


Limited Liability Partnership Registration No. OC335015 (England and Wales)

TWENTYFOUR ASSET MANAGEMENT LLP
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018



TWENTYFOUR ASSET MANAGEMENT LLP

LIMITED LIABILITY PARTNERSHIP INFORMATION

Designated members

M C Holman
N A Knight-Evans
Vontobel Asset Management UK Holdings Ltd.

Other members

G Kirk
E Walsh
B Hayward
G Anderson
R Ford
J Magrath
A Wilson
C Bowie
A Teeuwen
R Anderson
L Baker
H Hayward
E Kirk
V Walsh
F Villarroel
D Charleston

Limited liability partnership number

OC335015

Registered office

8th Floor
The Monument Building
11 Monument Street
London
EC3R 8AF

Auditors

Ernst & Young LLP
25 Churchill Place
London
E14 5EY

TWENTYFOUR ASSET MANAGEMENT LLP

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TWENTYFOUR ASSET MANAGEMENT LLP

MEMBERS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The members present their report and the audited financial statements for the year ended 31 December 2018.

Principal activities and review of the business

The principal activities of the TwentyFour Asset Management LLP (the "partnership") in the year under review were providing investment management and advisory services. The partnership was established to provide services to funds and institutional clients on a global basis, specialising in fixed income securities.

The partnership earned a profit for the year amounting to £32,605,993 (2017: £21,691,014). All profits have been shared amongst the members, as governed by the Partnership Agreement dated 30 April 2015. The partnership's statement of financial position, as detailed on page 7, shows a satisfactory position. Members' total interests amount to £17,043,899 (2017: £13,221,132).

Principal risks and uncertainties

The members consider the results for the year, and the financial position at the year end, to be satisfactory and they expect the partnership to remain profitable in the foreseeable future.

The partnership is committed to reviewing risks to its business on an ongoing basis including the potential effects of market and industry changes. The members are responsible for this review and have implemented a number of controls to mitigate potential risks to the partnership. The principal risks and uncertainties facing the partnership are identified as follows:

Operational risk

The partnership has extensive operational controls and checks in place, including dedicated risk management and operational risk functions. The partnership also has professional indemnity insurance.

Regulatory risk

The partnership has an internal compliance officer who reports to the members.

Market risk

A downturn can impact assets under management with implications for the partnership's profitability. The members stress test the business model at different levels of assets under management.

Brexit

On 29 March 2017, the British government invoked Article 50 and began a two-year countdown to the United Kingdom withdrawing from the European Union. Negotiations continue, but much uncertainty remains and there are a range of possible outcomes and timeframes for many aspects of the UK's exit.

The partnership is well positioned to manage the challenges that may arise as a result of Brexit. Whilst all the legal and regulatory challenges of Brexit are not yet clear, our structure provides us with flexibility in deciding how best to respond and continue to service our clients. We believe that the partnership is well placed to weather these challenges and to adapt to ongoing changes in the political, economic and regulatory environment.

Pillar 3 disclosures

The members have prepared the Pillar 3 and Remuneration Code disclosures required under the Capital Requirements Directive. These disclosures are available from the partnership's website, which can be found at <http://www.twentyfouram.com/regulatory>.

TWENTYFOUR ASSET MANAGEMENT LLP

MEMBERS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Members

The members who held office during the year and up to the date of signature of the financial statements were as follows:

G Kirk

E Walsh

B Hayward

G Anderson

M C Holman

N A Knight-Evans

R Ford

J Magrath

A Wilson

C Bowie

A Teeuwen

R Anderson

L Baker

H Hayward

E Kirk

V Walsh

Vontobel Asset Management UK Holdings Ltd.

F Villarroel

(Appointed 30 January 2019)

D Charleston

(Appointed 30 January 2019)

Policy on members' drawings

The policy for members' drawings, subscriptions and repayment of members' capital is governed by the Partnership Agreement dated 30 April 2015. The members' drawing policy allows each member to draw a proportion of their profit share, subject to the cash requirements of the business, provided that there are sufficient resources retained to meet ongoing working capital and regulatory capital requirements.

There is no opportunity for appreciation of the capital subscribed nor may capital subscribed be withdrawn except on a Members' retirement. Just as incoming members introduce their capital at "par", so the retiring members are repaid their capital at "par".

Auditor

The auditor, Ernst & Young LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of members' responsibilities

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

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 made under the Limited Liability Partnerships Act 2000 requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law, as applied to limited liability partnerships, the members 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 partnership and of the profit or loss of the partnership for that period.

TWENTYFOUR ASSET MANAGEMENT LLP

MEMBERS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Statement of members' responsibilities (continued)

In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 102, 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 partnership will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the partnership's transactions and disclose with reasonable accuracy at any time the financial position of the partnership and to enable them to ensure that the financial statements comply with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as the members are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the partnership's auditors are unaware, and each member has taken all the steps that he ought to have taken as a member in order to make himself aware of any relevant audit information and to establish that the partnership's auditors are aware of that information.

This report was approved by the members on 12 April 2019 and signed on their behalf by:



N A Knight-Evans
Designated Member

TWENTYFOUR ASSET MANAGEMENT LLP

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TWENTYFOUR ASSET MANAGEMENT LLP

Opinion

We have audited the financial statements of TwentyFour Asset Management LLP (the 'limited liability partnership') for the year ended 31 December 2018 which comprise Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Members' Interests, the Statement of Cash Flows and the related notes 1 to 19, including a summary of significant accounting policies. 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).

In our opinion the financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

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 limited liability partnership 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the limited liability partnership'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.

Other information

The other information comprises the information included in the annual report set out on pages 1 to 3, other than the financial statements and our auditor's report thereon. The members are responsible for the other information.

Our opinion on the financial statements does not cover the other information and 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 this regard.

TWENTYFOUR ASSET MANAGEMENT LLP

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF TWENTYFOUR ASSET MANAGEMENT LLP

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of members

As explained more fully in the Statement of Members' Responsibilities set out on page 2, the members 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 members 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 members are responsible for assessing the partnership'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 members either intend to liquidate the partnership or to cease operations, or have no realistic alternative but to do so.

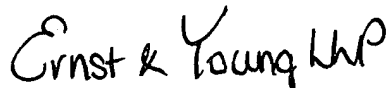
Auditor's responsibilities for the audit of the financial statements

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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to Limited Liability Partnerships. Our audit work has been undertaken so that we might state to the 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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.



Irene Psalti (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor

London

17 April 2019

TWENTYFOUR ASSET MANAGEMENT LLP

STATEMENT OF TOTAL COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Revenue	3	51,122,976	35,177,881
Commissions and other services fees		(7,790,455)	(5,035,145)
Operational and administrative expenses		(10,743,744)	(8,454,185)
Operating profit	4	32,588,777	21,688,551
Investment income	8	17,216	2,463
Total comprehensive income		32,605,993	21,691,014

All amounts are derived from continuing operations.

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

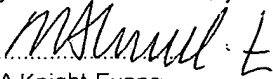
TWENTYFOUR ASSET MANAGEMENT LLP

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

		2018		2017	
	Notes	£	£	£	£
Fixed assets					
Property, plant and equipment	9		1,044,332		1,234,315
Investments	10		467,488		273,919
			<u>1,511,820</u>		<u>1,508,234</u>
Current assets					
Trade and other receivables	12	9,020,674		6,309,188	
Cash and cash equivalents		10,292,976		8,475,044	
		<u>19,313,650</u>		<u>14,784,232</u>	
Trade and other payables	13	(3,781,571)		(3,071,334)	
Net current assets			<u>15,532,079</u>		<u>11,712,898</u>
Total assets less current liabilities			<u><u>17,043,899</u></u>		<u><u>13,221,132</u></u>
Represented by:					
Loans and other debts due to members within one year					
Amounts due in respect of profits			14,943,899		11,321,132
			<u>14,943,899</u>		<u>11,321,132</u>
Members' other interests					
Members' capital classified as equity			2,100,000		1,900,000
			<u>17,043,899</u>		<u>13,221,132</u>
Total members' interests			<u><u>17,043,899</u></u>		<u><u>13,221,132</u></u>
Loans and other debts due to members	14		14,943,899		11,321,132
Members' other interests			2,100,000		1,900,000
			<u>17,043,899</u>		<u>13,221,132</u>

The financial statements were approved by the members and authorised for issue on 12 April 2019 and are signed on their behalf by:


 N A Knight-Evans
 Designated member

Limited Liability Partnership Registration No. OC335015
 The notes on pages 11 to 19 form part of these financial statements.

TWENTYFOUR ASSET MANAGEMENT LLP

STATEMENT OF MEMBERS' INTERESTS

FOR THE YEAR ENDED 31 DECEMBER 2018

Current financial year

	Members' capital £	Other reserves £	Total £	Other amounts £	Total 2018 £
Amount due to members				11,321,132	
Members' interests at 1 January 2018	1,900,000	-	1,900,000	11,321,132	13,221,132
Profit for the year available for discretionary division among members	-	32,605,993	32,605,993	-	32,605,993
Members' interests after profit for the year	1,900,000	32,605,993	34,505,993	11,321,132	45,827,125
Allocation of profit for the financial year	-	(32,605,993)	(32,605,993)	32,605,993	-
Capital introduced by members	200,000	-	200,000	(200,000)	-
Drawings	-	-	-	(28,783,226)	(28,783,226)
Members' interests at 31 December 2018	<u>2,100,000</u>	<u>-</u>	<u>2,100,000</u>	<u>14,943,899</u>	<u>17,043,899</u>
Amounts due to members in respect of profits				14,046,899	
Loans due to members (note 14)				897,000	
				<u>14,943,899</u>	

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

TWENTYFOUR ASSET MANAGEMENT LLP

STATEMENT OF MEMBERS' INTERESTS FOR THE YEAR ENDED 31 DECEMBER 2018

Prior financial year

	Members' capital £	Other reserves £	Total £	Other amounts £	Total 2017 £
Amount due to members				11,766,781	
Members' interests at 1 January 2017	1,200,000	-	1,200,000	11,766,781	12,966,781
Profit for the year available for discretionary division among members	-	21,691,014	21,691,014	-	21,691,014
Members' interests after profit for the year	1,200,000	21,691,014	22,891,014	11,766,781	34,657,795
Allocation of profit for the financial year	-	(21,691,014)	(21,691,014)	21,691,014	-
Capital introduced by members	700,000	-	700,000	(700,000)	-
Drawings	-	-	-	(21,436,663)	(21,436,663)
Members' interests at 31 December 2017	1,900,000	-	1,900,000	11,321,132	13,221,132
Amounts due to members in respect of profits				10,424,132	
Loans due to members (note 14)				897,000	
				11,321,132	

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

TWENTYFOUR ASSET MANAGEMENT LLP

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	£	2018 £	£	2017 £
Cash flows from operating activities					
Cash generated from operations	19		30,816,379		21,932,538
Investing activities					
Purchase of property, plant and equipment		(38,868)		(40,791)	
Investment in subsidiary		(193,569)		(273,838)	
Interest received		17,216		2,463	
Net cash used in investing activities			(215,221)		(312,166)
Financing activities					
Payments to members		(28,783,226)		(21,436,663)	
Net cash used in financing activities			(28,783,226)		(21,436,663)
Net increase in cash and cash equivalents			1,817,932		183,709
Cash and cash equivalents at beginning of year			8,475,044		8,291,335
Cash and cash equivalents at end of year			10,292,976		8,475,044
Supplemental non-cash movement in respect of financing activities					
Capital introduced by members			200,000		700,000
			200,000		700,000

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

TWENTYFOUR ASSET MANAGEMENT LLP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Limited liability partnership information

TwentyFour Asset Management LLP (the "partnership") is a limited liability partnership incorporated in England and Wales. The registered office is 8th Floor, The Monument Building, 11 Monument Street, London, EC3R 8AF.

The partnership's principal activities are disclosed in the Members' Report.

1.1 Accounting convention

The financial statements have been prepared on the going concern basis, with consistently applied accounting policies, in accordance with applicable UK Accounting Standards, under the historical cost convention and in accordance with the Limited Liability Partnership Act 2000, the Limited Liability Partnership Regulations 2001, the Statement of Recommended Practice 'Accounting for Limited Liability Partnerships', issued in 2017, together with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Companies Act 2006 as applied to Limited Liability Partnerships.

The financial statements are prepared in pound sterling, which is the functional currency of the partnership. Monetary amounts in these financial statements are rounded to the nearest pound sterling. The principal accounting policies are set out below.

The partnership has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the partnership as an individual entity and not about its group. Refer to note 11 for information on the partnership's subsidiaries.

The partnership is a subsidiary of Vontobel Holdings AG ('Vontobel') and the results of TwentyFour Asset Management LLP are included in the consolidated financial statements of Vontobel, which are available from <https://www.vontobel.com>.

1.2 Going concern

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

1.3 Revenue

Revenue represents amounts receivable for asset management and advisory services, provided net of VAT, which are accrued over the period for which the service is provided. The partnership, where applicable, is entitled to earn a performance fee where the performance of the clients' assets exceeds defined benchmarks by an agreed level of outperformance over a set time period. Performance fees are recognised when the fee amount can be reliably estimated and it is probably that the fee will be received, normally being at the end of the performance period.

1.4 Cost of sales - commissions and other services fees

Commissions and other services fees are costs that relate directly to revenues, being asset management and advisory service fees earned during the year. Costs are therefore calculated with reference to the underlying assets under management and stated net of VAT.

1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Tangible fixed assets are stated at historical cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

TWENTYFOUR ASSET MANAGEMENT LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

Leasehold improvements	Straight line over the term of the lease
Fixtures, fittings & equipment	Straight line over three years
Computer equipment	Straight line over three years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of comprehensive income.

1.6 Non-current investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the partnership. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The partnership has elected to apply the provisions of Section 11 'Basic Financial Instruments' to all of its financial instruments. The partnership only has basic financial assets and liabilities in the current and prior periods.

Financial instruments are recognised in the partnership's statement of financial position when the partnership becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

TWENTYFOUR ASSET MANAGEMENT LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the partnership transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the partnership after deducting all of its liabilities.

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the partnership's obligations expire or are discharged or cancelled.

TWENTYFOUR ASSET MANAGEMENT LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies **(Continued)**

1.9 Retirement benefits and post retirement payments to members

The partnership contributes to the a pension scheme of certain of its employees. Contributions are charged as an expense to the income statement as they fall due.

1.10 Leases

Rental costs payable under operating leases are charged against income on a straight line basis over the lease term. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

1.11 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All exchange differences are taken to the statement of total comprehensive income.

1.12 Taxation

No provision has been made for taxation in the financial statements. Each member is exclusively liable for any tax liabilities arising out of their interest in the partnership. Tax will be assessed on the individual members and not on the partnership.

1.13 Members' drawings

The policy for members' drawings, subscriptions and repayment of members' capital is governed by the Partnership Agreement dated 30 April 2015. The members' drawing policy allows each member to draw a proportion of their profit share, subject to the cash requirements of the business, provided that there are sufficient resources retained to meet ongoing working capital and regulatory capital requirements.

1.14 Deferred bonus

The partnership operates a deferred bonus scheme in respect of the bonus awarded to certain employees, which is determined on an annual basis. For employees earning salaries in excess of a specified threshold, 70% of the awarded bonus is paid by the partnership during the following year, while the remaining 30% vests over a period of three years (one third per year) assuming the employees are still in service and certain other conditions are met. Consequently, as at 31 December 2018, the partnership has recognised only the awarded bonus that has already vested (included in wages and salaries), which excludes the deferred element. The residual amount will be recognised over the following three year period as it vests.

2 Judgements and key sources of estimation uncertainty

In the application of the partnership's accounting policies, the members are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. During the year, and at the year end, there were no significant or complex judgements or estimates made.

TWENTYFOUR ASSET MANAGEMENT LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

3 Revenue

An analysis of the partnership's revenue is as follows:

	2018 £	2017 £
Investment management and advisory fees	51,122,976	35,177,881

The total revenue of the partnership for the period has been derived from its principal activity, providing investment management and advisory services, wholly undertaken in the United Kingdom.

4 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(22,203)	(26,944)
Fees payable to the partnership's auditor for the audit of the financial statements	36,000	36,000
Depreciation of owned property, plant and equipment	228,851	219,698
Operating lease charges	636,026	640,993
Management charge (note 16)	870,205	675,925

The partnership did not incur any costs in respect of non-audit services provided by the partnership's auditor during the year (2017: £nil).

5 Employees

The average number of persons (excluding members) employed by the partnership during the year was:

	2018 Number	2017 Number
Operations and administration	42	33

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	4,675,368	3,382,799
Social security costs	591,383	427,437
Pension costs	137,199	90,854

6 Retirement benefit schemes

Defined contribution schemes

The partnership operates a defined contribution pension scheme for all qualifying employees.

TWENTYFOUR ASSET MANAGEMENT LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

7 Members' remuneration

	2018 Number	2017 Number
The average number of members during the year was	17	17
	<u>2018</u> £	<u>2017</u> £
Profit attributable to the member with the highest entitlement	15,035,949	9,639,198

A member's share in the profit or loss for the year is accounted for as an allocation of profits or losses in respect of the relevant financial period. For the year ended 31 December 2018, the total profit allocated to members was £32,605,993 (2017: £21,691,014). Any unallocated profits and losses are distributed to members in the following financial year.

Amounts due to members in respect of equity participation rights following a discretionary division of profits, are debited to other reserves and credited to members' current accounts in the year when the allocation occurs. Unallocated profits and losses are included within 'other reserves' and are included in equity. The profit in respect of the highest paid member is determined on the basis of amounts actually allocated to members in the relevant financial year. The final allocation of profit to members for the current year is made after the financial statements have been approved.

8 Investment income

	2018 £	2017 £
Interest income		
Interest on bank deposits	17,216	2,463

9 Property, plant and equipment

	Leasehold improvements £	Fixtures, fittings & equipment £	Computer equipment £	Total £
Cost				
At 1 January 2018	1,245,848	263,387	172,745	1,681,980
Additions	-	12,813	26,055	38,868
At 31 December 2018	<u>1,245,848</u>	<u>276,200</u>	<u>198,800</u>	<u>1,720,848</u>
Depreciation				
At 1 January 2018	185,687	139,727	122,251	447,665
Depreciation charged in the year	124,725	73,875	30,251	228,851
At 31 December 2018	<u>310,412</u>	<u>213,602</u>	<u>152,502</u>	<u>676,516</u>
Carrying amount				
At 31 December 2018	<u>935,436</u>	<u>62,598</u>	<u>46,298</u>	<u>1,044,332</u>
At 31 December 2017	<u>1,060,161</u>	<u>123,660</u>	<u>50,494</u>	<u>1,234,315</u>

TWENTYFOUR ASSET MANAGEMENT LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

10 Fixed asset investments

	Note	2018 £	2017 £
Investments in subsidiaries	11	467,488	273,919

During the year, the partnership increased its investment in a wholly owned trading subsidiary undertaking in the US, TwentyFour Asset Management (US) LP (the "LP"). The partnership has the right to any profit of the LP and has control of the LP by virtue of the LP's general partner, TwentyFour Asset Management (US) Holdings LLC, which is also a subsidiary of the partnership.

Movements in non-current investments

	Shares £
Cost or valuation	
At 1 January 2018	273,919
Additions	193,569
At 31 December 2018	467,488
Carrying amount	
At 31 December 2018	467,488
At 31 December 2017	273,919

11 Subsidiaries

Details of the partnership's subsidiaries at 31 December 2018 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held Directly
TwentyFour Asset Management (US) Holdings LLC USA	Holding company	Ordinary shares	100
TwentyFour Asset Management (US) LP USA	Investment management	Interest in partnership	100

12 Trade and other receivables

	2018 £	2017 £
Amounts falling due within one year:		
Trade receivables	1,782,609	551,347
Amounts due from subsidiary undertakings	178,656	316,516
Other receivables	36,891	162,358
Prepayments and accrued income	7,022,518	5,278,967
	9,020,674	6,309,188

TWENTYFOUR ASSET MANAGEMENT LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

13 Trade and other payables

	2018	2017
	£	£
Trade payables	69,812	140,661
Other taxation and social security	175,068	175,207
Other payables	19,588	-
Accruals and deferred income	3,517,103	2,755,466
	<u>3,781,571</u>	<u>3,071,334</u>

14 Loans and other amounts due to members

	2018	2017
	£	£
Amounts due to members in respect of profits	14,046,899	10,424,132
Loans due to members	897,000	897,000
	<u>14,943,899</u>	<u>11,321,132</u>

The members previously passed a resolution to provide loans to the partnership, with those funds being used towards the financing needs of the partnership, in particular the fit-out of new premises. At the end of the current and prior year this balance was £897,000.

In the event of a winding up the amounts included in "Loans and other debts due to members" will rank equally with unsecured creditors.

15 Operating lease commitments

Lessee

The partnership has the following commitments under non-cancellable operating leases in the period to 31 December 2018:

	2018	2017
	£	£
Within one year	641,091	366,338
Between two and five years	2,930,700	2,839,116
In over five years	1,892,744	2,625,416
	<u>5,464,535</u>	<u>5,830,870</u>

Under the terms of the operating lease, the partnership has a lease incentive during the initial 19 months of the lease.

TWENTYFOUR ASSET MANAGEMENT LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

16 Related party transactions

During the year, the partnership incurred costs totalling £870,205 (2017: £675,925) that were payable to TwentyFour Asset Management (US) LP (the "LP"), a subsidiary undertaking, in respect of support services provided to the partnership. The partnership also earned investment management revenue of £118,304 (2017: £29,119) from the LP. The costs due to the LP were off-set against funds advanced to the LP by the partnership and, at the year end, £178,656 (2017: £316,516) was owed to the partnership.

Furthermore, the partnership paid fees of £3,742,102 (2017: £1,291,195) to Vontobel Asset Management S.A, a fellow group entity based in Luxembourg, which is included within commissions and other fees in the statement of comprehensive income. At the year end, £1,234,371 (2017: £621,910) was included within accruals as payable by the partnership in this respect.

17 Controlling party

The partnership is controlled by the members, all of whom are listed in the partnership information. As at 31 December 2018, the parent company was Vontobel Asset Management UK Holdings Ltd., a company registered in England and Wales.

As at 31 December 2018, the ultimate controlling party was Vontobel Holding AG, a company registered in Switzerland. Vontobel Holding AG prepare group financial statements, copies of which can be obtained from <https://www.vontobel.com>.

18 Key management personnel

All of the members, and only the members, are considered to be key management personnel. The total paid to members, together with the highest paid member's remuneration, is disclosed in note 7.

19 Cash generated from operations

	2018	2017
	£	£
Profit for the year	32,605,993	21,691,014
Adjustments for:		
Investment income recognised in profit or loss	(17,216)	(2,463)
Depreciation of property, plant and equipment	228,851	219,698
Movements in working capital:		
Increase in trade and other receivables	(2,711,486)	(1,482,387)
Increase in trade and other payables	710,237	1,506,676
Cash generated from operations	30,816,379	21,932,538