

AVM Financial Limited

Report and Financial Statements

For the year ended 31 December 2016

Company Number 07258270



AVM Financial Limited

Report and financial statements for the year ended 31 December 2016

Contents

Page:

1	Strategic report
2	Directors report
4	Independent auditor's report
6	Income statement
7	Statement of comprehensive income
8	Balance sheet
9	Statement of changes in equity
10	Statement of cash flow
11	Notes to the financial statements

Directors

S L Wyler
J A Carbone
F D Feeney

Registered office

Norfolk House, 31 St James's Square, London, SW1Y 4JJ.

Company number

07258270

Bankers

J P Morgan Bank NA, Chaseside, Bournemouth, BH7 7DA.
BNY Mellon, 225 Liberty Street, New York, NY, 10286, USA.
NatWest, 2 Sloane Gardens, London, SW1W 8DL.

Solicitors

Sidley Austin LLP, Woolgate Exchange, 25 Basinghall Street, London EC2V 5HA.

Auditors

Ernst & Young LLP, 25 Churchill Place, London E14 5EY, United Kingdom

AVM Financial Limited

Strategic report for the year ended 31 December 2016

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2016.

Review of the business

AVM Financial Limited ("the Company") provides its parent, AVM, L.P., with a presence in the European markets and provides investor relations services to its European based clients. These services are provided from its base in London and its branch in Stockholm. These services involve maintaining existing investor relationships and developing new ones.

During the year, existing United Kingdom ("UK")/European investors added to their investments and progress was made with selectively targeted potential investors and that list of investors is reviewed, amended and agreed with the parent on a periodic basis.

Capital Management

The Company is authorised by the Financial Conduct Authority ("FCA") and as such must continuously maintain adequate financial resources, as defined by the FCA. In order to ensure that the Company meets these requirements, the Company monitors its financial resources and obtained additional funding from AVM, L.P. as needed.

During the year, the Company has complied with its FCA financial resources requirements. At the year end, the Company's financial resources totalled \$447,180 (2015: \$360,181).

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

The parent reviews the performance of the Company on an ongoing basis through monthly activity reviews, periodic board meetings and business plan reviews. The Company's performance was deemed satisfactory by its parent for the year ended 31 December 2016.

Principal risks and uncertainties

The major risk to the Company's business is that it is not able to adequately service existing clients and develop new ones. Some of this risk is mitigated by the active participation of AVM, L.P. employees in these solicitation efforts and by targeting a broad group of potential investors across Europe and the Middle East.

Financial risk management

The Company is not exposed to any significant price, credit, liquidity or cash flow risk.

Approval

This strategic report was approved by order of the Board on 18 April, 2017.



J A Carbone

Director

AVM Financial Limited

Directors Report for the year ended 31 December 2016

The directors present their report together with the audited financial statements for the year ended 31 December 2016.

Future development

The Company continues to provide a European servicing platform to the parent.

Results and dividends

The Income statement is set out on page 6 and shows \$73,695 profit for the year (2015: \$67,403).

The results for the year and the financial position at the year end were considered satisfactory by the directors.

The directors do not recommend the payment of an ordinary dividend (2015 - £Nil).

Principal activity

The principal activity of the Company in the year was to act as a service company to AVM L.P., the parent and the ultimate controlling party based in the USA. The Company is regulated by the FCA. The directors do not anticipate any change in the nature of the Company's principal activity going forward.

Going Concern

The financial statements of AVM Financial Ltd have been prepared on the going concern basis.

Directors

The directors of the Company during the year were:

S L Wyler
J A Carbone
F D Feeney

AVM Financial Limited

Directors Report for the year ended 31 December 2016 (continued)

Directors' responsibilities statement

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, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

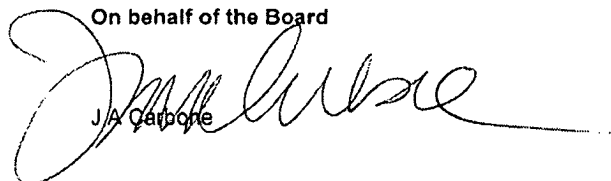
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies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

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Ernst & Young LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the Board



J.A. Carbone

Director

18 April, 2017

AVM Financial Limited

Independent auditor's report for the year ended 31 December 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVM FINANCIAL LIMITED

We have audited the financial statements of AVM Financial Limited for the year ended 31 December 2016 which comprise Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flow and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland.

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.

Respective responsibilities of members and auditor

As explained more fully in the Members' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Members' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

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 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
- 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.

Ernst & Young LLP

Poppy Proborespati (Senior statutory auditor)
for and on behalf of
Ernst & Young LLP,
Statutory Auditor
London

Date: 20 April, 2017

AVM Financial Limited

Income statement for the year ended 31 December 2016

	Note	2016 \$	2015 \$
Turnover	2	1,597,681	1,477,011
Administrative expenses		(1,506,210)	(1,398,307)
Profit on ordinary activities before taxation	5	91,471	78,704
Taxation on profit from ordinary activities	7	(17,776)	(11,301)
Profit for the year		73,695	67,403

All amounts relate to continuing activities.

The notes on pages 11 to 17 form part of these financial statements.

AVM Financial Limited

Statement of Comprehensive Income for the year ended 31 December 2016

	2016	2015
	\$	\$
Profit for the year	73,695	67,403
Translation differences	(4,924)	(12,842)
	<hr/>	<hr/>
Total comprehensive income	68,771	54,561
	<hr/>	<hr/>

The notes on pages 11 to 17 form part of these financial statements.

AVM Financial Limited

Balance sheet
at 31 December 2016

Company number 07258270	Note	2016 \$	2016 \$	2015 \$	2015 \$
Fixed assets					
Tangible assets	8		4,085		2,436
Current assets					
Debtors	9	495,829		268,401	
Cash at bank and in hand		417,856		268,064	
		<u>913,685</u>		<u>536,465</u>	
Creditors: amounts falling due within one year	10	<u>468,818</u>		<u>158,720</u>	
Net current assets			444,867		377,745
Net assets			<u>448,952</u>		<u>380,181</u>
Capital and reserves					
Called up share capital	11		125,192		125,192
Translation reserve			(16,766)		(11,842)
Retained Earning			340,526		266,831
Shareholders' funds			<u>448,952</u>		<u>380,181</u>

The financial statements were approved by the Board of Directors and authorised for issue on 18 April, 2017.

J A Carbone
Director


The notes on pages 11 to 17 form part of these financial statements.

AVM Financial Limited

Statement of changes in equity for the year ended 31 December 2016

	Called up Share Capital \$	Translation Reserve \$	Profit and loss Account \$	Total shareholders funds \$
At 31 December 2014	125,192	1,000	199,428	325,620
Profit for the financial year	-	-	67,403	67,403
Translation reserve	-	(12,842)	-	(12,842)
At 31 December 2015	125,192	(11,842)	266,831	380,181
Profit for the financial year	-	-	73,695	73,695
Translation reserve	-	(4,924)	-	(4,924)
At 31 December 2016	125,192	(16,766)	340,526	448,952

The notes on pages 11 to 17 form part of these financial statements.

AVM Financial Limited

Statement of cash flow for the year ended 31 December 2016

	Note	2016 \$	2015 \$
<i>Net cash inflow/(outflow) from operating activities</i>	14	158,037	(232,786)
<i>Investing activities</i>			
Payments to acquire tangible fixed assets		(3,321)	(1,270)
<i>Net cash outflow from investing activities</i>		(3,321)	(1,270)
<i>Increase/(decrease) in cash during the year</i>	15	154,716	(234,056)
Effect of foreign exchange		(4,924)	(12,842)
Cash at 1 January		268,064	514,962
Cash at 31 December		417,856	268,064

The notes on pages 11 to 17 form part of these financial statements.

AVM Financial Limited

Notes to the financial statements for the year ended 31 December 2016

1 Accounting policies

Basis of preparation

AVM Financial Limited is a limited liability company incorporated in United Kingdom. The Company's financial statements have been prepared in compliance with Financial Reporting Standard 102 ("FRS 102") and are in accordance with applicable accounting standards and the Companies Act 2006.

The following principal accounting policies have been applied:

Turnover

Turnover, which is stated net of any value added tax, represents fees received from AVM L.P. for the provision of services during the year. See note 6 for geographic breakdown of turnover.

Tangible fixed assets

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Depreciation on fixed assets is recognised as an expense in profit and loss and is calculated to write off assets cost or valuation less any residual value over their estimated useful lives as follows:

Computer equipment - 5 years straight line

Provisions for liabilities

Expenses incurred have been recognised on an accruals basis.

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Taxation

Provision is made for corporation tax at the current rates on the excess of taxable income over allowable expenses. Deferred taxation is provided on all timing differences that have originated but not reversed by the balance sheet date other than those differences regarded as permanent. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Any deferred tax assets and liabilities recognised are provided at the average rate of tax expected to apply when the asset and liability crystallises and are not discounted.

Deferred tax

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

AVM Financial Limited

**Notes to the financial statements
for the year ended 31 December 2016 (continued)**

1 Accounting policies (continued)

Operating leases/commitments

Rentals paid under operating leases are charged to the Income statement as incurred.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into USD at the rate 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 differences are taken to the Income statement.

Translation reserve

The assets and liabilities of the foreign branches of AVM Financial Ltd. are translated into USD using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the rates applicable at the end of each month in which the transaction occurred. Exchange differences, if any, are recognised in other comprehensive income and accumulated in the translation reserve.

2 Turnover

	2016 \$	2015 \$
Turnover generated from fees from AVM L.P.	1,597,681	1,477,011

3 Staff costs

	2016 \$	2015 \$
Staff costs, including directors' remuneration, consist of:		
Wages and salaries	969,563	853,336
Social security costs	243,755	236,757
	<u>1,213,318</u>	<u>1,090,093</u>

The average number of employees, including directors during the year, was as follows:

	Number	Number
Management	1	1
Administration	1	1
	<u>2</u>	<u>2</u>

AVM Financial Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

4 Directors' remuneration

	2016 \$	2015 \$
Emoluments	909,269	783,323

The highest paid director received remuneration of \$909,269 (2015 – \$783,323). Directors who received no remuneration during the year are those who provided no substantial qualifying services during the year.

5 Profit on ordinary activities before taxation

	2016 \$	2015 \$
This has been arrived at after charging:		
Operating leases – land and buildings	89,688	96,205
Depreciation	1,672	3,414
Management recharge	42,120	13,197
Current Auditors' remuneration		
-Audit of financial statements	38,866	19,282
-Other assurance services	-	7,859

6. Country by country reporting

The disclosure requirements stipulated by the Capital Requirements (Country-by-Country Reporting) Regulations 2013 are as follows

	United Kingdom	Sweden	United Kingdom	Sweden
	2016 \$	2016 \$	2015 \$	2015 \$
Turnover	1,405,181	192,500	1,270,238	206,773
Number of full time employees	1	1	1	1
Profit on ordinary activities before taxation	76,255	15,216	64,075	14,629
Taxation paid	(12,921)	(486)	(26,953)	(1,738)

AVM Financial Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

7 Taxation on profit from ordinary activities

	2016 \$	2016 \$	2015 \$	2015 \$
<i>UK corporation tax</i>				
Current tax on profits for the year	18,258		15,492	
Foreign exchange adjustment	(1,772)		(982)	
Adjustments in respect of prior years	1,233		-	
Double taxation relief	(2,367)		(1,478)	
		15,352		13,032
Foreign tax		2,367		1,759
Adjustments in respect of prior years		-		(3,175)
		17,719		11,616
<i>Deferred tax</i>				
Deferred tax charge for the year		335		(315)
Adjustment in respect of prior period		(278)		-
		17,776		11,301

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted as at the Balance Sheet date. The Finance (No. 2) Act 2015 reduced the tax rate to 19% (effective from 1 April 2017) and the Finance Act 2016 further reduced the tax rate to 17% (effective from 1 April 2020).

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2016 \$	2015 \$
Profit on ordinary activities before tax	91,471	78,704
Profit on ordinary activities at the standard rate of corporation tax in the UK of 20%. (2015 - 20%)	18,294	15,741
Effects of:		
Disallowed expenses	331	(564)
Foreign exchange adjustment	(1,772)	(982)
Higher tax rates on overseas earnings	(32)	281
Adjustments in respect of prior years	955	(3,175)
Deferred tax rate change	-	-
Total tax charge	17,776	11,301

AVM Financial Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

7. Taxation on profit from ordinary activities (continued)

Deferred tax liability		\$
At 1 January 2016		557
Deferred tax charge in income statement for the period		335
Adjustment in respect of prior years		(278)
		<hr/>
At 31 December 2016		614
		<hr/>
	2016	2015
	\$	\$
Depreciation in excess of capital allowances	614	557
	<hr/>	<hr/>

8 Tangible assets

	Computer equipment \$
Cost	
At 1 January 2016	18,340
Additions	3,321
	<hr/>
At 31 December 2016	21,661
Accumulated depreciation	
At 1 January 2016	(15,904)
Charge for the year	(1,672)
	<hr/>
At 31 December 2016	(17,576)
	<hr/>
Net book value	
At 31 December 2016	4,085
	<hr/>
At 31 December 2015	2,436
	<hr/>

AVM Financial Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

9 Debtors

	2016 \$	2015 \$
Prepayments	25,440	24,774
VAT receivable	5,336	6,550
Amount owed by group undertakings	465,053	237,077
	<u>495,829</u>	<u>268,401</u>

10 Creditors: amounts falling due within one year

	2016 \$	2015 \$
Corporation tax	15,852	13,972
Deferred tax liability (note 7)	614	557
Accruals	452,352	144,191
	<u>468,818</u>	<u>158,720</u>

11 Share capital

	Issued and fully paid			
	2016 Number	2015 Number	2016 \$	2015 \$
Ordinary shares of £1 each	<u>80,000</u>	<u>80,000</u>	<u>125,192</u>	<u>125,192</u>

12 Commitments under operating leases

At 31 December 2016, Company had annual commitments under non-cancellable land and building operating leases as set out below:

	2016 \$	2015 \$
Operating leases which expire:		
Within one year	<u>19,094</u>	<u>38,284</u>

AVM Financial Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

13 Related party transactions

During the year the Company received management fees totalling \$1,597,681 (2015 - \$1,477,011) from AVM L.P., its ultimate controlling party. The fees were charged based on costs incurred by the Company during the year and specified mark up in accordance with an agreed transfer pricing policy. Amounts owing from AVM L.P. and owing to AVM L.P. are disclosed in note 9 and 10, respectively.

14 Reconciliation of operating loss to net cash (outflow)/inflow from operating activities

	2016 \$	2015 \$
Profit on ordinary activities before taxation	91,471	78,704
Depreciation	1,672	3,414
Noncash operating expense	(17,776)	(11,301)
Decrease in debtors	(227,428)	(103,621)
Increase/(decrease) in creditors	310,098	(199,982)
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	158,037	(232,786)
	<hr/>	<hr/>

15 Analysis of net cash

	At 1 January 2016 \$	Cash Flow \$	Foreign Exchange Differences \$	At 31 December 2016 \$
Cash at bank	268,064	154,716	(4,924)	417,856
	<hr/>	<hr/>	<hr/>	<hr/>

16 Parent undertaking and ultimate parent company

The Company is a wholly-owned subsidiary of AVM L.P., USA which is also the ultimate controlling party of the Company.

17 Subsequent Events

On the 29th of March 2017, the British Prime Minister invoked Article 50 of the Lisbon Treaty on European Union, which formally commenced the United Kingdom's withdrawal from the European Union (commonly referred to as Brexit). The invocation of Article 50 initiated a two-year period of negotiations for Brexit. The management is monitoring the situation closely and believes that based on the information currently available, there will be no impact on the financial statements for the year ended 31 December 2016. The management will continue to monitor progress on these negotiations to gauge potential implications for the Company and its business.